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**Finance Committee**

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**HB 1516**

**Brief Description:** Providing an exemption for certain lodging services from the convention and trade center tax.

**Sponsors:** Representatives Pettigrew, Santos, Magendanz, Condotta, Fitzgibbon and Ormsby.

**Brief Summary of Bill**

- Provides an exemption for the convention and trade center tax to qualifying hostels.
- Prohibits the King County public facilities district from levying the state-shared hotel motel tax on sales of lodging at a hostel.
- Provides definitions for hostel and hostel dormitory.

**Hearing Date:** 1/30/15

**Staff:** Dominique Meyers (786-7150).

**Background:**

Hotel-Motel Taxes.

"Hotel-Motel" taxes are special sales taxes on lodging rentals. Some hotel-motel taxes are credited against the state sales tax rather than being added to rental charges paid by customers. These taxes only apply when a lodging unit is used for a continuous period of less than one month (longer use is considered a rental of real property, rather than a "license" to use the property).

Convention and Trade Center Tax.

A local "convention center" tax applies to lodging within King County. The convention center tax was first effective on April 1, 1982. The tax is imposed by a King County Public Facilities District (PFD). This special sales and use tax applies only to the sale of lodging in hotels, motels, and similar facilities in King County with at least 60 units. The tax rate is 7 percent

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within the city of Seattle and 2.8 percent throughout the remainder of King County. In addition, the PFD may impose a 2 percent lodging tax on facilities with at least 60 units in Seattle that is credited against the state sales tax rate.

The convention center tax is in addition to the retail sales tax. Thus, the combined tax rate for hotels and motels with 60 or more units within Seattle is presently 15.6 percent.

#### Hostel.

A hostel is a budget-oriented, shared-room accommodation that accepts individual travelers or groups for short-term stays, and that provides common areas and communal facilities. However, many hostels also provide some private rooms. In general, hostels are small with less than 60 units, shared or individual, but hostels can be similar in size to hotels.

#### **Summary of Bill:**

Hostels that primarily sell lodging services on an individual bed, shared room basis are exempt from the convention and trade center tax. In addition, the King County PFD is no longer authorized to levy the state-shared hotel motel tax on sales of lodging at a hostel.

A definition is provided for hostel and hostel dormitory.

**Appropriation:** None.

**Fiscal Note:** Available.

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