

ESSB 5334 - H COMM AMD
By Committee on Local Government

NOT CONSIDERED 03/07/2024

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

3 "NEW SECTION. **Sec. 1.** A new section is added to chapter 82.14
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. The
18 department of revenue shall perform the collection of such taxes on
19 behalf of a county, city, or town imposing the tax at no cost to the
20 county, city, or town.

21 (d) Any county ordinance or resolution adopted under this section
22 shall contain a provision allowing a credit against the county tax
23 for the full amount of any city or town tax imposed under this
24 section upon the same taxable event. The legislative authority of any
25 county or any city may impose the tax authorized in this section
26 throughout the county for the county tax and in the corporate limits
27 of the city for the city tax.

28 (e) The tax authorized in this section does not apply to the sale
29 of, or charge made for, the furnishing of a room for lodging in a
30 dwelling unit that is the primary residence of the owner and in which
31 all rented rooms share a common entryway. A short-term rental
32 platform must provide a means by which an owner can attest that a

1 dwelling unit is the owner's primary residence and that all rooms
2 rented in the dwelling unit share a common entryway. If the short-
3 term rental platform collects and remits taxes on behalf of an owner,
4 the owner must provide such an attestation to the short-term rental
5 platform in order to qualify for this exemption. When collecting and
6 remitting taxes on behalf of an owner, a short-term platform must
7 notify the county, city, or town when an exemption applies under this
8 section. Upon notification from a county, city, or town imposing the
9 tax authorized in this section that the exemption does not apply to
10 an owner's property, the short-term rental platform shall, if
11 collecting and remitting taxes on the owner's behalf, collect and
12 remit the tax authorized in this section.

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

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

18 (3) (a) Except as provided in (b) of this subsection, moneys
19 collected from the special excise tax under this section must be
20 deposited into a separate fund to be used exclusively for the
21 following purposes:

22 (i) Acquiring, rehabilitating, or constructing affordable or
23 workforce housing, which may include new units of affordable housing
24 within an existing structure, or facilities providing supportive
25 housing services;

26 (ii) Funding the operations and maintenance costs of units of
27 affordable, workforce, or supportive housing;

28 (iii) Providing rental assistance to tenants; or

29 (iv) Funding the operations of social service organizations and
30 nonprofit organizations dedicated to providing services and
31 assistance related to attaining and maintaining housing including,
32 but not limited to, employment assistance, utilities assistance,
33 nutritional assistance, and child care assistance.

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

38 (c) A county, city, or town imposing the tax authorized under
39 this section may enter into an interlocal agreement under chapter

1 39.34 RCW with another county, city, or town, to jointly undertake
2 projects satisfying the requirements of (b) of this subsection.

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

9 (5) For the purposes of this section:

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

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

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

15 (1) The legislative body of any municipality may impose an excise
16 tax on the sale of or charge made for the furnishing of lodging that
17 is subject to tax under chapter 82.08 RCW. The rate of tax shall not
18 exceed the lesser of two percent or a rate that, when combined with
19 all other taxes imposed upon sales of lodging within the municipality
20 under this chapter and chapters 36.100, (~~(67.40,)~~) 82.08, and 82.14
21 RCW, equals twelve percent. A tax under this chapter shall not be
22 imposed in increments smaller than tenths of a percent.

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

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

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

35 (c) If a city has a population of (~~(four hundred thousand)~~)
36 400,000 or more and is located in a county with a population of (~~(one~~
37 ~~million)~~) 1,000,000 or more, the rate of tax imposed under this
38 chapter by the city shall not exceed the lesser of four percent or a
39 rate that, when combined with all other taxes imposed upon sales of

1 lodging in the municipality under this chapter and chapters 36.100,
2 ((67.40,)) 82.08, and 82.14 RCW, equals ((fifteen)) 15 and two-tenths
3 percent.

4 (d) If a municipality was authorized to impose taxes under this
5 chapter or RCW 67.40.100, or both, at a rate equal to six percent
6 before January 1, 1998, the municipality may impose a tax under this
7 section at a rate not exceeding the rate actually imposed by the
8 municipality on January 1, 1998.

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

13 (4) In determining the effective combined rate of tax for
14 purposes of the limit in subsections (1) and (2)(c) of this section,
15 the tax rates under RCW 82.14.530 ((is)) and section 1 of this act
16 are not included.

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

19 (1) A local sales and use tax change adopted after December 1,
20 2000, must provide an exemption for those sales of lodging for which,
21 but for the exemption, the total sales tax rate imposed on sales of
22 lodging would exceed the greater of:

23 (a) Twelve percent; or

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

26 (2) For the purposes of this section:

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

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

33 (c) "Total sales tax rate" means the combined rates of all state
34 and local taxes imposed under this chapter and chapters 36.100,
35 67.28, ((67.40,)) and 82.08 RCW, and any other tax authorized after
36 March 29, 2001, if the tax is in the nature of a sales tax collected
37 from the buyer, but excluding taxes imposed under RCW 81.104.170

1 before December 1, 2000, (~~and~~) taxes imposed under RCW 82.14.530,
2 and taxes imposed under section 1 of this act."

3 Correct the title.

EFFECT: • Allows a county to impose the special excise tax throughout the county.

• Removes authorization for a local government to exempt up to one short-term rental per operator from the special excise tax based on age and/or income.

• Provides for an exemption from the special excise tax for the sale of, or charge made for, the furnishing of a room for lodging in an owner-occupied dwelling unit in which all rented rooms share a single entryway.

• Requires an owner that wishes to qualify for the exemption to provide an attestation that the conditions of the exemption are met to a short-term rental platform, if the short-term rental platform collects and remits taxes on the owners behalf.

• Requires a short-term rental platform collecting and remitting taxes on an owner's behalf to notify the local government if an exemption is being applied, and to begin collecting and remitting the tax if told by a local government that the exemption does not apply.

• Requires moneys from the tax to be used exclusively for acquiring, rehabilitating, or constructing affordable or workforce housing or facilities providing supportive housing services; operations and maintenance funding for such housing; rental assistance to tenants; or funding the operations of organizations dedicated to providing services and assistance related to attaining and maintaining housing.

• Codifies section 1 of the act in chapter 82.14 RCW, instead of chapter 67.28 RCW.

• Requires the revenue from the short-term rental special excise tax to be deposited into a separate fund.

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

• Requires the Department of Revenue to collect the special excise tax at no cost to the county, city, or town imposing the tax.

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