
SUBSTITUTE SENATE BILL 5576

State of Washington

69th Legislature

2025 Regular Session

By Senate Ways & Means (originally sponsored by Senators Lovelett, Alvarado, Saldaña, Bateman, Salomon, Valdez, Hasegawa, Nobles, C. Wilson, and Ramos)

READ FIRST TIME 02/28/25.

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 82.14
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 82.14
7 RCW to read as follows:

8 (1)(a) The legislative body of a county, city, or town may impose
9 a special excise tax on the sale of or charge made for 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 the sale of
13 or charge made for the furnishing of lodging of short-term rentals
14 facilitated through a short-term rental platform.

15 (c) The rate of tax under this section is imposed on the sale of,
16 or charge made for, the furnishing of lodging of a short-term rental
17 subject to tax under chapter 82.08 RCW. The rate of tax may not
18 exceed four percent on the sale of or charge made for the furnishing
19 of lodging of short-term rentals. The rate of tax under this section
20 must not be imposed in increments of less than one percent. The
21 department shall perform the collection of the tax on behalf of a

1 county, city, or town imposing the tax at no cost to the county,
2 city, or town.

3 (d) Any county ordinance or resolution adopted under this section
4 must contain a provision allowing a credit against the county tax for
5 the full amount of any city or town tax imposed under this section
6 upon the same taxable event. The legislative authority of any county
7 or any city may impose the tax authorized in this section throughout
8 the county for the county tax and in the corporate limits of the city
9 for the city tax.

10 (2) (a) The legislative body of a county, city, or town must adopt
11 a resolution of intent to adopt legislation authorizing the tax under
12 this section before imposing the tax under this section.

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

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

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

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

25 (iii) Providing rental assistance to tenants; or

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

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

35 (c) A county, city, or town imposing the tax authorized under
36 this section may enter into an interlocal agreement under chapter
37 39.34 RCW with another county, city, or town, to jointly undertake
38 projects satisfying the requirements of (b) of this subsection.

39 (4) Beginning the year after the special excise tax authorized in
40 this section is first collected, a county, city, or town imposing the

1 tax must publish an annual report by March 1st of each year detailing
2 how the revenue from the tax was spent in the prior year. The report
3 must be made available to the public. This may include posting the
4 report on the county's, city's, or town's website.

5 (5) For the purposes of this section:

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

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

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

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

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

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

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

31 (c) If a city has a population of (~~(four hundred thousand)~~)
32 400,000 or more and is located in a county with a population of (~~(one~~
33 ~~million)~~) 1,000,000 or more, the rate of tax imposed under this
34 chapter by the city shall not exceed the lesser of four percent or a
35 rate that, when combined with all other taxes imposed upon sales of
36 lodging in the municipality under this chapter and chapters 36.100,
37 (~~(67.40,)~~) 82.08, and 82.14 RCW, equals (~~(fifteen and two tenths)~~)
38 15.2 percent.

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

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

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

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

16 (1) A local sales and use tax change adopted after December 1,
17 2000, must provide an exemption for those sales of lodging for which,
18 but for the exemption, the total sales tax rate imposed on sales of
19 lodging would exceed the greater of:

20 (a) Twelve percent; or

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

23 (2) For the purposes of this section:

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

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

30 (c) "Total sales tax rate" means the combined rates of all state
31 and local taxes imposed under this chapter and chapters 36.100,
32 67.28, (~~(67.40,)~~) and 82.08 RCW, and any other tax authorized after
33 March 29, 2001, if the tax is in the nature of a sales tax collected
34 from the buyer, but excluding taxes imposed under RCW 81.104.170
35 before December 1, 2000, (~~(and)~~) taxes imposed under RCW 82.14.530,
36 and taxes imposed under section 1 of this act.

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