
Finance Committee

HB 2252

Brief Description: Funding for arts and heritage programs, regional centers, human services, low-income housing, and community development in a county with a population of one million five hundred thousand or more.

Sponsors: Representatives Hunter and Goodman.

Brief Summary of Bill

- Directs revenue from the following King County taxes into a dedicated account in King County: the 2 percent car rental tax, the 0.5 percent restaurant tax, the 2 percent state shared hotel-motel tax, and 75 percent of the 1 percent car rental tax.
- Requires money in the account to be used for regional centers, art and heritage programs, low income housing, community development, and human services.

Hearing Date: 2/24/09

Staff: Rick Peterson (786-7150)

Background:

A hotel-motel tax is a special sales tax on lodging rentals by hotels, motels, rooming houses, private campgrounds, RV parks, and other similar facilities. Cities and counties are authorized to levy a "basic" or "state-shared" hotel-motel tax of up to 2 percent. These taxes are credited against the state sales tax on the furnishing of lodging. Other hotel-motel taxes are imposed in addition to ordinary state and local sales taxes and are added to the amount paid by the customer. The latter type is often referred to as a "special" hotel-motel tax.

A county hotel-motel tax must allow a credit for the amount of any tax levied by the cities within the county, thus precluding both the city and county tax from applying to the same lodging transaction. Except for the City of Bellevue, cities in King County cannot impose a basic hotel-motel tax until January 1, 2021. Thereafter, cities may impose the tax and the county will only receive revenues generated in the unincorporated areas.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

In King County the 2 percent state-shared hotel-motel tax is used for retiring the debt on the Kingdome, arts and heritage programs, and after 2015 (or earlier if the debt is repaid) for repaying the debt on the football stadium and exhibition center and for youth athletic facility grants to cities, counties, or nonprofit organizations if sufficient money is available.

In 1995 the legislature authorized financing for a new baseball stadium in King County. The state's contribution included a credit against the state sales tax of 0.017 percent of taxable retail sales in King County, sports themed lottery revenues, and commemorative ballpark license plates. King County was authorized to impose a special 0.5 percent sales tax on food and beverages in King County restaurants, taverns, and bars; a 2 percent sales tax on car rentals in King County, and admission taxes at the new ballpark. The baseball team also contributed to the construction of the facility. The 0.017 percent sales tax credit, the 0.5 percent tax on restaurant meals, the lottery revenue, and the 2 percent car rental tax all end when construction bonds are paid.

All counties are authorized to impose a 1 percent car rental tax. The revenue from the 1 percent car rental tax may be used for public stadium facilities, and youth or amateur sports activities or facilities.

Summary of Bill:

After current obligations to stadium debt are paid, revenue from the following King County taxes are directed into a dedicated account in King County: the 2 percent car rental tax, the 0.5 percent restaurant tax, the 2 percent state shared hotel-motel tax, and 75 percent of the 1 percent car rental tax. Money in the account will be used for regional centers, art museums, cultural museums, heritage museums, heritage and preservation programs, the arts, performing arts, low income housing, community development and, human services. The 0.5 percent restaurant tax ends in December 2015.

Money in the account is allocated as follows:

Art/Heritage programs:

8 percent of total from 2013 through 2015,
33 percent of total from 2016 through 2020, and
22 percent of total in 2021 and after.

Regional Centers:

2.5 percent of total from 2013 through 2015,
10 percent of total from 2016 through 2020, and
25 percent of total in 2021 and after.

Reserve Account:

20 percent in 2013,
28 percent in 2014, and
35 percent in 2015.

Community Development:

\$1 million in 2012,
\$2 million in 2013, and
\$3 million in 2014 and after

Low-income housing:

\$8 million per year from 2012 through 2020, and the remainder of the fund in 2021 and after.

Appropriation: None.

Fiscal Note: Requested.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2009.