

FINAL BILL REPORT

SHB 1516

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Synopsis as Enacted

Brief Description: Providing an exemption for certain lodging services from the convention and trade center tax.

Sponsors: House Committee on Finance (originally sponsored by Representatives Pettigrew, Santos, Magendanz, Condotta, Fitzgibbon and Ormsby).

House Committee on Finance
Senate Committee on Ways & Means

Background:

Hotel-Motel Taxes.

"Hotel-Motel" taxes are special sales taxes on lodging rentals. Some hotel-motel taxes are credited against the state sales tax rather than being added to rental charges paid by customers. These taxes only apply when a lodging unit is used for a continuous period of less than one month (longer use is considered a rental of real property, rather than a "license" to use the property).

Convention and Trade Center Tax.

A local "convention center" tax applies to lodging within King County. The convention center tax was first effective on April 1, 1982. The tax is imposed by a King County Public Facilities District (PFD). This special sales and use tax applies only to the sale of lodging in hotels, motels, and similar facilities in King County with at least 60 units. The tax rate is 7 percent within the city of Seattle and 2.8 percent throughout the remainder of King County. In addition, the PFD may impose a 2 percent lodging tax on facilities with at least 60 units in Seattle that is credited against the state sales tax rate.

The convention center tax is in addition to the retail sales tax. Thus, the combined tax rate for hotels and motels with 60 or more units within Seattle is presently 15.6 percent.

Hostel.

A hostel is a budget-oriented, shared-room accommodation that accepts individual travelers or groups for short-term stays, and that provides common areas and communal facilities. However, many hostels also provide some private rooms. In general, hostels are small with less than 60 units, shared or individual, but hostels can be similar in size to hotels.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Summary:

Hostels that primarily sell lodging services on an individual bed, shared room basis are exempt from the convention and trade center tax. In addition, the King County PFD is no longer authorized to levy the state-shared hotel motel tax on sales of lodging at a hostel.

Votes on Final Passage:

House	97	0
Senate	47	2

Effective: August 1, 2015