

ESSB 5334 - H COMM AMD
By Committee on Local Government

NOT CONSIDERED 01/02/2024

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** A new section is added to chapter 67.28
4 RCW to read as follows:

5 (1)(a) The legislative body of a county, city, or town is
6 authorized to impose a special excise tax on the sale of or charge
7 made for the furnishing of lodging of short-term rentals subject to
8 tax under chapter 82.08 RCW, as provided in this section.

9 (b) The tax under this section applies exclusively to the sale of
10 or charge made for the furnishing of lodging of short-term rentals
11 facilitated through a short-term rental platform.

12 (c) The rate of tax under this section is imposed on the sale of,
13 or charge made for, the furnishing of lodging of a short-term rental
14 subject to tax under chapter 82.08 RCW. The rate of tax may not
15 exceed 10 percent on the sale of or charge made for the furnishing of
16 lodging of short-term rentals. The rate of tax under this section
17 must not be imposed in increments of less than one percent.

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. The legislative authority of any
22 county or any city may impose the tax authorized in this section in
23 the unincorporated areas of the county for the county tax and in the
24 corporate limits of the city for the city tax.

25 (e) A county, city, or town may develop criteria based on an
26 operator's age and/or income to exempt no more than one short-term
27 rental property per operator from the tax authorized under this
28 section. A county, city, or town must specify exemption criteria and
29 outline a certification process for the exemptions in the resolution
30 when it adopts legislation imposing the tax under this section.

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
8 deposited into a separate fund to be used exclusively for the
9 operating and capital costs of affordable housing programs including,
10 but not limited to, homeless housing assistance, temporary shelters,
11 and other related services. A county, city, or town may use revenues
12 collected under this section for contracts, loans, or grants to
13 nonprofit organizations or public housing authorities for services
14 related to affordable housing programs.

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

19 (4) Beginning the year after the special excise tax authorized in
20 this section is first collected, a county, city, or town imposing the
21 tax must publish an annual report by March 1st of each year detailing
22 how the revenue from the tax was spent in the prior year. The report
23 must be made available to the public. This may include posting the
24 report on the county's, city's, or town's website.

25 (5) For the purposes of this section:

26 (a) "Operator" has the same meaning as in RCW 64.37.010.

27 (b) "Short-term rental" and "short-term rental platform" have the
28 same meanings as in RCW 64.37.010.

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

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

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

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

7 (b) If a city or town, other than a municipality imposing a tax
8 under (a) of this subsection, is located in a county that imposed
9 taxes under this chapter with a total rate of four percent or more on
10 January 1, 1997, the city or town may not impose a tax under this
11 section.

12 (c) If a city has a population of (~~four hundred thousand~~)
13 400,000 or more and is located in a county with a population of (~~one~~
14 ~~million~~) 1,000,000 or more, the rate of tax imposed under this
15 chapter by the city shall not exceed the lesser of four percent or a
16 rate that, when combined with all other taxes imposed upon sales of
17 lodging in the municipality under this chapter and chapters 36.100,
18 (~~67.40, 7~~) 82.08, and 82.14 RCW, equals (~~fifteen~~) 15 and two-tenths
19 percent.

20 (d) If a municipality was authorized to impose taxes under this
21 chapter or RCW 67.40.100, or both, at a rate equal to six percent
22 before January 1, 1998, the municipality may impose a tax under this
23 section at a rate not exceeding the rate actually imposed by the
24 municipality on January 1, 1998.

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

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

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

35 (1) A local sales and use tax change adopted after December 1,
36 2000, must provide an exemption for those sales of lodging for which,
37 but for the exemption, the total sales tax rate imposed on sales of
38 lodging would exceed the greater of:

39 (a) Twelve percent; or

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

3 (2) For the purposes of this section:

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

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

10 (c) "Total sales tax rate" means the combined rates of all state
11 and local taxes imposed under this chapter and chapters 36.100,
12 67.28, (~~(67.40,)~~) and 82.08 RCW, and any other tax authorized after
13 March 29, 2001, if the tax is in the nature of a sales tax collected
14 from the buyer, but excluding taxes imposed under RCW 81.104.170
15 before December 1, 2000, (~~and~~) taxes imposed under RCW 82.14.530,
16 and taxes imposed under section 1 of this act."

17 Correct the title.

EFFECT: (1) Requires the revenue from the short-term rental special excise tax to be deposited into a separate fund.

(2) Requires a local government imposing the tax to publish an annual report detailing how revenue from the tax was spent in the prior year.

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