
SUBSTITUTE HOUSE BILL 1516

State of Washington

64th Legislature

2015 Regular Session

By House Finance (originally sponsored by Representatives Pettigrew, Santos, Magendanz, Condotta, Fitzgibbon, and Ormsby)

READ FIRST TIME 02/19/15.

1 AN ACT Relating to providing an exemption for certain lodging
2 services from the convention and trade center tax; amending RCW
3 36.100.040; and providing an effective date.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 36.100.040 and 2010 1st sp.s. c 15 s 5 are each
6 amended to read as follows:

7 (1) A public facilities district may impose an excise tax on the
8 sale of or charge made for the furnishing of lodging that is subject
9 to tax under chapter 82.08 RCW, except that no such tax may be levied
10 on any premises having fewer than forty lodging units. Except for any
11 tax imposed under subsection (4) or (5) of this section, if a public
12 facilities district has not imposed such an excise tax prior to
13 December 31, 1995, the public facilities district may only impose the
14 excise tax if a ballot proposition authorizing the imposition of the
15 tax has been approved by a simple majority vote of voters of the
16 public facilities district voting on the proposition.

17 (2) The rate of the tax may not exceed two percent and the
18 proceeds of the tax may only be used for the acquisition, design,
19 construction, remodeling, maintenance, equipping, reequipping,
20 repairing, and operation of its public facilities. This excise tax

1 may not be imposed until the district has approved the proposal to
2 acquire, design, and construct the public facilities.

3 (3) Except for a public facilities district created within a
4 county with a population of one million five hundred thousand or more
5 for the purpose of acquiring, owning, and operating a convention and
6 trade center, a public facilities district may not impose the tax
7 authorized in this section if, after the tax authorized in this
8 section was imposed, the effective combined rate of state and local
9 excise taxes, including sales and use taxes and excise taxes on
10 lodging, imposed on the sale of or charge made for furnishing of
11 lodging in any jurisdiction in the public facilities district exceeds
12 eleven and one-half percent.

13 (4) To replace the tax authorized by RCW 67.40.090, a public
14 facilities district created within a county with a population of one
15 million five hundred thousand or more for the purpose of acquiring,
16 owning, and operating a convention and trade center may impose an
17 excise tax on the sale of or charge made for the furnishing of
18 lodging that is subject to tax under chapter 82.08 RCW, except that
19 no such tax may be levied on any premises: (a) Having fewer than
20 sixty lodging units; or (b) classified as a hostel. The rate of the
21 tax may not exceed seven percent within the portion of the district
22 that corresponds to the boundaries of the largest city within the
23 public facilities district and may not exceed 2.8 percent in the
24 remainder of the district. The tax imposed under this subsection (4)
25 may not be collected prior to the transfer date defined in RCW
26 36.100.230.

27 (5) To replace the tax authorized by RCW 67.40.130, a public
28 facilities district created within a county with a population of one
29 million five hundred thousand or more for the purpose of acquiring,
30 owning, and operating a convention and trade center may impose an
31 additional excise tax on the sale of or charge made for the
32 furnishing of lodging that is subject to tax under chapter 82.08 RCW,
33 except that no such tax may be levied on any premises: (a) Having
34 fewer than sixty lodging units; or (b) classified as a hostel. The
35 rate of the additional excise tax may not exceed two percent and may
36 be imposed only within the portion of the district that corresponds
37 to the boundaries of the largest city within the public facilities
38 district and may not be imposed in the remainder of the district. The
39 tax imposed under this subsection (5) may not be collected prior to
40 the transfer date specified in RCW 36.100.230. The tax imposed under

1 this subsection (5) must be credited against the amount of the tax
2 otherwise due to the state from those same taxpayers under chapter
3 82.08 RCW. The tax under this subsection (5) may be imposed only for
4 the purpose of paying or securing the payment of the principal of and
5 interest on obligations issued or incurred by the public facilities
6 district and paying annual payment amounts to the state under
7 subsection (6)(a) of this section. The authority to impose the
8 additional excise tax under this subsection (5) expires on the date
9 that is the earlier of (a) July 1, 2029, or (b) the date on which all
10 obligations issued or incurred by the public facilities district to
11 implement any redemption, prepayment, or legal defeasance of
12 outstanding obligations under RCW 36.100.230(3)(a) are no longer
13 outstanding.

14 (6)(a) Commencing with the first full fiscal year of the state
15 after the transfer date defined in RCW 36.100.230 and for so long as
16 a public facilities district imposes a tax under subsection (5) of
17 this section, the public facilities district must transfer to the
18 state of Washington on June 30th of each state fiscal year an annual
19 payment amount.

20 (b) For the purposes of this subsection (6), "annual payment
21 amount" means an amount equal to revenues received by the public
22 facilities district in the fiscal year from the additional excise tax
23 imposed under subsection (5) of this section plus an interest charge
24 calculated on one-half the annual payment amount times an interest
25 rate equal to the average annual rate of return for the prior
26 calendar year in the Washington state local government investment
27 pool created in chapter 43.250 RCW.

28 (c)(i) If the public facilities district in any fiscal year is
29 required to apply additional lodging excise tax revenues to the
30 payment of principal and interest on obligations it issues or incurs,
31 and the public facilities district is unable to pay all or any
32 portion of the annual payment amount to the state, the deficiency is
33 deemed to be a loan from the state to the public facilities district
34 for the purpose of assisting the district in paying such principal
35 and interest and must be repaid by the public facilities district to
36 the state after providing for the payment of the principal of and
37 interest on obligations issued or incurred by the public facilities
38 district, all on terms established by an agreement between the state
39 treasurer and the public facilities district executed prior to the
40 transfer date. Any agreement between the state treasurer and the

1 public facilities district must specify the term for the repayment of
2 the deficiency in the annual payment amount with an interest rate
3 equal to the twenty bond general obligation bond buyer index plus one
4 percentage point.

5 (ii) Outstanding obligations to repay any loans deemed to have
6 been made to the public facilities district as provided in any such
7 agreements between the state treasurer and the public facilities
8 district survive the expiration of the additional excise tax under
9 subsection (5) of this section.

10 (iii) For the purposes of this subsection (6)(c), "additional
11 lodging excise tax revenues" mean the tax revenues received by the
12 public facilities district under subsection (5) of this section.

13 (7) A public facilities district is authorized to pledge any of
14 its revenues, including without limitation revenues from the taxes
15 authorized in this section, to pay or secure the payment of
16 obligations issued or incurred by the public facilities district,
17 subject to the terms established by the board of directors of the
18 public facilities district. So long as a pledge of the taxes
19 authorized under this section is in effect, the legislature may not
20 withdraw or modify the authority to levy and collect the taxes at the
21 rates permitted under this section and may not increase the annual
22 payment amount to be transferred to the state under subsection (6) of
23 this section.

24 (8) The department of revenue must perform the collection of such
25 taxes on behalf of the public facilities district at no cost to the
26 district, and the state treasurer must distribute those taxes as
27 available on a monthly basis to the district or, upon the direction
28 of the district, to a fiscal agent, paying agent, or trustee for
29 obligations issued or incurred by the district.

30 (9) Except as expressly provided in this chapter, all of the
31 provisions contained in RCW 82.08.050 and 82.08.060 and chapter 82.32
32 RCW have full force and application with respect to taxes imposed
33 under the provisions of this section.

34 (10) The taxes imposed in this section do not apply to sales of
35 temporary medical housing exempt under RCW 82.08.997.

36 (11)(a) For the purposes of this section, "hostel" means a
37 structure or facility where a majority of the rooms for sleeping
38 accommodations are hostel dormitories containing a minimum of four
39 standard beds designed for single-person occupancy within the

1 facility. Hostel accommodations are supervised and must include at
2 least one common area and at least one common kitchen for guest use.

3 (b) For the purpose of this subsection, "hostel dormitory" means
4 a single room, containing four or more standard beds designed for
5 single-person occupancy, used exclusively as nonprivate communal
6 sleeping quarters, generally for unrelated persons, where such
7 persons independently acquire the right to occupy individual beds,
8 with the operator supervising and determining which bed each person
9 will occupy.

10 NEW SECTION. Sec. 2. This act takes effect August 1, 2015.

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