

SENATE BILL REPORT

SB 5513

As of January 10, 2022

Title: An act relating to expanding flexibility of existing lodging taxes for affordable workforce housing.

Brief Description: Expanding flexibility of existing lodging taxes for affordable workforce housing.

Sponsors: Senators Hawkins and Kuderer.

Brief History:

Committee Activity: Housing & Local Government: 1/12/22.

Brief Summary of Bill

- Authorizes the use of a portion of the additional lodging tax in a qualifying county for affordable workforce housing until January 1, 2032.

SENATE COMMITTEE ON HOUSING & LOCAL GOVERNMENT

Staff: Jeff Olsen

Background: The state imposes an excise tax of 6.5 percent on the sale of goods and services provided within the state, including furnishing lodging. Cities and counties are authorized to impose an additional local excise tax on lodging services, known as a local hotel-motel tax. The 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.

Most counties and cities may levy an additional tax up to 2 percent. This additional 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

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center tax does not exceed the statutory limit.

Counties, cities within the county, and cities that had the authority to levy a special tax of 4 percent on lodging prior to July 27, 1997, are allowed a total hotel-motel tax rate higher than 4 percent. These jurisdictions are Grays Harbor County, Pierce County, Chelan County, the city of Leavenworth, the city of Long Beach, the city of Bellevue, the city of Yakima, and the city of Winthrop.

Cities and counties may use local lodging tax revenue for tourism promotion, the acquisition and operation of tourism-related facilities, and for affordable workforce housing within a half-mile of a transit station. Affordable workforce housing is defined as housing for a single person, family, or unrelated persons living together whose income is at or below 80 percent of the median income, adjusted for household size, for the county where the housing is located.

According to the Office of Financial Management's 2021 population estimate, the 2021 population in Chelan County is approximately 80,000.

Summary of Bill: Until January 1, 2032, a qualifying county may use up to 33 percent of the additional lodging tax for contracts, loans, or grants to nonprofit organizations or public housing authorities for affordable workforce housing. A qualifying county must include a county east of the crest of the Cascade mountains that has a population of at least 75,000 and no more than 90,000. Affordable workforce housing is defined to include housing for a single person, family, or unrelated persons living together whose income is at least 60 percent and no more than 120 percent of the median income, adjusted for housing size, for the county where the housing is located.

Appropriation: None.

Fiscal Note: Requested on January 9, 2022.

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

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