
Finance Committee

HB 1695

Brief Description: Allowing the use of lodging taxes for financing workforce housing and tourism promotion activities or facilities.

Sponsors: Representatives Fitzgibbon, Sullivan, Springer, Kochmar, Ryu, Moscoso and Roberts.

Brief Summary of Bill

- Clarifies that hotel-motel revenues can be used to pay off bonds issued for affordable workforce housing.
- Modifies the definition of tourism-promotion to include facilities.

Hearing Date: 2/18/13

Staff: Dominique Meyers (786-7150).

Background:

A hotel-motel tax is a special sales tax on lodging rentals by hotels, motels, rooming houses, private campgrounds, RV parks, and similar facilities. Cities and counties are authorized to levy a basic, or state-shared hotel-motel tax of up to 2 percent. These taxes are credited against the state sales tax on the furnishing of lodging. 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 is often referred to as special hotel-motel taxes.

Counties are required to give a credit to similar state shared hotel-motel taxes levied in a city within the county. However, cities in King County are prohibited from imposing the 2 percent state shared hotel-motel tax, except the city of Bellevue. The county provides a credit for Bellevue's state shared hotel-motel tax, therefore, there is no double credit against the state sales tax. Yakima County is exempt from providing a tax credit for city state shared hotel-motel taxes imposed within the city of Yakima. As a result, Yakima County benefits from a double credit

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against the state sales tax for hotel stays in the city of Yakima. The Yakima double credit is scheduled to end January 1, 2035.

Currently, 100 percent of revenues from the state shared hotel-motel taxes in King County are used to pay off the Kingdome bonds. Once the bonds are retired, the county hotel-motel taxes are distributed into an account dedicated to the arts, culture, and heritage programs, until December 31, 2015. After 2015, the tax is used to repay the debt on the football stadium and exhibition center, which is anticipated to be retired in 2020, and to provide youth athletic-facility grants to cities, counties or nonprofit organizations if sufficient money is available.

Beginning January 1, 2021, at least 37.5 percent of King County state shared hotel-motel tax revenues are distributed to the account dedicated to art museums, cultural museums, heritage museums, the arts and performing arts. In addition, at least 37.5 percent of the county's state shared hotel-motel tax revenues are distributed for affordable workforce housing and services for homeless youth. The remaining 25 percent must be used for tourism promotion.

Summary of Bill:

Revenues from the King County state shared hotel-motel taxes used for affordable workforce housing can be used to retire bonds issued for contracts, loans or grants to the nonprofit organizations or public housing authorities that provide affordable workforce housing.

In addition, the remaining 25 percent of revenues used for tourism-promotion can also be used to retire bonds issued for tourism-promotion or affordable workforce housing.

The definition of "tourism-promotion" is modified to include "facilities."

Appropriation: None.

Fiscal Note: Available.

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