

SENATE BILL REPORT

SB 5228

As of January 29, 2019

Title: An act relating to the authorization to impose special excise taxes on the sale of lodging.

Brief Description: Concerning the authorization to impose special excise taxes on the sale of lodging.

Sponsors: Senators Takko and Saldaña.

Brief History:

Committee Activity: Local Government: 1/29/19.

Brief Summary of Bill

- Allows certain cities and towns in counties with a population of less than 400,000 to impose an excise tax on lodging beginning July 1, 2019.

SENATE COMMITTEE ON LOCAL GOVERNMENT

Staff: Bonnie Kim (786-7316)

Background: Generally, the legislative body of any municipality may impose an excise tax on the sale of or charge made for the furnishing of lodging. The tax rate must not exceed the lesser of 2 percent or a rate that, when combined with all other taxes imposed upon sales of lodging within the municipality, equals 12 percent. Any ordinance or resolution enacting this tax must include a provision allowing a credit against the county tax for the full amount of any city or town tax imposed for the same taxable event.

The following limitations apply:

1. A municipality authorized to impose lodging taxes with a total rate exceeding 4 percent before July 27, 1997, is limited to the rate actually assessed as of January 31, 1999.
2. If a city or town—other than a municipality subject to the the first limitation above, is located in a county that imposed lodging taxes with a total rate of 4 percent or more on January 1, 1997, the city or town may not impose a tax.
3. If a city has a population of 400,000 or more and is located in a county with a population of 1 million or more, the rate of tax imposed by the city may not exceed

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- the lesser of 4 percent or a rate that, when combined with all other taxes imposed upon sales of lodging in the municipality, equals 15.20 percent.
4. A municipality authorized to impose lodging taxes at a rate equal to 6 percent before January 1, 1998, is limited to the rate actually assessed as of January 1, 1998.

Summary of Bill: Beginning July 1, 2019, cities and towns may impose an excise tax on the sale or charge made for the furnishing of lodging if:

- the city or town was not authorized to impose lodging taxes of up to 4 percent as of July 27, 1997;
- the city or town is located in a county that imposed lodging taxes of 4 percent or more as of January 1, 1997; and
- the county's population is less than 400,000.

The tax rate must not exceed the lesser of 2 percent or a rate that, when combined with all other taxes imposed upon sales of lodging within the municipality, equals 12 percent. Any ordinance or resolution enacting this tax must include a provision allowing a credit against the county tax for the full amount of any city or town tax imposed for the same taxable event.

Appropriation: None.

Fiscal Note: Requested on January 16, 2019.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2019.

Staff Summary of Public Testimony: PRO: There are only a few counties that are experiencing the issue addressed in this bill. Some cities do not receive the same portion of the lodging tax as the majority of other cities. This bill would allow five cities in Cowlitz Counties to receive 2 percent of lodging tax revenue. This bill would bring \$30,000 to our city that we would use for advertising and tourism.

CON: This bill would slash two-thirds of the tourism and advertising budget of Cowlitz County. The county uses the \$60,000 in revenue to help the cities on a rotating basis and to run a program for small tourism-related grants.

Persons Testifying: PRO: Senator Dean Takko, Prime Sponsor; Steve Taylor, City Manager, City of Kelso; William Finn, Mayor, City of Woodland.

CON: Dennis Weber, Board of County Commissioners of Cowlitz County.

Persons Signed In To Testify But Not Testifying: No one.