
ENGROSSED SUBSTITUTE SENATE BILL 5334

State of Washington

68th Legislature

2023 Regular Session

By Senate Local Government, Land Use & Tribal Affairs (originally sponsored by Senators Lovelett, Kuderer, Frame, Hasegawa, Nguyen, Nobles, and C. Wilson)

READ FIRST TIME 02/10/23.

1 AN ACT Relating to providing a local government option for the
2 funding of essential affordable housing programs; amending RCW
3 67.28.181 and 82.14.410; and adding a new section to chapter 67.28
4 RCW.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 67.28
7 RCW to read as follows:

8 (1)(a) The legislative body of a county, city, or town is
9 authorized to impose a special excise tax on the sale of or charge
10 made for the furnishing of lodging of short-term rentals subject to
11 tax under chapter 82.08 RCW, as provided in this section.

12 (b) The tax under this section applies exclusively to the sale of
13 or charge made for the furnishing of lodging of short-term rentals
14 facilitated through a short-term rental platform.

15 (c) The rate of tax under this section is imposed on the sale of,
16 or charge made for, the furnishing of lodging of a short-term rental
17 subject to tax under chapter 82.08 RCW. The rate of tax may not
18 exceed 10 percent on the sale of or charge made for the furnishing of
19 lodging of short-term rentals. The rate of tax under this section
20 must not be imposed in increments of less than one percent.

1 (d) Any county ordinance or resolution adopted under this section
2 shall contain a provision allowing a credit against the county tax
3 for the full amount of any city or town tax imposed under this
4 section upon the same taxable event. The legislative authority of any
5 county or any city may impose the tax authorized in this section in
6 the unincorporated areas of the county for the county tax and in the
7 corporate limits of the city for the city tax.

8 (e) A county, city, or town may develop criteria based on an
9 operator's age and/or income to exempt no more than one short-term
10 rental property per operator from the tax authorized under this
11 section. A county, city, or town must specify exemption criteria and
12 outline a certification process for the exemptions in the resolution
13 when it adopts legislation imposing the tax under this section.

14 (2) (a) The legislative body of a county, city, or town must adopt
15 a resolution of intent to adopt legislation authorizing the tax under
16 this section prior to imposing the tax under this section.

17 (b) Adoption of the resolution of intent and legislation requires
18 simple majority approval of the enacting legislative authority.

19 (3) (a) Except as provided in (b) of this subsection, moneys
20 collected from the special excise tax under this section must be used
21 exclusively for the operating and capital costs of affordable housing
22 programs including, but not limited to, homeless housing assistance,
23 temporary shelters, and other related services. A county, city, or
24 town may use revenues collected under this section for contracts,
25 loans, or grants to nonprofit organizations or public housing
26 authorities for services related to affordable housing programs.

27 (b) A county, city, or town may retain up to five percent of the
28 moneys collected under this section in each calendar year for the
29 direct and indirect costs incurred in the administration of services
30 and programs as provided in (a) of this subsection.

31 (4) For the purposes of this section:

32 (a) "Operator" has the same meaning as in RCW 64.37.010.

33 (b) "Short-term rental" and "short-term rental platform" have the
34 same meanings as in RCW 64.37.010.

35 **Sec. 2.** RCW 67.28.181 and 2015 3rd sp.s. c 24 s 703 are each
36 amended to read as follows:

37 (1) The legislative body of any municipality may impose an excise
38 tax on the sale of or charge made for the furnishing of lodging that
39 is subject to tax under chapter 82.08 RCW. The rate of tax shall not

1 exceed the lesser of two percent or a rate that, when combined with
2 all other taxes imposed upon sales of lodging within the municipality
3 under this chapter and chapters 36.100, (~~67.40,~~) 82.08, and 82.14
4 RCW, equals twelve percent. A tax under this chapter shall not be
5 imposed in increments smaller than tenths of a percent.

6 (2) Notwithstanding subsection (1) of this section:

7 (a) If a municipality was authorized to impose taxes under this
8 chapter or RCW 67.40.100 or both with a total rate exceeding four
9 percent before July 27, 1997, such total authorization shall continue
10 through January 31, 1999, and thereafter the municipality may impose
11 a tax under this section at a rate not exceeding the rate actually
12 imposed by the municipality on January 31, 1999.

13 (b) If a city or town, other than a municipality imposing a tax
14 under (a) of this subsection, is located in a county that imposed
15 taxes under this chapter with a total rate of four percent or more on
16 January 1, 1997, the city or town may not impose a tax under this
17 section.

18 (c) If a city has a population of (~~four hundred thousand~~)
19 400,000 or more and is located in a county with a population of (~~one~~
20 ~~million~~) 1,000,000 or more, the rate of tax imposed under this
21 chapter by the city shall not exceed the lesser of four percent or a
22 rate that, when combined with all other taxes imposed upon sales of
23 lodging in the municipality under this chapter and chapters 36.100,
24 (~~67.40,~~) 82.08, and 82.14 RCW, equals (~~fifteen~~) 15 and two-tenths
25 percent.

26 (d) If a municipality was authorized to impose taxes under this
27 chapter or RCW 67.40.100, or both, at a rate equal to six percent
28 before January 1, 1998, the municipality may impose a tax under this
29 section at a rate not exceeding the rate actually imposed by the
30 municipality on January 1, 1998.

31 (3) Any county ordinance or resolution adopted under this section
32 shall contain a provision allowing a credit against the county tax
33 for the full amount of any city or town tax imposed under this
34 section upon the same taxable event.

35 (4) In determining the effective combined rate of tax for
36 purposes of the limit in subsections (1) and (2)(c) of this section,
37 the tax rates under RCW 82.14.530 (~~is~~) and section 1 of this act
38 are not included.

1 **Sec. 3.** RCW 82.14.410 and 2015 3rd sp.s. c 24 s 704 are each
2 amended to read as follows:

3 (1) A local sales and use tax change adopted after December 1,
4 2000, must provide an exemption for those sales of lodging for which,
5 but for the exemption, the total sales tax rate imposed on sales of
6 lodging would exceed the greater of:

7 (a) Twelve percent; or

8 (b) The total sales tax rate that would have applied to the sale
9 of lodging if the sale were made on December 1, 2000.

10 (2) For the purposes of this section:

11 (a) "Local sales and use tax change" is defined as provided in
12 RCW 82.14.055.

13 (b) "Sale of lodging" means the sale of or charge made for the
14 furnishing of lodging and all other services by a hotel, rooming
15 house, tourist court, motel, trailer camp, and the granting of any
16 similar license to use real property.

17 (c) "Total sales tax rate" means the combined rates of all state
18 and local taxes imposed under this chapter and chapters 36.100,
19 67.28, (~~67.40,~~) and 82.08 RCW, and any other tax authorized after
20 March 29, 2001, if the tax is in the nature of a sales tax collected
21 from the buyer, but excluding taxes imposed under RCW 81.104.170
22 before December 1, 2000, (~~and~~) taxes imposed under RCW 82.14.530,
23 and taxes imposed under section 1 of this act.

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