

SENATE BILL REPORT

SB 6661

As of January 27, 2010

Title: An act relating to modifying local excise taxes in counties that have pledged lodging tax revenues for the payment of bonds prior to June 26, 1975.

Brief Description: Modifying local excise taxes in counties that have pledged lodging tax revenues for the payment of bonds prior to June 26, 1975.

Sponsors: Senators Murray, King, Eide, Delvin and Hobbs.

Brief History:

Committee Activity: Economic Development, Trade & Innovation: 1/28/10.

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & INNOVATION

Staff: Karen Campbell (786-7448)

Background: A hotel-motel tax is a special sales tax on lodging rentals by hotels, motels, rooming houses, private campgrounds, RV parks, and other similar facilities. Cities and counties are authorized to levy a basic or state shared hotel-motel tax of up to 2 percent. These taxes are credited against the state sales tax on the furnishing of lodging. Other hotel-motel taxes are imposed in addition to ordinary state and local sales taxes and are added to the amount paid by the customer. The latter type is often referred to as a special hotel-motel tax.

A county hotel-motel tax must allow a credit for the amount of any tax levied by the cities within the county, thus precluding both the city and county tax from applying to the same lodging transaction. Except for the city of Bellevue, cities in King County cannot impose a basic hotel-motel tax until January 1, 2021. Thereafter, cities may impose the tax and the county will only receive revenues generated in the unincorporated areas. In King County the 2 percent state shared hotel-motel tax is used for retiring the debt on the Kingdome, arts and heritage programs, and after 2015 (or earlier if the debt is repaid) for repaying the debt on the football stadium and exhibition center and for youth athletic facility grants to cities, counties, or nonprofit organizations if sufficient money is available. In 1995 the Legislature authorized financing for a new baseball stadium in King County. The state's contribution included a credit against the state sales tax of 0.017 percent of taxable retail sales in King County, sports themed lottery revenues, and commemorative ballpark license plates. King County was authorized to impose a special 0.5 percent sales tax on food and beverages in

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King County restaurants, taverns, and bars; a 2 percent sales tax on car rentals in King County; and admission taxes at the new ballpark. The baseball team also contributed to the construction of the facility. The 0.017 percent sales tax credit, the 0.5 percent tax on restaurant meals, the lottery revenue, and the 2 percent car rental tax all end when construction bonds are paid.

In 1997 Referendum 48 authorized the financing of a new football stadium in King County. The state's contribution included a credit against the state sales tax of 0.016 percent of the taxable retail sales in King County and sports themed lottery. As mentioned previously, the state shared hotel-motel tax was also dedicated to the stadium from the years of 2016-2021. Additionally, a parking tax and admissions tax were allowed at the stadium. All counties are authorized to impose a 1 percent car rental tax. The revenue from the 1 percent car rental tax may be used for public stadium facilities, and youth or amateur sports activities or facilities.

Summary of Bill: A special account is created in King County for purposes of:

- tourism promotion;
- youth or amateur sports activities or facilities;
- regional centers;
- performing art centers;
- maintaining or approving publicly owned stadiums or arenas;
- funding community preservation and development authorities;
- nonprofit organizations providing public health; and
- nonprofit organizations providing human service programs.

Beginning in 2013, as necessary, funding must be provided for maintenance of Safeco Field.

King County Taxes: State Shared Hotel-Motel Tax. After the Kingdome bonds are paid (expected to be late 2014), and until 2016, half the money goes to low-income housing around transit centers and half to arts and heritage programs. In 2021, 37.5 percent goes to arts and heritage programs and 37.5 percent goes to low-income housing. The remainder goes to the special account.

Beginning in 2015, 0.75 percent of 1 percent rental car tax goes to the special account.

A parking tax of up to 10 percent may be imposed at Safeco Field.

The 2 percent rental car tax is extended until there are no more state distributions to public facility districts. The 0.5 percent food and beverage tax is extended through 2015. The funds go into the special account. The 0.016 percent and 0.017 percent credit against the state portion of the sales tax continues until there are no more state distributions to public facility districts. These revenues go into the special account.

The 2 percent state shared hotel-motel tax that Yakima County imposes within the City of Yakima is extended from 2021 to 2035.

Appropriation: None.

Fiscal Note: Requested on January 27, 2010.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on July 1, 2010.