

# FINAL BILL REPORT

## ESSB 5834

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Synopsis as Enacted

**Brief Description:** Permitting counties to direct an existing portion of local lodging taxes to programs for arts, culture, heritage, tourism, and housing.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Murray, Litzow, McAuliffe, Nelson, Hill, White, Kohl-Welles, Fain and Eide).

**Senate Committee on Ways & Means**  
**House Committee on Ways & Means**

**Background:** A hotel-motel tax is a special sales tax on lodging rentals by hotels, motels, rooming houses, private campgrounds, RV parks, and 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 special hotel-motel taxes.

In King County the 2 percent state-shared hotel-motel tax is currently used for retiring the debt on the Kingdome and supporting arts and heritage programs. After 2015 (or earlier if the debt is repaid) the tax will be used to repay the debt on the football stadium and exhibition center and to provide youth athletic-facility grants to cities, counties, or nonprofit organizations if sufficient money is available.

Cities in King County, except Bellevue, are not allowed to impose the 2 percent state-shared hotel-motel tax until the football stadium and exhibition center debt is retired. This is anticipated to occur in 2020.

The distribution of a portion of the 2 percent state-shared hotel-motel tax to arts and heritage programs is scheduled to end in 2012. Forty percent of these distributions are deposited into an endowment (fund) of which only the earnings on the fund may be spent on current programs.

Established in January 2003, 4Culture is King County's cultural services agency. It continues the work of the King County Arts Commission, Public Art Commission, and the heritage programs of the Landmarks Commission. 4Culture is a tax-exempt public corporation with a 15 member Board of Directors who are nominated by the King County Executive and confirmed by the Metropolitan King County Council. 4Culture receives a portion of the

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hotel-motel tax revenues to provide funding to support the visual and performing arts, public art, heritage programs, and historic preservation.

**Summary:** The 40 percent distribution of King County's hotel-motel tax to arts and heritage programs is no longer distributed to the fund, but instead is distributed to an account dedicated to art museums, cultural museums, heritage museums, the arts, and performing arts. In addition, the fund is retired and the principal from the fund may be spent on the arts, culture, and heritage programs.

At the time the bonds used to pay for the repairs to the Kingdome are retired, the county hotel-motel tax will be distributed into the account dedicated to the arts, culture, and heritage programs until December 31, 2015.

The prohibition for cities in King County imposing the 2 percent state shared hotel-motel tax is extended indefinitely. Beginning January 1, 2021, at least 37.5 percent of the county hotel-motel tax revenues will be distributed to the account dedicated to art museums, cultural museums, heritage museums, the arts, and performing arts.

Yakima County can continue to receive hotel/motel tax distributions from within the city of Yakima until 2035. The requirement that Yakima County must do a financial audit of organizations that receive funding from the lodging tax is removed.

Beginning January 1, 2021, at least 37.5 percent of the county hotel-motel tax revenues will be distributed for affordable workforce housing and services for homeless youth.

The Washington State Major League Baseball Stadium Public Facilities District is authorized to impose the 10 percent parking tax at a parking facility owned or leased by the district without voter approval. This tax is in lieu of the city parking tax. The revenue from the tax must be used for repair, re-equipping, and capital improvement of the baseball stadium.

The permitted uses of the county 5 percent admissions charge is changed to fund repair, re-equipping, and capital improvement of the baseball stadium.

**Votes on Final Passage:**

Senate 35 14

First Special Session

Senate 33 8

House 62 34

**Effective:** August 24, 2011.