

SENATE BILL REPORT

SB 6672

As of March 2, 2016

Title: An act relating to eliminating a credit against the state sales tax for the local lodging tax authorized under RCW 67.28.180 with respect to sales of lodging in a residential dwelling or a timeshare unit.

Brief Description: Eliminating a credit against the state sales tax for the local lodging tax authorized under RCW 67.28.180 with respect to sales of lodging in a residential dwelling or a timeshare unit.

Sponsors: Senators Brown and Braun.

Brief History:

Committee Activity: Ways & Means: 3/02/16, 3/03/16.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dean Carlson (786-7305)

Background: Hotel-Motel Tax. The state imposes the retail sales tax on the sale of goods and certain services provided in the state, including the furnishing of lodging by a hotel, motel, rooming house, private campground, trailer park, and similar short-term accommodation. Cities and counties may impose an additional special local excise tax on lodging services, known as a local hotel-motel tax.

One type of local hotel-motel tax allows cities and counties to levy up to 2 percent of a lodging charge, which is credited against the state sales tax rate of 6.5 percent. Counties imposing this "state shared hotel-motel tax" also must provide a credit for a similar tax imposed by any city within the county. Counties and cities also may levy an additional special hotel-motel tax that may be added onto the state tax rate. Revenue generated from these local hotel-motel taxes generally are used for tourism promotion or the acquisition and operation of tourism-related facilities.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (Proposed First Substitute): Cities and counties may no longer impose the 2 percent state shared hotel-motel tax on short term rentals of a residential dwellings or on timeshares. The result of this is a redirection of these funds back to the state.

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.

By the last workday of the first and third calendar quarters of the year, the Department of Revenue must estimate the additional amount of funds distributed back to the state as a result of no longer allowing the local hotel-motel tax on short term rentals of residential dwelling and timeshares and notify the treasurer to transfer that amount to the statewide tourism marketing account created from the general fund.

The Department of Commerce must enter into a contract with a statewide nonprofit organization for activities related to a statewide tourism marketing program using funds from the statewide tourism marketing account. If the Department finds, within 30 days of the effective date of the act, that there is only one organization that qualifies, the Department may issue a sole source contract.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on July 1, 2016.

Staff Summary of Public Testimony: PRO: The state tourism office closed in 2011 and we have been looking for options ever since. This bill will help funding for the interim for some short term needs.

CON: This bill takes local dollars that are used for local festivals, museums, convention centers etc. They are already being used in a good way. We sympathize with what this is funding, but don't agree with the funding source.

Persons Testifying: PRO: Becky Bogard, Washington Tourism Alliance.

CON: Josh Weiss, Washington State Association of Counties; Candice Bock, Association of Washington Cities.

Persons Signed In To Testify But Not Testifying: CON: April Putney, King County.