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**SENATE BILL 5012**

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**State of Washington**

**67th Legislature**

**2021 Regular Session**

**By** Senators Lovelett, Das, Kuderer, Nguyen, Robinson, Saldaña, Stanford, and Wilson, C.

Prefiled 12/14/20. Read first time 01/11/21. Referred to Committee on Housing & Local Government.

1 AN ACT Relating to providing a local government option for the  
2 funding of essential affordable housing programs; amending RCW  
3 67.28.181 and 82.14.410; and adding a new section to chapter 67.28  
4 RCW.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 67.28  
7 RCW to read as follows:

8 (1)(a) The legislative body of a county, city, or town is  
9 authorized to levy and collect a special excise tax on the furnishing  
10 of lodging of short-term rentals subject to tax under chapter 82.08  
11 RCW, as provided in this section.

12 (b) The tax under this section applies exclusively to short-term  
13 rentals facilitated through an internet-based short-term rental  
14 platform.

15 (c) The rate of tax under this section may not exceed ten percent  
16 on the sale of, or charge made for, the furnishing of lodging of a  
17 short-term rental subject to tax under chapter 82.08 RCW.

18 (d) Any county ordinance or resolution adopted under this section  
19 shall contain a provision allowing a credit against the county tax  
20 for the full amount of any city or town tax imposed under this  
21 section upon the same taxable event.

1 (2) (a) The legislative body of a county, city, or town must adopt  
2 a resolution of intent to adopt legislation authorizing the tax under  
3 this section prior to imposing the tax under this section.

4 (b) Adoption of the resolution of intent and legislation requires  
5 simple majority approval of the enacting legislative authority.

6 (3) (a) Except as provided in (b) of this subsection, moneys  
7 collected from the special excise tax under this section must be used  
8 exclusively for the operating and capital costs of affordable housing  
9 programs including, but not limited to, homeless housing assistance,  
10 temporary shelters, and other related services. A city or town may  
11 use revenues collected under this section for contracts, loans, or  
12 grants to nonprofit organizations or public housing authorities for  
13 services related to affordable housing programs.

14 (b) A county, city, or town may retain up to five percent of the  
15 moneys collected under this section in each calendar year for the  
16 direct and indirect costs incurred in the administration of services  
17 and programs as provided in (a) of this subsection.

18 (4) For the purposes of this section, "short-term rental" and  
19 "short-term rental platform" have the same meanings as in RCW  
20 64.37.010.

21 **Sec. 2.** RCW 67.28.181 and 2015 3rd sp.s. c 24 s 703 are each  
22 amended to read as follows:

23 (1) The legislative body of any municipality may impose an excise  
24 tax on the sale of or charge made for the furnishing of lodging that  
25 is subject to tax under chapter 82.08 RCW. The rate of tax shall not  
26 exceed the lesser of two percent or a rate that, when combined with  
27 all other taxes imposed upon sales of lodging within the municipality  
28 under this chapter and chapters 36.100, (~~67.407~~) 82.08, and 82.14  
29 RCW, equals twelve percent. A tax under this chapter shall not be  
30 imposed in increments smaller than tenths of a percent.

31 (2) Notwithstanding subsection (1) of this section:

32 (a) If a municipality was authorized to impose taxes under this  
33 chapter or RCW 67.40.100 or both with a total rate exceeding four  
34 percent before July 27, 1997, such total authorization shall continue  
35 through January 31, 1999, and thereafter the municipality may impose  
36 a tax under this section at a rate not exceeding the rate actually  
37 imposed by the municipality on January 31, 1999.

38 (b) If a city or town, other than a municipality imposing a tax  
39 under (a) of this subsection, is located in a county that imposed

1 taxes under this chapter with a total rate of four percent or more on  
2 January 1, 1997, the city or town may not impose a tax under this  
3 section.

4 (c) If a city has a population of four hundred thousand or more  
5 and is located in a county with a population of one million or more,  
6 the rate of tax imposed under this chapter by the city shall not  
7 exceed the lesser of four percent or a rate that, when combined with  
8 all other taxes imposed upon sales of lodging in the municipality  
9 under this chapter and chapters 36.100, (~~67.40,~~) 82.08, and 82.14  
10 RCW, equals fifteen and two-tenths percent.

11 (d) If a municipality was authorized to impose taxes under this  
12 chapter or RCW 67.40.100, or both, at a rate equal to six percent  
13 before January 1, 1998, the municipality may impose a tax under this  
14 section at a rate not exceeding the rate actually imposed by the  
15 municipality on January 1, 1998.

16 (3) Any county ordinance or resolution adopted under this section  
17 shall contain a provision allowing a credit against the county tax  
18 for the full amount of any city or town tax imposed under this  
19 section upon the same taxable event.

20 (4) In determining the effective combined rate of tax for  
21 purposes of the limit in subsections (1) and (2)(c) of this section,  
22 the tax rates under RCW 82.14.530 (~~is~~) and section 1 of this act  
23 are not included.

24 **Sec. 3.** RCW 82.14.410 and 2015 3rd sp.s. c 24 s 704 are each  
25 amended to read as follows:

26 (1) A local sales and use tax change adopted after December 1,  
27 2000, must provide an exemption for those sales of lodging for which,  
28 but for the exemption, the total sales tax rate imposed on sales of  
29 lodging would exceed the greater of:

30 (a) Twelve percent; or

31 (b) The total sales tax rate that would have applied to the sale  
32 of lodging if the sale were made on December 1, 2000.

33 (2) For the purposes of this section:

34 (a) "Local sales and use tax change" is defined as provided in  
35 RCW 82.14.055.

36 (b) "Sale of lodging" means the sale of or charge made for the  
37 furnishing of lodging and all other services by a hotel, rooming  
38 house, tourist court, motel, trailer camp, and the granting of any  
39 similar license to use real property.

1 (c) "Total sales tax rate" means the combined rates of all state  
2 and local taxes imposed under this chapter and chapters 36.100,  
3 67.28, (~~67.40,~~) and 82.08 RCW, and any other tax authorized after  
4 March 29, 2001, if the tax is in the nature of a sales tax collected  
5 from the buyer, but excluding taxes imposed under RCW 81.104.170  
6 before December 1, 2000, (~~and~~) taxes imposed under RCW 82.14.530,  
7 and taxes imposed under section 1 of this act.

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