
SENATE BILL 6352

State of Washington

63rd Legislature

2014 Regular Session

By Senators Fain, Hobbs, Angel, Chase, Pedersen, Ericksen, Kohl-
Welles, and Roach

Read first time 01/22/14. Referred to Committee on Ways & Means.

1 AN ACT Relating to providing an exemption for certain lodging
2 services from the convention and trade center tax; amending RCW
3 36.100.040; and providing an effective date.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 36.100.040 and 2010 1st sp.s. c 15 s 5 are each
6 amended to read as follows:

7 (1) A public facilities district may impose an excise tax on the
8 sale of or charge made for the furnishing of lodging that is subject to
9 tax under chapter 82.08 RCW, except that no such tax may be levied on
10 any premises having fewer than forty lodging units. Except for any tax
11 imposed under subsection (4) or (5) of this section, if a public
12 facilities district has not imposed such an excise tax prior to
13 December 31, 1995, the public facilities district may only impose the
14 excise tax if a ballot proposition authorizing the imposition of the
15 tax has been approved by a simple majority vote of voters of the public
16 facilities district voting on the proposition.

17 (2) The rate of the tax may not exceed two percent and the proceeds
18 of the tax may only be used for the acquisition, design, construction,
19 remodeling, maintenance, equipping, reequipping, repairing, and

1 operation of its public facilities. This excise tax may not be imposed
2 until the district has approved the proposal to acquire, design, and
3 construct the public facilities.

4 (3) Except for a public facilities district created within a county
5 with a population of one million five hundred thousand or more for the
6 purpose of acquiring, owning, and operating a convention and trade
7 center, a public facilities district may not impose the tax authorized
8 in this section if, after the tax authorized in this section was
9 imposed, the effective combined rate of state and local excise taxes,
10 including sales and use taxes and excise taxes on lodging, imposed on
11 the sale of or charge made for furnishing of lodging in any
12 jurisdiction in the public facilities district exceeds eleven and one-
13 half percent.

14 (4) To replace the tax authorized by RCW 67.40.090, a public
15 facilities district created within a county with a population of one
16 million five hundred thousand or more for the purpose of acquiring,
17 owning, and operating a convention and trade center may impose an
18 excise tax on the sale of or charge made for the furnishing of lodging
19 that is subject to tax under chapter 82.08 RCW, except that no such tax
20 may be levied on any premises: (a) Having fewer than sixty lodging
21 units; or (b) classified as a hostel. The rate of the tax may not
22 exceed seven percent within the portion of the district that
23 corresponds to the boundaries of the largest city within the public
24 facilities district and may not exceed 2.8 percent in the remainder of
25 the district. The tax imposed under this subsection (4) may not be
26 collected prior to the transfer date defined in RCW 36.100.230.

27 (5) To replace the tax authorized by RCW 67.40.130, a public
28 facilities district created within a county with a population of one
29 million five hundred thousand or more for the purpose of acquiring,
30 owning, and operating a convention and trade center may impose an
31 additional excise tax on the sale of or charge made for the furnishing
32 of lodging that is subject to tax under chapter 82.08 RCW, except that
33 no such tax may be levied on any premises: (a) Having fewer than sixty
34 lodging units; or (b) classified as a hostel. The rate of the
35 additional excise tax may not exceed two percent and may be imposed
36 only within the portion of the district that corresponds to the
37 boundaries of the largest city within the public facilities district
38 and may not be imposed in the remainder of the district. The tax

1 imposed under this subsection (5) may not be collected prior to the
2 transfer date specified in RCW 36.100.230. The tax imposed under this
3 subsection (5) must be credited against the amount of the tax otherwise
4 due to the state from those same taxpayers under chapter 82.08 RCW.
5 The tax under this subsection (5) may be imposed only for the purpose
6 of paying or securing the payment of the principal of and interest on
7 obligations issued or incurred by the public facilities district and
8 paying annual payment amounts to the state under subsection (6)(a) of
9 this section. The authority to impose the additional excise tax under
10 this subsection (5) expires on the date that is the earlier of (a) July
11 1, 2029, or (b) the date on which all obligations issued or incurred by
12 the public facilities district to implement any redemption, prepayment,
13 or legal defeasance of outstanding obligations under RCW
14 36.100.230(3)(a) are no longer outstanding.

15 (6)(a) Commencing with the first full fiscal year of the state
16 after the transfer date defined in RCW 36.100.230 and for so long as a
17 public facilities district imposes a tax under subsection (5) of this
18 section, the public facilities district must transfer to the state of
19 Washington on June 30th of each state fiscal year an annual payment
20 amount.

21 (b) For the purposes of this subsection (6), "annual payment
22 amount" means an amount equal to revenues received by the public
23 facilities district in the fiscal year from the additional excise tax
24 imposed under subsection (5) of this section plus an interest charge
25 calculated on one-half the annual payment amount times an interest rate
26 equal to the average annual rate of return for the prior calendar year
27 in the Washington state local government investment pool created in
28 chapter 43.250 RCW.

29 (c)(i) If the public facilities district in any fiscal year is
30 required to apply additional lodging excise tax revenues to the payment
31 of principal and interest on obligations it issues or incurs, and the
32 public facilities district is unable to pay all or any portion of the
33 annual payment amount to the state, the deficiency is deemed to be a
34 loan from the state to the public facilities district for the purpose
35 of assisting the district in paying such principal and interest and
36 must be repaid by the public facilities district to the state after
37 providing for the payment of the principal of and interest on
38 obligations issued or incurred by the public facilities district, all

1 on terms established by an agreement between the state treasurer and
2 the public facilities district executed prior to the transfer date.
3 Any agreement between the state treasurer and the public facilities
4 district must specify the term for the repayment of the deficiency in
5 the annual payment amount with an interest rate equal to the twenty
6 bond general obligation bond buyer index plus one percentage point.

7 (ii) Outstanding obligations to repay any loans deemed to have been
8 made to the public facilities district as provided in any such
9 agreements between the state treasurer and the public facilities
10 district survive the expiration of the additional excise tax under
11 subsection (5) of this section.

12 (iii) For the purposes of this subsection (6)(c), "additional
13 lodging excise tax revenues" mean the tax revenues received by the
14 public facilities district under subsection (5) of this section.

15 (7) A public facilities district is authorized to pledge any of its
16 revenues, including without limitation revenues from the taxes
17 authorized in this section, to pay or secure the payment of obligations
18 issued or incurred by the public facilities district, subject to the
19 terms established by the board of directors of the public facilities
20 district. So long as a pledge of the taxes authorized under this
21 section is in effect, the legislature may not withdraw or modify the
22 authority to levy and collect the taxes at the rates permitted under
23 this section and may not increase the annual payment amount to be
24 transferred to the state under subsection (6) of this section.

25 (8) The department of revenue must perform the collection of such
26 taxes on behalf of the public facilities district at no cost to the
27 district, and the state treasurer must distribute those taxes as
28 available on a monthly basis to the district or, upon the direction of
29 the district, to a fiscal agent, paying agent, or trustee for
30 obligations issued or incurred by the district.

31 (9) Except as expressly provided in this chapter, all of the
32 provisions contained in RCW 82.08.050 and 82.08.060 and chapter 82.32
33 RCW have full force and application with respect to taxes imposed under
34 the provisions of this section.

35 (10) The taxes imposed in this section do not apply to sales of
36 temporary medical housing exempt under RCW 82.08.997.

37 (11)(a) For the purposes of this section, "hostel" means a
38 structure or facility where ninety percent or more of the rooms for

1 sleeping accommodations are hostel dormitories containing a minimum of
2 twelve standard beds designed for single-person occupancy within the
3 facility. Hostel accommodations are supervised and must include at
4 least one common area and at least one common kitchen for guest use.
5 A hostel may have no more than one hundred hostel dormitories.

6 (b) For the purpose of this subsection, "hostel dormitory" means a
7 single room, containing two or more standard beds designed for single-
8 person occupancy, used exclusively as nonprivate communal sleeping
9 quarters, generally for unrelated persons, where such persons
10 independently acquire the right to occupy individual beds, with the
11 operator supervising and determining which bed each person will occupy.
12 "Hostel dormitory" does not include an en suite restroom, or integral
13 area with toilet, shower, or bath fixtures.

14 NEW SECTION. Sec. 2. This act takes effect August 1, 2014.

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