
Finance Committee

HB 2168

Brief Description: Modifying lodging taxation.

Sponsors: Representatives Edwards and O'Brien.

Brief Summary of Bill

- Permits a city or town located in more than one county is permitted to impose a special hotel-motel tax at the maximum rate allowed in each county.

Hearing Date: 3/10/03

Staff: Bob Longman (786-7139).

Background:

State and local general sales taxes apply to lodging rentals by hotels, motels, rooming houses, private campgrounds, RV parks, and similar facilities. Hotel-motel taxes are selective sales taxes applying to lodging rentals. Hotel-motel taxes are imposed by the state, counties, cities, and towns, and are subject to complex statutory restrictions on rates and uses of revenue. Some hotel-motel taxes are credited against the state sales tax rather than being added to rental charges paid by customers. Other hotel-motel are imposed in addition to ordinary state and local sales taxes and are added to the amount paid by the customer. The latter type are often referred to as "special" hotel-motel taxes.

If both a county and a city in the county impose a special hotel-motel tax, the county tax must allow a credit for the city tax. This requirement means the county tax will not apply within the city.

If a county imposes a hotel-motel tax, and the tax was imposed at a total rate of 4 percent or more on January 1, 1997, a city or town in that county cannot impose a special hotel-motel tax. Snohomish and Cowlitz counties meet this criteria.

Bothell is a city, part of which is located in King County and part in Snohomish County.

Summary of Bill:

A city or town located in more than one county is permitted to impose a special hotel-motel tax, even if the city is in a county that imposed a hotel-motel tax at a total rate of 4 percent or more on January 1, 1997. The city tax may be imposed at the maximum rate allowed in each county.

Appropriation: None.

Fiscal Note: Requested on March 4, 2003.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.