

## Multi-Department Revenue Summary

### Payroll Expense Tax

The 2026 Proposed Budget includes \$417 million in appropriation backed by \$388 million in forecasted Payroll Expense Tax revenues and an additional \$32 million in one-time Payroll Expense Tax fund balance resulting from a combination of fund balance and interest earnings on PET funds.

Of this amount, the proposed budget transfers \$189.5 million (45.4%) in Payroll Expense Tax to support general government operations in the General Fund in 2026.

The proposed budget transfers an additional \$10 million to the General Fund to support administrative costs assumed to be incurred in the General Fund resulting from administering Payroll Expense Tax collections, program administration, fund and financial management, policy planning, and evaluation. This transfer for administrative costs represents 2.4% of total Payroll Expense Tax appropriations, and 4.4% of appropriations after the transfer to support general government operations.

The proposed budget allocates \$143.1 million in Payroll Expense Tax to support investments in affordable housing and related services. This represents 34.3% of overall Payroll Expense Tax appropriations and 62.9% of appropriations after the transfer to support general government operations. This funding supports the Office of Housing's work to develop, acquire, preserve, and operate affordable housing and foster affordable homeownership opportunities, and to support the ongoing operations and maintenance needs of affordable housing providers. This funding also supports allocations in Finance General (for the Northgate Commons project and for forgiveness of a loan to Community Roots Housing), in HSD (for rental assistance), and in SDCI (for tenant legal protections).

The proposed budget allocates \$34.7 million in Payroll Expense Tax to support investments in economic development across 11 City departments. This represents 8.3% of overall Payroll Expense Tax appropriations and 15.3% of appropriations after the transfer to support general government operations. The Office of Economic Development receives most of this funding at \$23.9 million, followed by the Human Services Department with \$3.8 million, the Department of Transportation with \$1.8 million, and the Fire Department with \$1.5 million. These funds support implementation of the Future of the Seattle Economy framework, downtown activations, and anticipated costs related to FIFA World Cup games in 2026.

The proposed budget allocates \$22.6 million in Payroll Expense Tax to support the Equitable Development Initiative in the Office of Planning and Community Development. This represents 5.4% of overall Payroll Expense Tax appropriations and 9.9% of appropriations after the transfer to support general government operations. The Equitable Development Initiative invests in neighborhoods most impacted by displacement and low access to economic opportunities and aims to expand opportunity, prevent displacement, and build on local cultural assets.

The proposed budget allocates \$17.2 million in Payroll Expense Tax to support the Seattle Green New Deal, which aims to make Seattle carbon neutral by 2050. This represents 4.1% of overall Payroll Expense Tax appropriations and 7.6% of appropriations after the transfer to support general government operations. The Office of Sustainability and Environment receives most of this funding at \$12.5 million, where the Payroll Expense Tax supports the Building Emissions and Performance

Standards program, rebates for home oil heating conversions, clean energy apprenticeships, and the Duwamish Valley Program. The Office of Housing receives \$1.8 million to fund heat pumps in low-income housing, while the Finance and Administrative Services department receives a share of funding (\$1.1 million) to support EV charging infrastructure and the Department of Transportation and Office of Planning and Community Development receives \$1.8 million to support work related to Sound Transit 3.

The proposed budget also sets aside \$9.7 million in an unappropriated revenue stabilization reserve in 2026, taking a first step toward funding the reserve established by the City Council during the 2025 budget process.

### **Sweetened Beverage Tax**

Forecasted Sweetened Beverage Tax (SBT) revenues for 2026 are up slightly compared to the 2026 Endorsed Budget. No reductions are being taken in department budgets. Funding for SBT-funded programs in the Department of Education and Early Learning (DEEL) is transferred to the Proposed 2025 Family, Education, Preschools, and Promise (FEPP) Levy. SBT funding for Food Bank and Meal Support in the Human Services Department (HSD) is being increased by \$7 million in order to shield HSD food investments from the General Fund shortfall. Use of SBT fund balance also allows for a small increase in 2025 for labor settlements and contract inflation costs. About \$1 million will be kept in reserve to protect against revenue fluctuations.

### **Short-Term Rental Tax**

The Short –Term Rental Tax (STRT) revenue projection for 2026 is \$12.9 million. Ordinance 125872 and state law restrict the use of STRT for equitable development and affordable housing. The proposed budget allocates \$6.8 million to the Office of Planning and Community Development (OPCD) for Equitable Development Initiative (EDI) grants to outside organizations, program implementation, and EDI staffing costs; \$4 million to the Human Services Department for permanent supportive housing, and \$2 million to debt service. The EDI was established in 2016 to provide investments in neighborhoods that support those most impacted by displacement and low access to opportunity. The program’s objectives include advancement of economic opportunity and wealth-building strategies, preventing displacement, and building on local cultural assets.

### **Transportation Network Company (TNC) Tax**

The 2026 Proposed Budget projects \$5.01 million in 2026 for Transportation Network Company (TNC) tax. The TNC Tax began collecting revenue in 2021, but both users and drivers have not recovered to pre-pandemic levels.

Resolution 32152 includes temporary modifications to the spending resolution for the 2025-2026 biennium, so remains in effect for the 2026 Proposed Budget. The Department of Finance and Administrative Services (FAS) is responsible for the accounting, collection, and enforcement of the tax and is appropriated \$350,000 in 2026. The remainder of the TNC Tax revenue will be used to support other City General Fund activities.

**Admissions Tax**

For 2026, the admissions tax is projected to generate \$30.8 million to support City arts and culture programs. Admissions tax revenue supports grants for arts and cultural organization, cultural facilities, grants for individual artists as well as other investments to support the arts community in the City. The Proposed Budget includes appropriations out of the Arts and Culture Fund to three City departments which have arts and culture-related spending.