

SENATE BILL REPORT

SHB 1798

As Reported by Senate Committee On:
Financial Institutions, Economic Development & Trade, March 28, 2019

Title: An act relating to short-term rentals.

Brief Description: Concerning short-term rentals.

Sponsors: House Committee on Consumer Protection & Business (originally sponsored by Representatives Ryu, Mosbrucker, Stanford and Pollet).

Brief History: Passed House: 3/07/19, 65-32.

Committee Activity: Financial Institutions, Economic Development & Trade: 3/19/19, 3/28/19 [DPA].

Brief Summary of Amended Bill

- Makes short-term rentals subject to the same local, state, and federal taxes that hotels and bed and breakfast establishments are subject to.
- Requires short-term rental operators to provide certain safety information for guests.
- Requires short-term rental platforms to register with the Department of Revenue and inform operators of their responsibilities in the collection and remittance of taxes.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, ECONOMIC DEVELOPMENT & TRADE

Majority Report: Do pass as amended.

Signed by Senators Mullet, Chair; Hasegawa, Vice Chair; Braun, Das, Ericksen and Hobbs.

Staff: Clint McCarthy (786-7319)

Background: Short Term Rentals and Transient Accommodations. Within the last decade, home-sharing services, or short-term rentals (STRs), have become common. These services provide a platform to connect individuals looking for a place to stay with those who have

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rentable space available. Laws and regulations pertaining to these types of rentals vary depending on the city. Whether or not state and local sales tax is collected by the hosting website, or platform, is dependent on the platform.

In Washington State, a person offering and advertising three or more lodging units to guests for periods of less than 30 days needs to possess a transient accommodations license from the Department of Health (DOH). Transient accommodations include, but are not limited to, hotels, motels, bed and breakfasts, resorts, rustic resorts, inns, condominiums, apartments, crisis shelters, hostels, and retreats.

Local Governments and Short Term Rentals. Many local governments in Washington State have adopted regulations regarding STRs. These regulations typically concern collecting lodging and sales tax, traffic mitigation, parking, noise, other impacts, and consumer safety. Some local governments with STR regulations include Seattle, Bellingham, Poulsbo, Leavenworth, and Spokane.

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

Summary of Amended Bill: Taxes. STR operators are required to pay all applicable local, state, and federal taxes unless the platform does this on the operator's behalf. These taxes include occupancy, sales, lodging, other tax fees, and assessments a hotel or bed and breakfast would be subject to.

Consumer Safety. STR operators must ensure:

- guests are provided with contact information for the duration of their stay;
- rental properties are in compliance with carbon monoxide alarm statutes; and
- information on emergencies such as first responder contacts, maps for evacuation, maximum capacity, and the address of the rental are presented in a conspicuous location within the rental.

A city or county attorney must issue a warning letter for the first consumer safety violation. Subsequent violations are considered class 2 civil infractions.

STR Platforms. "STR platforms" are defined as a person that provides a means through which an operator may offer a dwelling unit, or portion thereof, for short-term rental use, and from which the person or entity financially benefits. These platforms must register with the Department of Revenue, and they must inform all operators who use their platforms of their responsibility to collect and remit all applicable taxes on the operator's behalf. They must also inform the operators of all short term rental safety requirements and primary liability insurance requirements. They are required to provide operators with written or electronic notice that an operator's personal insurance policy may not provide all protections needed to operate a short-term rental.

Liability Insurance. STR operators are required to have not less than a \$1 million policy in liability insurance, or conduct transactions through a platform that provides equal or greater coverage.

EFFECT OF FINANCIAL INSTITUTIONS, ECONOMIC DEVELOPMENT & TRADE COMMITTEE AMENDMENT(S): Short-term rental operators are required to maintain primary liability insurance of not less than \$1 million. Short-term rental platforms are required to provide all operators who use the platform with written notice, delivered by mail or electronically, that an operator's personal insurance policy may not provide all protections needed to operate a short-term rental.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony on Proposed Striking Amendment: *The committee recommended a different version of the bill than what was heard.* PRO: This bill started out as a leveling of the playing field between hotels and the short term rental markets. This bill will clarify what short term rental operators are required to do. The liability insurance needs to be put back in. However it does need to be fine tuned. This bill has had a lot of the controversial issues out of the bill. The striker has liability insurance put back in the bill, stakeholders had become too aggressive in taking pieces out of the bill.

OTHER: Insurance language was added back in and they want to have discussion going forward with suggestions related to who is responsible for liability insurance.

Persons Testifying: PRO: Representative Cindy Ryu, Prime Sponsor; Richard Lazaro, Expedia Group; Julia Gorton, Washington Hospitality Association.

OTHER: Jean Leonard, Washington Insurers, State Farm, National Association of Mutual Insurance Companies.

Persons Signed In To Testify But Not Testifying: No one.