

SENATE BILL REPORT

SB 5012

As of January 13, 2021

Title: An act relating to providing a local government option for the funding of essential affordable housing programs.

Brief Description: Providing a local government option for the funding of essential affordable housing programs.

Sponsors: Senators Lovelett, Kuderer, Wilson, C., Saldaña, Das, Stanford, Robinson and Nguyen.

Brief History:

Committee Activity: Housing & Local Government: 1/13/21.

Brief Summary of Bill

- Authorizes local governments to levy a special excise tax up to 10 percent on Internet-based short-term rentals and use those revenues for affordable housing programs.

SENATE COMMITTEE ON HOUSING & LOCAL GOVERNMENT

Staff: Jeff Olsen (786-7428)

Background: Hotel-Motel Tax. The state imposes an excise tax of 6.5 percent on the sale of goods and services provided within the state, including furnishing lodging for hotel, motel, or 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. This tax is sometimes referred to as the basic state-shared hotel-motel tax. Counties that impose the basic state-shared hotel-motel tax must also provide a credit for a similar tax imposed by any city within the county.

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

Most counties and cities may levy an additional local tax up to 2 percent. This tax is sometimes referred to as the additional special local hotel-motel tax. This additional special 2 percent tax is not credited against the state sales tax and may only be levied so long as the total tax rate—including the state sales tax, the public facilities district sales tax, the hotel-motel taxes, the city, county, and transit district sales taxes, and the convention and trade center tax—does not exceed the statutory limit. The combined tax rate on sales of lodging must not exceed the greater of 12 percent or the rate effective on December 1, 2000.

Summary of Bill: A county, city, or town may levy and collect up to a 10 percent special excise tax on furnishing Internet-based short-term rentals. The legislative body of the local government must adopt a resolution of intent prior to imposing the tax. Adoption of the tax requires a simple majority approval of the enacting legislative authority.

Revenues from the special excise tax must be used for operating and capital costs of affordable housing programs including homeless housing assistance, temporary shelters, and other related services. A city or town may contract with nonprofit organizations or public housing authorities for affordable housing programs and services. A local government may retain up to 5 percent of the moneys collected for the direct and indirect costs to administer services and programs.

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.