

SENATE BILL REPORT

SB 5208

As of January 21, 2015

Title: An act relating to allowing the use of lodging taxes for financing workforce housing.

Brief Description: Allowing the use of lodging taxes for financing workforce housing.

Sponsors: Senators Miloscia, Fain, Frockt, Litzow, Mullet, Kohl-Welles, Chase, Darneille, Pedersen, Keiser and Hill.

Brief History:

Committee Activity: Human Services, Mental Health & Housing: 1/20/15.

SENATE COMMITTEE ON HUMAN SERVICES, MENTAL HEALTH & HOUSING

Staff: Alison Mendiola (786-7444)

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 hotel-motel tax in King County applies to servicing the debt on the Kingdome as well as other programs in King County. Once the Kingdome debt is retired, then the full portion of the local hotel-motel tax in King County is dedicated to retiring the debt on CenturyLink Field. Once that debt is retired, starting in 2021, that portion of the hotel-motel tax revenue will support the arts, workforce housing, and tourism.

In 2011 the Legislature passed ESSB 5834 which provides that beginning January 1, 2021 that:

- at least 37.5 percent of the county hotel-motel tax revenues will be used for the arts and heritage programs;
- at least 37.5 percent of the county hotel-motel tax revenues will be distributed for affordable workforce housing and services for homeless youth; and
- the remainder must be used for capital or operating programs that promote tourism and attract tourists to the county.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Summary of Bill: A number of clarifications are made:

- Bonds for affordable workforce housing within one-half mile of a transit station are among the bond types local governments may issue for purposes defined in the chapter;
- Local governments may issue general obligation bonds for affordable workforce housing within one-half mile of a transit station, and that revenue bonds may be issued for the such projects; and
- Lodging tax revenues to provide debt service on general obligation or revenue bonds issued by King County for the purpose of affordable workforce housing is compliant with the requirement to use 37.5 percent of the county's lodging tax revenue for purposes that include affordable workforce housing after January 1, 2021.

Appropriation: None.

Fiscal Note: Requested on January 16, 2015.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: Local governments like King County need every tool possible for affordable housing. This bill accomplishes that without any cost to the state. Many people who work in hospitality and related industries can't afford to live near their job. Creating affordable workforce housing near jobs has a positive economic and social impact. In King County 120,000 households are spending more than 50 percent of their income on housing. This bill is a top priority for King County Executive Dow Constantine and the County Council. Bonds for affordable workforce housing would create jobs and leverage additional funding for affordable housing development.

Persons Testifying: PRO: Michael Shaw, King County; Paul Purcell, Beacon Development Group; Sarah Lewontin, Bellwether Housing; Paula McCutcheon, Ronald United Methodist Church; Megan Hyla, King County Housing Authority, Director of Policy; Kelly Rider, Policy Director, Housing Development Consortium Seattle-King County; Keri Williams, Enterprise Community Partners.