

SENATE BILL REPORT

SB 6352

As Reported by Senate Committee On:
Ways & Means, January 30, 2014

Title: An act relating to providing an exemption for certain lodging services from the convention and trade center tax.

Brief Description: Providing an exemption for certain lodging services from the convention and trade center tax.

Sponsors: Senators Fain, Hobbs, Angel, Chase, Pedersen, Ericksen, Kohl-Welles and Roach.

Brief History:

Committee Activity: Ways & Means: 1/28/14, 1/30/14 [DP, DNP, w/oRec].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Hill, Chair; Baumgartner, Vice Chair; Honeyford, Capital Budget Chair; Hargrove, Ranking Member; Keiser, Assistant Ranking Member on the Capital Budget; Ranker, Assistant Ranking Member on the Operating Budget; Bailey, Billig, Braun, Conway, Fraser, Hatfield, Hewitt, Kohl-Welles, Padden, Parlette, Schoesler and Tom.

Minority Report: Do not pass.

Signed by Senator Becker.

Minority Report: That it be referred without recommendation.

Signed by Senators Dammeier and Hasegawa.

Staff: Dean Carlson (786-7305)

Background: Hotel-Motel Taxes. Hotel-motel taxes are special sales taxes on lodging rentals. Some hotel-motel taxes are credited against the state sales tax rather than being added to rental charges paid by customers. These taxes only apply when a lodging unit is used for a continuous period of less than one month. Longer use is considered a rental of real property, rather than a license to use the property.

Convention and Trade Center Tax. A local convention center tax applies to lodging within King County. The convention center tax was first effective on April 1, 1982. The tax is imposed by the Washington State Convention Center Public Facilities District (PFD). This

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special sales and use tax applies only to the sale of lodging in hotels, motels, and similar facilities in King County with at least 60 units. The tax rate is 7 percent within the city of Seattle and 2.8 percent throughout the remainder of King County. In addition, the PFD may impose a 2 percent lodging tax on facilities with at least 60 units in Seattle that is credited against the state sales tax rate. The convention center tax is in addition to the retail sales tax. Thus, the combined tax rate for hotels and motels with 60 or more units within Seattle is presently 15.6 percent.

Summary of Bill: Hostels are exempt from the convention and trade center tax in King County.

Hostels are defined as a facility in which 90 percent or more of the rooms for sleeping accommodations are hostel dormitories containing a minimum of 12 standard beds designed for single-person occupancy within the facility. The accommodations must be supervised and must include at least one common area and at least one common kitchen for guest use.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on August 1, 2014.

Staff Summary of Public Testimony: PRO: The requirement that hotels need to have more than 60 rooms in order to charge the convention center tax was established originally because those with fewer than 60 rooms do not benefit from or use the convention center. This bill follows that same intent. There is one hostel with more than 60 beds. Hostels do not benefit from the convention center.

Persons Testifying: PRO: Scott Hildebrand, American Hotel; Becky Bogard, WA State Convention Center PFD.