

2SHB 2015 - S COMM AMD
By Committee on Ways & Means

ADOPTED 03/02/2018

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

3 "NEW SECTION. **Sec. 1.** (1) The legislature finds that it is in
4 the public interest that taxation of lodging not distort the market
5 for different types of lodging and that all types of lodging
6 participate in the funding of the public benefits supported with
7 lodging tax revenue.

8 (2) The legislature further finds that, with respect to the
9 lodging taxes levied under RCW 36.100.040 (4) and (5), the current
10 significant disparity in the taxation of sales of lodging on premises
11 having fewer than sixty lodging units compared to premises having
12 sixty or more units is contrary to the public interest in both
13 equitable taxation and adequately supporting the public benefits
14 funded by lodging tax revenue.

15 (3) It is the intent of this act to equalize the taxation levied
16 under RCW 36.100.040 (4) and (5) by applying it to all lodging,
17 regardless of the number of lodging units in premises subject to such
18 taxation.

19 **Sec. 2.** RCW 36.100.040 and 2015 3rd sp.s. c 24 s 702 are each
20 amended to read as follows:

21 (1) A public facilities district may impose an excise tax on the
22 sale of or charge made for the furnishing of lodging that is subject
23 to tax under chapter 82.08 RCW, except that no such tax may be levied
24 on any premises having fewer than forty lodging units. Except for any
25 tax imposed under subsection (4) or (5) of this section, if a public
26 facilities district has not imposed such an excise tax prior to
27 December 31, 1995, the public facilities district may only impose the
28 excise tax if a ballot proposition authorizing the imposition of the
29 tax has been approved by a simple majority vote of voters of the
30 public facilities district voting on the proposition.

1 (2) The rate of the tax may not exceed two percent and the
2 proceeds of the tax may only be used for the acquisition, design,
3 construction, remodeling, maintenance, equipping, reequipping,
4 repairing, and operation of its public facilities. This excise tax
5 may not be imposed until the district has approved the proposal to
6 acquire, design, and construct the public facilities.

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

17 (4)(a) To replace the tax authorized by RCW 67.40.090, a public
18 facilities district created within a county with a population of one
19 million five hundred thousand or more for the purpose of acquiring,
20 owning, ~~((and))~~ operating, renovating, and expanding a convention and
21 trade center may impose an excise tax on the sale of or charge made
22 for the furnishing of lodging (including but not limited to any
23 short-term rental) that is subject to tax under chapter 82.08 RCW,
24 except that no such tax may be levied on:

25 (i) Any premises: ~~((a))~~

26 (A) Having fewer than sixty lodging units if the premises is
27 located in a town with a population less than three hundred; or
28 ~~((b))~~

29 (B) Classified as a hostel;

30 (ii) Any lodging that is concurrently subject to a tax on
31 engaging in the business of being a short-term rental operator
32 imposed by a city in which a convention and trade center is located;
33 or

34 (iii) Any lodging that is operated by a university health care
35 system exclusively for family members of patients.

36 (b) The rate of the tax may not exceed seven percent within the
37 portion of the district that corresponds to the boundaries of the
38 largest city within the public facilities district and may not exceed
39 2.8 percent in the remainder of the district. The tax imposed under

1 this subsection (4) may not be collected prior to the transfer date
2 defined in RCW 36.100.230.

3 (5) To replace the tax authorized by RCW 67.40.130, a public
4 facilities district created within a county with a population of one
5 million five hundred thousand or more for the purpose of acquiring,
6 owning, ~~((and))~~ operating, renovating, and expanding a convention and
7 trade center may impose an additional excise tax on the sale of or
8 charge made for the furnishing of lodging (including but not limited
9 to any short-term rental) that is subject to tax under chapter 82.08
10 RCW, except that no such tax may be levied on any premises: (a)
11 Having fewer than sixty lodging units if the premises is located in a
12 town with a population less than three hundred; or (b) classified as
13 a hostel. The rate of the additional excise tax may not exceed two
14 percent and may be imposed only within the portion of the district
15 that corresponds to the boundaries of the largest city within the
16 public facilities district and may not be imposed in the remainder of
17 the district. The tax imposed under this subsection (5) may not be
18 collected prior to the transfer date specified in RCW 36.100.230. The
19 tax imposed under this subsection (5) must be credited against the
20 amount of the tax otherwise due to the state from those same
21 taxpayers under chapter 82.08 RCW. The tax under this subsection (5)
22 may be imposed only for the purpose of paying or securing the payment
23 of the principal of and interest on obligations issued or incurred by
24 the public facilities district and paying annual payment amounts to
25 the state under subsection (6)(a) of this section. The authority to
26 impose the additional excise tax under this subsection (5) expires on
27 the date that is the earlier of ~~((a) [(ii)])~~ (i) July 1, 2029, or
28 ~~((b) [(ii)])~~ (ii) the date on which all obligations issued or
29 incurred by the public facilities district to implement any
30 redemption, prepayment, or legal defeasance of outstanding
31 obligations under RCW 36.100.230(3)(a) are no longer outstanding.

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

38 (b) For the purposes of this subsection (6), "annual payment
39 amount" means an amount equal to revenues received by the public
40 facilities district in the fiscal year from the additional excise tax

1 imposed under subsection (5) of this section plus an interest charge
2 calculated on one-half the annual payment amount times an interest
3 rate equal to the average annual rate of return for the prior
4 calendar year in the Washington state local government investment
5 pool created in chapter 43.250 RCW.

6 (c)(i) If the public facilities district in any fiscal year is
7 required to apply additional lodging excise tax revenues to the
8 payment of principal and interest on obligations it issues or incurs,
9 and the public facilities district is unable to pay all or any
10 portion of the annual payment amount to the state, the deficiency is
11 deemed to be a loan from the state to the public facilities district
12 for the purpose of assisting the district in paying such principal
13 and interest and must be repaid by the public facilities district to
14 the state after providing for the payment of the principal of and
15 interest on obligations issued or incurred by the public facilities
16 district, all on terms established by an agreement between the state
17 treasurer and the public facilities district executed prior to the
18 transfer date. Any agreement between the state treasurer and the
19 public facilities district must specify the term for the repayment of
20 the deficiency in the annual payment amount with an interest rate
21 equal to the twenty bond general obligation bond buyer index plus one
22 percentage point.

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

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

31 (7) A public facilities district is authorized to pledge any of
32 its revenues, including without limitation revenues from the taxes
33 authorized in this section, to pay or secure the payment of
34 obligations issued or incurred by the public facilities district,
35 subject to the terms established by the board of directors of the
36 public facilities district. So long as a pledge of the taxes
37 authorized under this section is in effect, the legislature may not
38 withdraw or modify the authority to levy and collect the taxes at the
39 rates permitted under this section and may not increase the annual

1 payment amount to be transferred to the state under subsection (6) of
2 this section.

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

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

13 (10) In determining the effective combined rate of tax for
14 purposes of the limit in subsection (3) of this section, the tax rate
15 under RCW 82.14.530 is not included.

16 (11) The taxes imposed in this section do not apply to sales of
17 temporary medical housing exempt under RCW 82.08.997.

18 (12) (~~((a) For the purposes of this section,~~) The definitions in
19 this subsection apply throughout this section unless the context
20 clearly requires otherwise.

21 (a)(i) "Hostel" means a structure or facility where a majority of
22 the rooms for sleeping accommodations are hostel dormitories
23 containing a minimum of four standard beds designed for single-person
24 occupancy within the facility. Hostel accommodations are supervised
25 and must include at least one common area and at least one common
26 kitchen for guest use.

27 (~~((b))~~) (ii) For the purpose of this subsection (12)(a), "hostel
28 dormitory" means a single room, containing four or more standard beds
29 designed for single-person occupancy, used exclusively as nonprivate
30 communal sleeping quarters, generally for unrelated persons, where
31 such persons independently acquire the right to occupy individual
32 beds, with the operator supervising and determining which bed each
33 person will occupy.

34 (b) "Short-term rental" means a lodging use, that is not a hotel
35 or motel, in which a dwelling unit, or portion thereof, that is
36 offered or provided to a guest or guests by a short-term rental
37 operator for a fee for fewer than thirty consecutive nights. The term
38 "short-term rental" does not include:

39 (i) A dwelling unit, or portion thereof, that is used by the same
40 person for thirty or more consecutive nights; and

1 (ii) A dwelling unit, or portion thereof, that is operated by an
2 organization or government entity that is registered as a charitable
3 organization with the secretary of state, state of Washington, and/or
4 is classified by the federal internal revenue service as a public
5 charity or a private foundation, and provides temporary housing to
6 individuals who are being treated for trauma, injury, or disease
7 and/or their family members.

8 (13) Taxes authorized under subsections (4) and (5) of this
9 section are deemed to have been imposed on December 1, 2000, for the
10 purposes of RCW 82.14.410.

11 (14)(a) Beginning on the date that the condition in (b) of this
12 subsection is satisfied, a public facilities district created within
13 a county with a population of one million five hundred thousand or
14 more for the purpose of acquiring, owning, operating, renovating, and
15 expanding a convention and trade center must make quarterly payments
16 from tax revenue collected by a public facilities district as a
17 result of the tax imposed in chapter . . ., Laws of 2018 (this act)
18 to a city in which the convention and trade center is located that
19 has authorized on or before December 31, 2017, a tax on engaging in
20 the business of being a short-term rental operator. Such payments
21 must be made no more than thirty days after the last day of each
22 fiscal quarter and must equal the portion of the revenues received by
23 the public facilities district during such fiscal quarter from the
24 lodging taxes authorized under subsection (4) of this section that
25 are determined by the department of revenue to be derived from the
26 short-term rental activity within such city.

27 (b) The public facilities district is not required to make any
28 payments under this subsection (14) unless the city has repealed any
29 ordinance authorizing a tax on engaging in the business of being a
30 short-term rental operator.

31 (c) The public facilities district is not required to make any
32 payments to a city under this subsection (14), if the city, after
33 satisfying the condition in (b) of this subsection imposes any tax
34 specifically on the act of engaging in the business of being a short-
35 term rental operator.

36 (d) The proceeds of any payments made by a public facilities
37 district to a city under this subsection (14) must be used by the
38 city to support community-initiated equitable development and
39 affordable housing programs, as determined by the city in its sole
40 discretion.

1 (15) Fifty percent of any tax revenue collected by a public
2 facilities district as a result of the tax imposed in chapter . . . ,
3 Laws of 2018 (this act) must be distributed by the public facilities
4 district to the county in which the convention and trade center is
5 located. However, if a city has satisfied the condition in subsection
6 (14)(b) of this section, payments made under this subsection to the
7 county in which the convention and trade center is located must be
8 calculated after deducting any payments made to a city under
9 subsection (14) of this section from the total tax revenue received
10 by the public facilities district as a result of the enactment of
11 chapter . . . , Laws of 2018 (this act). The proceeds of such payments
12 to a county under this subsection (15) must be used by the county to
13 support affordable housing programs, as determined by the county, in
14 its sole discretion.

15 NEW SECTION. Sec. 3. This act takes effect October 1, 2018."

2SHB 2015 - S COMM AMD

By Committee on Ways & Means

ADOPTED 03/02/2018

16 On page 1, line 4 of the title, after "dwellings;" strike the
17 remainder of the title and insert "amending RCW 36.100.040; creating
18 a new section; and providing an effective date."

EFFECT: (1) Maintains the tax exemption for lodging businesses with fewer than 60 lodging units if the business is located in a town with a population less than three hundred.

(2) Excludes from the lodging tax the University of Washington Medical Center temporary housing facility available to family members of medical patients.

(3) Clarifies that lodging taxes will be applied at the same rate and distributed in the same manner regardless of the number of rooms of a lodging establishment.

(4) Makes language consistent with section 2(15) of this bill and states that the payments are from revenues received as a result of this 2018 act.

(5) Removes the lack of authority to impose the tax as a condition under which the public facilities district does not have to make quarterly payments to the city.

--- END ---