



**Agenda Sheet for City Council:**

**Committee:** Finance & Administration **Date:** 11/03/2025

**Committee Agenda type:** Discussion

<b>Date Rec'd</b>	10/29/2025
<b>Clerk's File #</b>	ORD C36801
<b>Cross Ref #</b>	
<b>Project #</b>	

**Council Meeting Date:** 11/10/2025

<b>Submitting Dept</b>	MAYOR	<b>Bid #</b>	
<b>Contact</b>	JON SNYDER/ADAM 342-6913	<b>Requisition #</b>	
<b>Contact E-Mail</b>	AMCDANIEL@SPOKANECITY.ORG		
<b>Agenda Item Type</b>	First Reading Ordinance		
<b>Council Sponsor(s)</b>	KKLITZKE PDILLON		

**Sponsoring at Administrators Request** YES

**Lease?** NO **Grant Related?** NO **Public Works?** NO

**Agenda Item Name** LOCAL OPTION TRANSPORTATION TAX FOR COMMERCIAL PARKING FOR THE

**Agenda Wording**

An ordinance adopting a local option transportation tax for commercial parking for the purpose of funding transportation system maintenance and safety improvements, and establishing incentives for efficient land use that meet the goals of the City's Comprehensive Plan; amending the title of SMC Chapter 08.07D, Section 08.07D.060, adopting a new Chapter 08.22 to Title 08 to the Spokane Municipal Code; and setting an effective date.

**Summary (Background)**

This ordinance adopts a local option transportation tax, pursuant to RCW 82.80.030, for commercial parking for the purpose of funding transportation system maintenance and safety improvements and establishes incentives for efficient land use that meet the goals of the City's Comprehensive Plan. Pursuant to RCW 82.80.070, the revenue collected from a local option transportation tax must be used for transportation purposes only.

FIRST READING OF THE ABOVE  
ORDINANCE HELD ON  
11/10/2025  
AND FURTHER ACTION WAS DEFERRED  
[Signature]  
CITY CLERK

PASSED BY  
SPOKANE CITY COUNCIL:  
11/26/2025  
[Signature]  
CITY CLERK

**What impacts would the proposal have on historically excluded communities?**

**How will data be collected, analyzed, and reported concerning the effect of the program/policy by racial, ethnic, gender identity, national origin, income level, disability, sexual orientation, or other existing disparities?**

**How will data be collected regarding the effectiveness of this program, policy, or product to ensure it is the right solution?**

**Describe how this proposal aligns with current City Policies, including the Comprehensive Plan, Sustainability Action Plan, Capital Improvement Program, Neighborhood Master Plans, Council Resolutions, and others?**

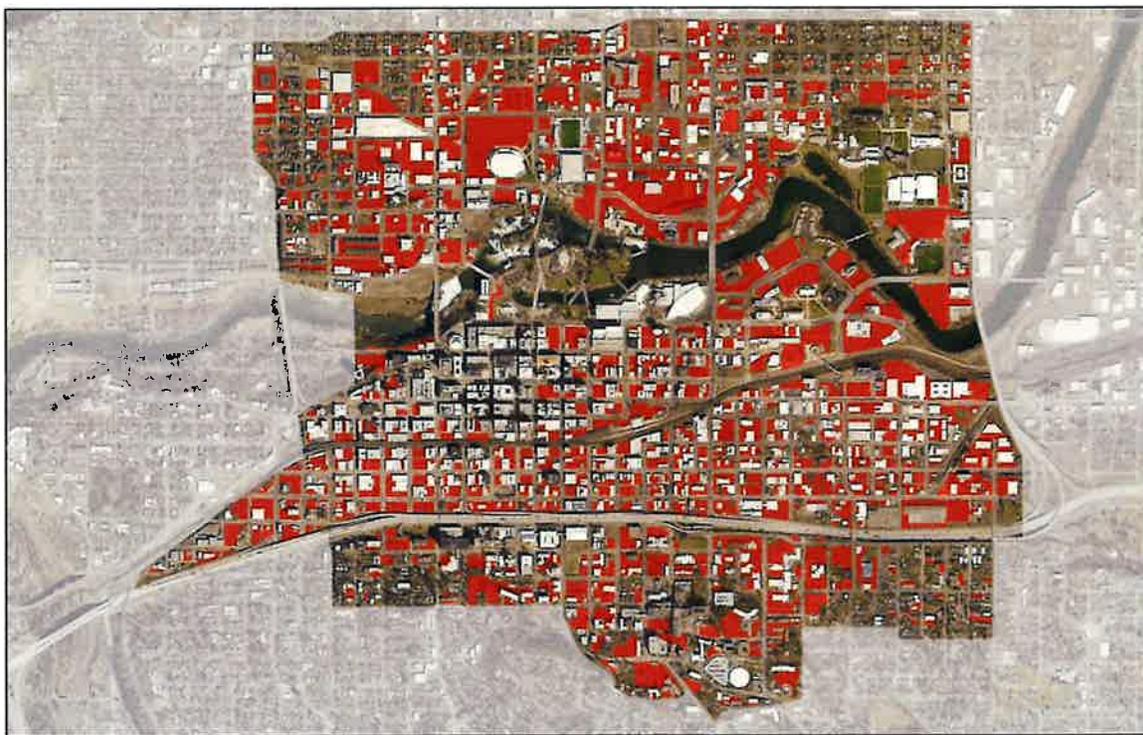
**Council Subcommittee Review**

<b>Fiscal Impact</b>	
Approved in Current Year Budget?	N/A
Total Cost	\$
Current Year Cost	\$
Subsequent Year(s) Cost	\$
<b><u>Narrative</u></b>	
<b>Amount</b>	<b>Budget Account</b>
Select \$	#
<b>Funding Source</b> Recurring	
<b>Funding Source</b>	Taxes
<b>Is this funding source sustainable for future years, months, etc?</b>	
This funding source is authorized pursuant to RCW 82.80.030.	
<b>Expense</b>	N/A
<b>Other budget impacts (revenue generating, match requirements, etc.)</b>	
<b>Approvals</b>	
<b>Dept Head</b>	GBYRD
<b>Division Director</b>	GBYRD
<b>Accounting Manager</b>	GBYRD
<b>Legal</b>	GBYRD
<b>For the Mayor</b>	GBYRD
<b>Distribution List</b>	

**ORDINANCE NO. C36801**

An ordinance adopting a local option transportation tax for commercial parking for the purpose of funding transportation system and safety improvements, and establishing incentives for efficient land use that meet the goals of the City’s Comprehensive Plan; amending the title of SMC Chapter 08.07D, Section 08.07D.060, adopting a new Chapter 08.22 to Title 08 to the Spokane Municipal Code; and setting an effective date of April 1, 2026.

**WHEREAS**, an estimated thirty percent (30%) of land in downtown Spokane is devoted to parking facilities, and sufficient on-street and off-street parking availability exists for residents and visitors driving downtown; and



Category	Parcels (Count)	Area (Acres)	% of All Parcels (Area)
Part of Parcel is Parking	754	278.4	22.4%
All of Parcel is Parking	459	117.9	9.5%
Parcels Without Parking	1,507	848	68.2%
<b>ALL Parcels In Study Area</b>	<b>2,730</b>	<b>1244.4</b>	<b>100.0%</b>

The results in this figure were created following a review of aerial photography, identifying developed surface lots. In a few cases some parcels have been deselected due to ongoing construction (such as the Falls project on Post Street). Not selected are parking structures, sheltered parking, and fenced or walled yards. Also not shown are undeveloped/vacant parcels. Identified areas include only fee-simple parcels, excluding City and other agencies' public rights of way.

**Surface Parking in Downtown Spokane**  
Resulting from a Visual Survey of Aerial Photographs

Created by Kwan Freibott Planning & Economic Development  
Last Updated: December 31, 2024. Based on April 2024 Aerial Photos

**WHEREAS**, the City of Spokane Comprehensive Plan policy DP 2.13 supports minimizing the impacts of surface parking on the neighborhood fabric by encouraging the use of structured parking with active commercial storefronts containing retail, service, or office uses, and [improving] the pedestrian experience in less intensive areas through the use of street trees, screen walls, and landscaping; and

**WHEREAS**, the City of Spokane’s Comprehensive Plan policy TR 18 calls for the City to develop and administer vehicle parking policies that appropriately manage the demand for parking based upon the urban context; and

**WHEREAS**, the City of Spokane’s Comprehensive Plan policy SH 6.1 supports Crime Prevention Through Environmental Design through Friendly Streetscapes – encouraging on-street parking (as opposed to expansive parking lots)...”; and

**WHEREAS**, Spokane Municipal Code 17C.124.340, adopted by the City Council through Ordinance C34522 in 2009, requires parking structures to include street-level retail, office, or civic uses along at least fifty percent (50%) of the street frontage not devoted to vehicular access areas in all downtown zones; and

**WHEREAS**, Ordinance C34522 (SMC 17C.124.110) also requires new downtown stand-alone commercial parking as a primary use to be located entirely within a parking structure; and

**WHEREAS**, the 2019 Downtown Spokane Parking Study Plan found that surface lots not only limit development of new housing or commercial uses, but also significantly detract from the aesthetics, safety, and walkability of downtown; and

**WHEREAS**, the Downtown Spokane Parking Study Plan also found that even at the busiest time of day, parking occupancy peaks at 56%, leaving thousands of parking spaces underutilized; and

**WHEREAS**, the Downtown Spokane Parking Study Plan in F.2 – Expand and Diversify Funding Approaches and Financial Incentives calls for the City to create “innovative tax or tax abatement approaches to phase out or incentivize different uses for surface parking lots” to incentivize new development on surface parking lots to highest and best use and ensure long-term financial stability and diversity of the City’s revenue stream; and

**WHEREAS**, according to the University District Parking Study, parking occupies one-fifth (1/5<sup>th</sup>) of all land in the University District; and

**WHEREAS**, the University District Parking Study found “large surface parking lots impact the overall walkability and connectivity of each campus, as well as the [University] district as a whole. Future development and additions of parking supply should evaluate approaches that minimize surface parking and prioritize multimodal connectivity”; and

**WHEREAS**, the Spokane City Council passed Resolution 2021-0087, adopting the City of Spokane Sustainability Action Plan; and

**WHEREAS**, the City of Spokane Sustainability Action Plan Strategy 2. Encourage sustainable land use that promotes varied housing options and infill development, calls for the elimination of financial incentives for low-intensity development (i.e., surface parking) as a priority action; and

**WHEREAS**, the Spokane City Council adopted Ordinance C36080, adopting the Spokane Downtown Plan; and

**WHEREAS**, surface parking areas contribute disproportionately to warming in urban environments and the Spokane Downtown Plan calls for the City to reduce the impacts of surface parking lots, including their contributions to urban heat islands; and

**WHEREAS**, the Spokane Downtown Plan found “the predominance of surface parking lots detracts from the experience of walking Downtown. Redevelopment of these sites would strengthen the downtown fabric and bring new activities and jobs. Reducing surface parking and consolidating parking in garages would improve walkability in the city and at the same time improve parking options for businesses, employees, and visitors.”

**WHEREAS**, a priority action recommended by the Spokane Downtown Plan is to actively pursue redevelopment of surface [parking] lots, including the redevelopment of the existing surface parking lots in the DTC-100 Zone along Spokane Falls Boulevard, which has been identified as an opportunity site since the adoption of the 2008 Spokane Downtown Plan; and

**WHEREAS**, the Spokane Downtown Plan calls for the City and Downtown Spokane Partnership to prioritize an effort to actively pursue commercial and residential mixed-use development on surface parking lots through policy strategies; and

**WHEREAS**, the Spokane Downtown Plan calls for the expansion of structured parking that minimizes the impact of parking on the pedestrian realm with ground-floor uses, design of vehicular access, adaptive strategies, and façade treatments that make for a more engaging, pedestrian-oriented structures while preserving the capacity to convert such a facility to a higher and better use for the Downtown in the future; and

**WHEREAS**, the Spokane City Council unanimously adopted Resolution 2023-0014 and Ordinance C36357, establishing a sales and use tax deferral program commonly known as ‘Pavement to People, incentivizing the development of surface parking lots into affordable and market-rate housing; and

**WHEREAS**, the City of Spokane was the first and remains the only city in the state of Washington to establish a sales and use tax deferral program, incentivizing the redevelopment of underdeveloped property, including surface parking lots into housing; and

**WHEREAS**, the Spokane City Council unanimously adopted Ordinance C36646, eliminating height limits in downtown Spokane to encourage the development of housing; and

**WHEREAS**, transportation revenue received by the City through sources authorized by the state, such as the Real Estate Excise Tax and Motor Vehicle Fuel Tax,

distributed by the state, is subject to significant market fluctuations; and

**WHEREAS**, macroeconomic factors such as inflation have increased costs for labor, asphalt, fuel, deicer, electricity for traffic and street lighting, and owning and maintaining trucks and related equipment, which leads to a reduction in the City's buying power and impacts the City's ability to deliver transportation projects; and

**WHEREAS**, Washington state law (RCW 82.80.030) provides a local option transportation funding source through the imposition of a commercial parking tax in accordance with RCW 82.80.070 to be used solely for the purpose of making transportation improvements in accordance with chapter 36.73 RCW; and

**WHEREAS**, the City of Spokane Comprehensive Plan Economic Development Policy 7.4 – Tax Incentives for Land Improvement calls for the city to “Support a tax structure that encourages business investment and construction where infrastructure exists, especially in centers or other target areas for development.”; and

**WHEREAS**, it is the intent of the City of Spokane to impose, pursuant to RCW 82.80.030, a uniform local option commercial parking tax to fund the City of Spokane's transportation system and establish incentives for efficient land use that meet the goals of the City's Comprehensive Plan.

**NOW, THEREFORE**, the City of Spokane does ordain:

**Section 1.** That the title of chapter 08.07D of the Spokane Municipal Code is amended to read as follows:

**Chapter 08.07D Pavement to People Sales and Use Tax Deferral Program (~~for Underdeveloped Urban Land Redevelopment~~)**

**Section 2.** That Section 08.07D.060 of Chapter 08.07D of the Spokane Municipal Code is amended to read as follows:

**Section 08.07D.060 Application Fee**

- A. The City may establish an application fee. This fee shall not exceed an amount determined to be required to cover the cost to be incurred by the City in administering the program under this chapter, and shall be reviewed and approved by the City Council on an annual basis. The application fee must be paid at the time the application for program approval is filed.

B. The application fee shall not apply to underdeveloped property subject to the tax imposed in SMC Chapter 08.22.

**Section 3.** There is enacted a new chapter 08.22 to Title 08 of the Spokane Municipal Code to read as follows:

Chapter 08.22	Local Option Transportation Tax – Commercial Parking
08.22.010	Definitions
08.22.020	Imposition of Local Option Transportation Tax - Commercial Parking
08.22.030	Commercial Parking Tax Exemptions
08.22.040	Collection and Remittance of Commercial Parking Tax to the City
08.22.050	Local Option Transportation Revenue
08.22.060	Efficient Land Use Credit Program

**Section 08.22.010 Definitions**

<b>Term</b>	<b>Definition</b>
Commercial Parking	Commercial Parking means any transaction or arrangement whereby a vehicle is parked, and a fee is charged for parking or allowing the vehicle to be parked.
Commercial Parking Business	Commercial Parking Business shares the same definition as “Commercial Parking Business” in RCW 82.80.030.
Commercial Parking Lot	Commercial Parking Lot shares the same definition as “Commercial Parking Lot” in RCW 82.80.030.
Commercial Parking Tax	Commercial Parking Tax means the special local option transportation tax, pursuant to RCW 82.80.030(2), imposed by this chapter.
Counter-Complete	Counter-complete means that the Commercial Parking Lot has an accepted building permit for residential or commercial development with full payment of associated plan review fees.
Parking fee	Parking fee means the fee paid or due for the act or privilege of parking a vehicle in a commercial parking lot.

**Section 08.22.020 Imposition of Local Option Transportation Tax - Commercial Parking**

A. Pursuant to RCW 82.80.030(2), a local option transportation tax is imposed for the act of parking a motor vehicle in a facility operated by a commercial parking

business.

- B. The amount of the commercial parking tax shall be equal to the parking fee multiplied by the commercial parking tax rate.
- C. Effective January 1, 2026, the commercial parking tax rate is imposed at twelve percent (0.12). The local option transportation tax levied by this chapter shall be in addition to any license fee or tax imposed or levied under any law, statute, or ordinance, whether imposed or levied by the City, State, or other governmental entity or political subdivision.
- D. It shall be conclusively presumed that the posted parking prices do not include the commercial parking tax unless all the following conditions are met:
  - 1. The fee is advertised as including the commercial parking tax, or that the commercial parking business is paying the commercial parking tax; and
  - 2. The words "tax included" are stated immediately following the advertised or posted prices in print size at least half as large as the advertised or posted prices print size; and
- E. All advertised or posted parking prices and the words "tax included" are stated in the same medium, whether oral or visual, and if oral, in substantially the same inflection and volume. If these conditions are satisfied, then price lists, reader boards, and other price information media need not separately show the parking fee and the actual amount of commercial parking tax being collected.

### **Section 08.22.030 Commercial Parking Tax Exemptions**

The following are exempt from the commercial parking tax:

- A. All exemptions provided in RCW 82.80.030;
- B. Employee parking, with commercial parking lot stalls provided or reserved for use by an employee who works within the city of Spokane, where the employee parks their vehicle in connection with their employment, without regard to whether arrangements or payment for the parking is made by the employee or by their employer; and
- C. Student parking, with commercial parking lot stalls provided or reserved for use by a student attending a secondary or post-secondary school within the city of Spokane, where the student parks their vehicle in connection with their enrollment, without regard to whether arrangements or payment for the parking is made by the student or by their school;

- D. Residential parking, with commercial parking lot stalls provided or reserved for use by a resident of the city of Spokane, where the resident parks their vehicle in connection with their residence, without regard to whether arrangements or payment for the parking is made by the resident, landlord, property manager, or property owner; and
- E. On-street parking, where the parking stall is controlled, regulated, and inspected by the City of Spokane's Parking Services.

**Section 08.22.040 Collection and Remittance of Commercial Parking Tax to the City**

- A. A commercial parking business or person acting on behalf of a commercial parking business shall collect the amount of the commercial parking tax at the time payment for the parking fee is made.
- B. The commercial parking tax shall be stated separately from the parking fee on all instruments evidencing the parking fee.
- C. The commercial parking tax imposed by this chapter is due and payable monthly. Every commercial parking business or person subject to the commercial parking tax shall file a verified return, in such form as prescribed by the Chief Financial Officer and remit the tax due by the last day of the month. The commercial parking tax shall be deemed held in trust by the person required to collect the same until remitted to the City. Any commercial parking business or person that fails to collect the commercial parking tax, or that collects the commercial parking tax but fails to remit the commercial parking tax to the City, shall be liable to the City for the amount of such tax.
- D. The City shall be authorized to review and inspect financial records involving activities of commercial parking businesses which are taxable by this tax, at least quarterly each year.
- E. If a commercial parking business subject to this tax fails to pay any tax required by this chapter within fifteen (15) days after the due date thereof, there may be added to such tax a penalty of ten % (10%) of the tax per month for each month overdue, which shall be added to the amount of the tax due.

**Section 08.22.050 Local Option Transportation Revenue**

Pursuant to RCW 82.80.070, the proceeds collected pursuant to the exercise of the local option authority of RCW 82.80.030 shall be used for transportation purposes only, including but not limited to street construction and maintenance, street paving, sidewalk construction and maintenance, and other transportation system improvements and for the administration of the local option transportation tax authorized by this chapter, including

those activities of the City in keeping and tracking records and credits, financial reports and other documents, reviewing filings and compiling reports by commercial parking businesses, and other activities involved in collection and enforcement of the tax.

**Section 08.22.060 Efficient Land Use Credit Program**

- A. It is the intent of the City of Spokane to establish an Efficient Land Use Credit Program to meet the City's land use standards, Comprehensive Plan goals, and the recommendations of the Spokane Downtown Plan, Sustainability Action Plan, and Downtown Parking Study.
- B. Any commercial parking lot meeting any of the following criteria, as determined by the City, may be eligible for an Efficient Land Use Credit equivalent to one-half (½) of the commercial parking tax rate imposed in SMC 08.22.020:
  - 1. Commercial Parking Lot with two or more floors of commercial parking;
  - 2. Commercial Parking Lot below ground-level; or
  - 3. Commercial Parking Lot with a counter-complete building permit for residential or commercial development as of the effective date of this ordinance.
- C. A commercial parking business with a commercial parking lot eligible for a credit under this section shall submit a written request to the City of Spokane, using the form prescribed and supplied by the City.
- D. If approved, the effective date for the credit shall be the month following the City's acceptance of an accurate, complete, and signed request. Any tax and any associated late penalties that may have accrued for the commercial parking business prior to the effective date of the credit shall be due before the issuance of the credit.
- E. The commercial parking business is responsible for reporting any change that may affect the qualification of a credit provided by this section. If the commercial parking business fails to report any such change, the City shall pursue the tax required by this chapter, including any penalties provided by SMC 08.22.040(E).

**Section 4. Effective Date.** The effective date of this ordinance shall be April 1, 2026.

**Section 5. Severability.** If any section, subsection, sentence, clause, phrase or word of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality thereof shall not affect the validity or constitutionality of any other section, subsection, sentence, clause, phrase or word of this ordinance.

**Section 6. Clerical Errors.** Upon approval by the city attorney, the city clerk is authorized to make necessary corrections to this ordinance, including scrivener's errors or clerical mistakes; references to other local, state, or federal laws, rules, or regulations; or numbering or referencing of ordinances or their sections and subsections.

PASSED by the City Council on November 24, 2025

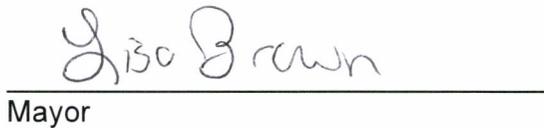
  
Council President

Attest:

  
City Clerk

Approved as to form:

  
City Attorney

  
Mayor

Dec 8, 2025  
Date

4/1/2026  
Effective Date

