

HOUSE BILL REPORT

HB 2954

As Reported by House Committee On:
Finance

Title: An act relating to the implementation date of existing lodging taxes.

Brief Description: Modifying lodging taxes.

Sponsors: Representatives Conway, Bush, Campbell and Kirby.

Brief History:

Committee Activity:

Finance: 2/3/04, 2/5/04 [DP].

Brief Summary of Bill

- Changes the expiration date for certain special hotel-motel tax rates in excess of 2 percent from January 1, 1999, to January 31, 1999.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 5 members: Representatives McIntire, Chair; Hunter, Vice Chair; Conway, Morris and Santos.

Minority Report: Do not pass. Signed by 4 members: Representatives Cairnes, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Ahern and Roach.

Staff: Bob Longman (786-7139).

Background:

State and local general sales taxes apply to lodging rentals by hotels, motels, rooming houses, private campgrounds, RV parks, and similar facilities. Hotel-motel taxes are selective sales taxes applying to lodging rentals. Hotel-motel taxes are imposed by the state, counties, cities, and towns, and are subject to complex statutory restrictions on rates and uses of revenue. Some hotel-motel taxes are credited against the state sales tax rather than being added to rental charges paid by customers. Other hotel-motel taxes are imposed in addition to ordinary state and local sales taxes and are added to the amount

paid by the customer. The latter type are often referred to as "special" hotel-motel taxes.

In 1998, legislation was enacted that limited the total rates of hotel-motel taxes imposed by counties, cities, and towns. Special hotel-motel taxes imposed in addition to ordinary state and local sales taxes were generally limited to 2 percent. Before the 1998 legislation took effect, some jurisdictions had statutory authorizations for special hotel-motel taxes in excess of 2 percent. These higher rate authorizations were preserved in the 1998 legislation. However, the 1998 legislation specified that the higher rate authorizations would expire if not imposed by January 1, 1999.

Summary of Bill:

The expiration date for certain special hotel-motel tax rates in excess of 2 percent is changed from January 1, 1999, to January 31, 1999. Administration provisions related to major state excise taxes are made expressly applicable to local hotel-motel taxes.

This bill applies retroactively to January 1, 1999.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: These taxes are already being collected. This bill is a technical cleanup that eliminates any potential legal question about taxes imposed in Pierce County in 1999. The local lodging tax advisory committee, which includes representatives of the lodging industry, fully supports this bill.

Testimony Against: None.

Persons Testifying: (In support) Representative Conway, prime sponsor; and George Walk and David Shirer, Pierce County.

Persons Signed In To Testify But Not Testifying: None.