
SENATE BILL 6672

State of Washington 64th Legislature 2016 Regular Session

By Senators Brown and Braun

Read first time 02/29/16. Referred to Committee on Ways & Means.

1 AN ACT Relating to eliminating a credit against the state sales
2 tax for the local lodging tax authorized under RCW 67.28.180 with
3 respect to sales of lodging in a residential dwelling or a timeshare
4 unit; amending RCW 67.28.1801, 36.100.040, 67.28.181, and 82.14.410;
5 and providing an effective date.

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

7 **Sec. 1.** RCW 67.28.1801 and 1998 c 35 s 2 are each amended to
8 read as follows:

9 (1) Except as provided in subsection (2) of this section, tax
10 collected under RCW 67.28.180 on a sale of lodging (~~shall~~) must be
11 credited against the amount of sales tax due to the state under
12 chapter 82.08 RCW on the same sale of lodging.

13 (2) Subsection (1) of this section does not apply to the tax
14 collected under RCW 67.28.180 on sales of lodging in a residential
15 dwelling or timeshare unit by the owner or occupant of the
16 residential dwelling or the timeshare owner.

17 (3) The definitions in this subsection apply throughout this
18 section unless the context clearly requires otherwise.

19 (a) "Residential dwelling" means a building or structure designed
20 or used primarily as a residence, including single-family dwellings,
21 whether separate or part of a multiunit dwelling. "Residential

1 dwelling" includes but is not limited to property consisting solely
2 of a single-family residence, a residential condominium unit, a
3 residential cooperative unit, a floating home as defined by RCW
4 82.45.032, and an accessory dwelling unit. For purposes of this
5 subsection (3)(a), "accessory dwelling unit" means a separate
6 habitable living area that is subordinate to the principal residence,
7 which is either located within, or on the same property tax parcel
8 as, the principal residence.

9 (b) "Timeshare owner" and "unit" have the same meaning as
10 provided in RCW 64.36.010.

11 **Sec. 2.** RCW 36.100.040 and 2015 3rd sp.s. c 24 s 702 are each
12 amended to read as follows:

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

23 (2) The rate of the tax may not exceed two percent and the
24 proceeds of the tax may only be used for the acquisition, design,
25 construction, remodeling, maintenance, equipping, reequipping,
26 repairing, and operation of its public facilities. This excise tax
27 may not be imposed until the district has approved the proposal to
28 acquire, design, and construct the public facilities.

29 (3) Except for a public facilities district created within a
30 county with a population of one million five hundred thousand or more
31 for the purpose of acquiring, owning, and operating a convention and
32 trade center, a public facilities district may not impose the tax
33 authorized in this section if, after the tax authorized in this
34 section was imposed, the effective combined rate of state and local
35 excise taxes, including sales and use taxes and excise taxes on
36 lodging, imposed on the sale of or charge made for furnishing of
37 lodging in any jurisdiction in the public facilities district exceeds
38 eleven and one-half percent.

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

15 (5) To replace the tax authorized by RCW 67.40.130, a public
16 facilities district created within a county with a population of one
17 million five hundred thousand or more for the purpose of acquiring,
18 owning, and operating a convention and trade center may impose an
19 additional excise tax on the sale of or charge made for the
20 furnishing of lodging that is subject to tax under chapter 82.08 RCW,
21 except that no such tax may be levied on any premises: (a) Having
22 fewer than sixty lodging units; or (b) classified as a hostel. The
23 rate of the additional excise tax may not exceed two percent and may
24 be imposed only within the portion of the district that corresponds
25 to the boundaries of the largest city within the public facilities
26 district and may not be imposed in the remainder of the district. The
27 tax imposed under this subsection (5) may not be collected prior to
28 the transfer date specified in RCW 36.100.230. The tax imposed under
29 this subsection (5) must be credited against the amount of the tax
30 otherwise due to the state from those same taxpayers under chapter
31 82.08 RCW. The tax under this subsection (5) may be imposed only for
32 the purpose of paying or securing the payment of the principal of and
33 interest on obligations issued or incurred by the public facilities
34 district and paying annual payment amounts to the state under
35 subsection (6)(a) of this section. The authority to impose the
36 additional excise tax under this subsection (5) expires on the date
37 that is the earlier of (a) ~~((+i+))~~ (i) July 1, 2029, or (b)
38 ~~((+ii+))~~ (ii) the date on which all obligations issued or incurred
39 by the public facilities district to implement any redemption,

1 prepayment, or legal defeasance of outstanding obligations under RCW
2 36.100.230(3)(a) are no longer outstanding.

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

9 (b) For the purposes of this subsection (6), "annual payment
10 amount" means an amount equal to revenues received by the public
11 facilities district in the fiscal year from the additional excise tax
12 imposed under subsection (5) of this section plus an interest charge
13 calculated on one-half the annual payment amount times an interest
14 rate equal to the average annual rate of return for the prior
15 calendar year in the Washington state local government investment
16 pool created in chapter 43.250 RCW.

17 (c)(i) If the public facilities district in any fiscal year is
18 required to apply additional lodging excise tax revenues to the
19 payment of principal and interest on obligations it issues or incurs,
20 and the public facilities district is unable to pay all or any
21 portion of the annual payment amount to the state, the deficiency is
22 deemed to be a loan from the state to the public facilities district
23 for the purpose of assisting the district in paying such principal
24 and interest and must be repaid by the public facilities district to
25 the state after providing for the payment of the principal of and
26 interest on obligations issued or incurred by the public facilities
27 district, all on terms established by an agreement between the state
28 treasurer and the public facilities district executed prior to the
29 transfer date. Any agreement between the state treasurer and the
30 public facilities district must specify the term for the repayment of
31 the deficiency in the annual payment amount with an interest rate
32 equal to the twenty bond general obligation bond buyer index plus one
33 percentage point.

34 (ii) Outstanding obligations to repay any loans deemed to have
35 been made to the public facilities district as provided in any such
36 agreements between the state treasurer and the public facilities
37 district survive the expiration of the additional excise tax under
38 subsection (5) of this section.

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

4 (7) A public facilities district is authorized to pledge any of
5 its revenues, including without limitation revenues from the taxes
6 authorized in this section, to pay or secure the payment of
7 obligations issued or incurred by the public facilities district,
8 subject to the terms established by the board of directors of the
9 public facilities district. So long as a pledge of the taxes
10 authorized under this section is in effect, the legislature may not
11 withdraw or modify the authority to levy and collect the taxes at the
12 rates permitted under this section and may not increase the annual
13 payment amount to be transferred to the state under subsection (6) of
14 this section.

15 (8) The department of revenue must perform the collection of such
16 taxes on behalf of the public facilities district at no cost to the
17 district, and the state treasurer must distribute those taxes as
18 available on a monthly basis to the district or, upon the direction
19 of the district, to a fiscal agent, paying agent, or trustee for
20 obligations issued or incurred by the district.

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

25 (10) In determining the effective combined rate of tax for
26 purposes of the limit in subsection (3) of this section, the tax rate
27 under RCW 82.14.530 (~~is~~) and the tax rate under RCW 67.28.180 when
28 not credited against the state sales tax under RCW 82.08.020 pursuant
29 to RCW 67.28.1801, are not included.

30 (11) The taxes imposed in this section do not apply to sales of
31 temporary medical housing exempt under RCW 82.08.997.

32 (12)(a) For the purposes of this section, "hostel" means a
33 structure or facility where a majority of the rooms for sleeping
34 accommodations are hostel dormitories containing a minimum of four
35 standard beds designed for single-person occupancy within the
36 facility. Hostel accommodations are supervised and must include at
37 least one common area and at least one common kitchen for guest use.

38 (b) For the purpose of this subsection, "hostel dormitory" means
39 a single room, containing four or more standard beds designed for
40 single-person occupancy, used exclusively as nonprivate communal

1 sleeping quarters, generally for unrelated persons, where such
2 persons independently acquire the right to occupy individual beds,
3 with the operator supervising and determining which bed each person
4 will occupy.

5 **Sec. 3.** RCW 67.28.181 and 2015 3rd sp.s. c 24 s 703 are each
6 amended to read as follows:

7 (1) The legislative body of any municipality may impose an excise
8 tax on the sale of or charge made for the furnishing of lodging that
9 is subject to tax under chapter 82.08 RCW. The rate of tax (~~shall~~)
10 may not exceed the lesser of two percent or a rate that, when
11 combined with all other taxes imposed upon sales of lodging within
12 the municipality under this chapter and chapters 36.100, 67.40,
13 82.08, and 82.14 RCW, equals twelve percent. A tax under this chapter
14 (~~shall~~) may not be imposed in increments smaller than tenths of a
15 percent.

16 (2) Notwithstanding subsection (1) of this section:

17 (a) If a municipality was authorized to impose taxes under this
18 chapter or RCW 67.40.100 or both with a total rate exceeding four
19 percent before July 27, 1997, such total authorization (~~shall~~)
20 continues through January 31, 1999, and thereafter the municipality
21 may impose a tax under this section at a rate not exceeding the rate
22 actually imposed by the municipality on January 31, 1999.

23 (b) If a city or town, other than a municipality imposing a tax
24 under (a) of this subsection, is located in a county that imposed
25 taxes under this chapter with a total rate of four percent or more on
26 January 1, 1997, the city or town may not impose a tax under this
27 section.

28 (c) If a city has a population of four hundred thousand or more
29 and is located in a county with a population of one million or more,
30 the rate of tax imposed under this chapter by the city (~~shall~~) may
31 not exceed the lesser of four percent or a rate that, when combined
32 with all other taxes imposed upon sales of lodging in the
33 municipality under this chapter and chapters 36.100, 67.40, 82.08,
34 and 82.14 RCW, equals fifteen and two-tenths percent.

35 (d) If a municipality was authorized to impose taxes under this
36 chapter or RCW 67.40.100, or both, at a rate equal to six percent
37 before January 1, 1998, the municipality may impose a tax under this
38 section at a rate not exceeding the rate actually imposed by the
39 municipality on January 1, 1998.

1 (3) Any county ordinance or resolution adopted under this section
2 (~~shall~~) must contain a provision allowing a credit against the
3 county tax for the full amount of any city or town tax imposed under
4 this section upon the same taxable event.

5 (4) In determining the effective combined rate of tax for
6 purposes of the limit in subsections (1) and (2)(c) of this section,
7 the tax rate under RCW 82.14.530 (~~is~~) and the tax rate under RCW
8 67.28.180 when not credited against the state sales tax under RCW
9 82.08.020 pursuant to RCW 67.28.1801, are not included.

10 **Sec. 4.** RCW 82.14.410 and 2015 3rd sp.s. c 24 s 704 are each
11 amended to read as follows:

12 (1) A local sales and use tax change adopted after December 1,
13 2000, must provide an exemption for those sales of lodging for which,
14 but for the exemption, the total sales tax rate imposed on sales of
15 lodging would exceed the greater of:

16 (a) Twelve percent; or

17 (b) The total sales tax rate that would have applied to the sale
18 of lodging if the sale were made on December 1, 2000.

19 (2) (~~For the purposes of this section:~~) The definitions in this
20 subsection apply throughout this section unless the context clearly
21 requires otherwise.

22 (a) "Local sales and use tax change" is defined as provided in
23 RCW 82.14.055.

24 (b) "Sale of lodging" means the sale of or charge made for the
25 furnishing of lodging and all other services by a hotel, rooming
26 house, tourist court, motel, trailer camp, and the granting of any
27 similar license to use real property.

28 (c) "Total sales tax rate" means the combined rates of all state
29 and local taxes imposed under this chapter and chapters 36.100,
30 67.28, 67.40, and 82.08 RCW, and any other tax authorized after March
31 29, 2001, if the tax is in the nature of a sales tax collected from
32 the buyer, but excluding taxes imposed under RCW 81.104.170 before
33 December 1, 2000, and taxes imposed under RCW 82.14.530 and the tax
34 rate under RCW 67.28.180 when not credited against the state sales
35 tax under RCW 82.08.020 pursuant to RCW 67.28.1801.

36 NEW SECTION. **Sec. 5.** This act takes effect July 1, 2016.

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