

SENATE BILL REPORT

SB 5556

As of December 28, 2022

Title: An act relating to providing financial relief to hotels, motels, and other lodging facilities impacted by the eviction moratorium.

Brief Description: Providing financial relief to hotels, motels, and other lodging facilities impacted by the eviction moratorium.

Sponsors: Senators Fortunato, Padden, Randall, Salomon and Wagoner.

Brief History:

Committee Activity:

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Brief Summary of Bill

- Exempts property taxes for 2022 and 2023 for qualifying wro lodging facilities impacted by the evicted moratorium.
- Directs the Department of Revenue to provide reimbursements to lodging facility operators for legal costs for removal of guests no longer making payments under the eviction moratorium.

SENATE COMMITTEE ON HOUSING & LOCAL GOVERNMENT

Staff: Jeff Olsen (786-7428)

SENATE COMMITTEE ON BUSINESS, FINANCIAL SERVICES & TRADE

Staff: Kevin Black (786-7747)

Background: On March 18, 2020, Governor Inslee issued Proclamation 20-19 to prohibit a

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number of activities related to evictions by all residential landlords operating residential rental property in the state. The eviction moratorium prohibits residential landlords, manufactured housing community landlords, property managers, and property owners from serving or enforcing a notice requiring a resident to vacate any dwelling. The eviction moratorium applied to tenancies or other housing arrangements including hotel, motel or camping area stays of more than 14 days, that have expired or that will expire during the moratorium's effective period.

All real and personal property in the state is subject to property tax each year based on its value, unless a specific exemption is provided by law. The Washington Constitution limits regular property tax levies to a maximum of 1 percent of the property's value. Examples of property tax exemptions established either by statute or constitutionally include exemptions for churches, nonprofit hospitals, and affordable housing.

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Summary of Bill: A qualifying lodging facility housing long-term guests under the eviction moratorium is exempt from property taxes in 2022 and 2023. **Claims** for an exemption must be filed with the county assessor and must include documentation that at least one occupant of the lodging facility properly evoked their right to cease making lodging payments pursuant to the eviction moratorium for each reporting year in which the property owner claims an exemption.

- The Department of Revenue (DOR) must provide reimbursements to lodging facility operators for legal costs for removal of guests no longer making payments under the eviction moratorium. Legal costs include attorney fees, court filing costs, expenses associated with repairing property damage or property maintenance including, but not limited to, cleaning the premises, removing abandoned property, disposal of

hazardous material, and other costs DOR considers appropriate for reimbursement.

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Appropriation: None.

Summary of Bill (Proposed Substitute): A qualifying lodging facility housing long-term guests under the eviction moratorium is exempt from property taxes in 2022 and 2023. Claims for an exemption must be filed with the county assessor and must include documentation that at least one occupant of the lodging facility properly evoked their right to cease making lodging payments pursuant to the eviction moratorium for each reporting year in which the property owner claims an exemption.

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Fiscal Note: Available. New fiscal note requested on December 28, 2022.

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

Effective Date: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony (Housing & Local Government): PRO: Hotels suffered significant losses during the pandemic, and this bill is a work in progress to give financial relief for hotels and other lodging facilities that suffered from the eviction moratorium. Some of these same hotels impacted by the moratorium were purchased to be used as shelters. The bill sheds light on the need for relief for the hotel industry, which had significant drops in occupancy and revenues. Many hotels had to cover the costs of rooms and repairs due to the eviction moratorium policy, and these hotels should be eligible for direct reimbursement for these costs.

OTHER: The policy in the bill may result in additional homelessness. It is not clear how many claims there would be, creating an unlimited liability. The funds could otherwise be used for housing. Evictions could create a barrier for tenants to find additional housing.

Persons Testifying (Housing & Local Government): PRO: Senator Phil Fortunato, Prime Sponsor; Julia Gorton, Washington Hospitality Association.

OTHER: Nicholas Yuva, Department of Commerce.

Persons Signed In To Testify But Not Testifying (Housing & Local Government): No one.