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**Finance Committee**

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**HB 2015**

**Brief Description:** Modifying the lodging excise tax to remove the exemption for premises with fewer than sixty lodging units and to tax certain vacation rentals, short-term home-sharing arrangements, and other compensated use or occupancy of dwellings.

**Sponsors:** Representatives Pettigrew, Stokesbary, Nealey, Springer, Macri and Pollet.

**Brief Summary of Bill**

- Applies the King County convention center tax on lodging to lodging premises with 59 or less units.

**Hearing Date:** 2/22/17

**Staff:** Tracey O'Brien (786-7152).

**Background:**

Hotel-Motel Tax.

The state imposes an excise tax of 6.5 percent on the sale of goods and 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 are authorized to 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 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 have authority to 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. A county may issue general obligations and revenue bonds that are payable from the special hotel-motel tax revenues.

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*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.*

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 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 that are 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.

**Summary of Bill:**

The King County convention center tax also applies to the sale of lodging at premises with 59 or less units.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill contains an emergency clause and takes effect on July 1, 2017.