

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE HOUSE BILL 1516**

Chapter 151, Laws of 2015

64th Legislature  
2015 Regular Session

TAXES--CONVENTION AND TRADE CENTER TAX--LODGING SERVICES EXEMPTION

EFFECTIVE DATE: 8/1/2015

Passed by the House March 5, 2015  
Yeas 97 Nays 0

FRANK CHOPP

**Speaker of the House of Representatives**

Passed by the Senate April 14, 2015  
Yeas 47 Nays 2

BRAD OWEN

**President of the Senate**

Approved May 1, 2015 10:10 AM

JAY INSLEE

**Governor of the State of Washington**

CERTIFICATE

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1516** as passed by House of Representatives and the Senate on the dates hereon set forth.

BARBARA BAKER

**Chief Clerk**

FILED

May 1, 2015

**Secretary of State  
State of Washington**

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**SUBSTITUTE HOUSE BILL 1516**

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Passed Legislature - 2015 Regular Session

**State of Washington                      64th Legislature                      2015 Regular Session**

**By** House Finance (originally sponsored by Representatives Pettigrew, Santos, Magendanz, Condotta, Fitzgibbon, and Ormsby)

READ FIRST TIME 02/19/15.

1            AN ACT Relating to providing an exemption for certain lodging  
2 services from the convention and trade center tax; amending RCW  
3 36.100.040; and providing an effective date.

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

5            **Sec. 1.** RCW 36.100.040 and 2010 1st sp.s. c 15 s 5 are each  
6 amended to read as follows:

7            (1) A public facilities district may impose an excise tax on the  
8 sale of or charge made for the furnishing of lodging that is subject  
9 to tax under chapter 82.08 RCW, except that no such tax may be levied  
10 on any premises having fewer than forty lodging units. Except for any  
11 tax imposed under subsection (4) or (5) of this section, if a public  
12 facilities district has not imposed such an excise tax prior to  
13 December 31, 1995, the public facilities district may only impose the  
14 excise tax if a ballot proposition authorizing the imposition of the  
15 tax has been approved by a simple majority vote of voters of the  
16 public facilities district voting on the proposition.

17            (2) The rate of the tax may not exceed two percent and the  
18 proceeds of the tax may only be used for the acquisition, design,  
19 construction, remodeling, maintenance, equipping, reequipping,  
20 repairing, and operation of its public facilities. This excise tax

1 may not be imposed until the district has approved the proposal to  
2 acquire, design, and construct the public facilities.

3 (3) Except for a public facilities district created within a  
4 county with a population of one million five hundred thousand or more  
5 for the purpose of acquiring, owning, and operating a convention and  
6 trade center, a public facilities district may not impose the tax  
7 authorized in this section if, after the tax authorized in this  
8 section was imposed, the effective combined rate of state and local  
9 excise taxes, including sales and use taxes and excise taxes on  
10 lodging, imposed on the sale of or charge made for furnishing of  
11 lodging in any jurisdiction in the public facilities district exceeds  
12 eleven and one-half percent.

13 (4) To replace the tax authorized by RCW 67.40.090, a public  
14 facilities district created within a county with a population of one  
15 million five hundred thousand or more for the purpose of acquiring,  
16 owning, and operating a convention and trade center may impose an  
17 excise tax on the sale of or charge made for the furnishing of  
18 lodging that is subject to tax under chapter 82.08 RCW, except that  
19 no such tax may be levied on any premises: (a) Having fewer than  
20 sixty lodging units; or (b) classified as a hostel. The rate of the  
21 tax may not exceed seven percent within the portion of the district  
22 that corresponds to the boundaries of the largest city within the  
23 public facilities district and may not exceed 2.8 percent in the  
24 remainder of the district. The tax imposed under this subsection (4)  
25 may not be collected prior to the transfer date defined in RCW  
26 36.100.230.

27 (5) To replace the tax authorized by RCW 67.40.130, a public  
28 facilities district created within a county with a population of one  
29 million five hundred thousand or more for the purpose of acquiring,  
30 owning, and operating a convention and trade center may impose an  
31 additional excise tax on the sale of or charge made for the  
32 furnishing of lodging that is subject to tax under chapter 82.08 RCW,  
33 except that no such tax may be levied on any premises: (a) Having  
34 fewer than sixty lodging units; or (b) classified as a hostel. The  
35 rate of the additional excise tax may not exceed two percent and may  
36 be imposed only within the portion of the district that corresponds  
37 to the boundaries of the largest city within the public facilities  
38 district and may not be imposed in the remainder of the district. The  
39 tax imposed under this subsection (5) may not be collected prior to  
40 the transfer date specified in RCW 36.100.230. The tax imposed under

1 this subsection (5) must be credited against the amount of the tax  
2 otherwise due to the state from those same taxpayers under chapter  
3 82.08 RCW. The tax under this subsection (5) may be imposed only for  
4 the purpose of paying or securing the payment of the principal of and  
5 interest on obligations issued or incurred by the public facilities  
6 district and paying annual payment amounts to the state under  
7 subsection (6)(a) of this section. The authority to impose the  
8 additional excise tax under this subsection (5) expires on the date  
9 that is the earlier of (a) July 1, 2029, or (b) the date on which all  
10 obligations issued or incurred by the public facilities district to  
11 implement any redemption, prepayment, or legal defeasance of  
12 outstanding obligations under RCW 36.100.230(3)(a) are no longer  
13 outstanding.

14 (6)(a) Commencing with the first full fiscal year of the state  
15 after the transfer date defined in RCW 36.100.230 and for so long as  
16 a public facilities district imposes a tax under subsection (5) of  
17 this section, the public facilities district must transfer to the  
18 state of Washington on June 30th of each state fiscal year an annual  
19 payment amount.

20 (b) For the purposes of this subsection (6), "annual payment  
21 amount" means an amount equal to revenues received by the public  
22 facilities district in the fiscal year from the additional excise tax  
23 imposed under subsection (5) of this section plus an interest charge  
24 calculated on one-half the annual payment amount times an interest  
25 rate equal to the average annual rate of return for the prior  
26 calendar year in the Washington state local government investment  
27 pool created in chapter 43.250 RCW.

28 (c)(i) If the public facilities district in any fiscal year is  
29 required to apply additional lodging excise tax revenues to the  
30 payment of principal and interest on obligations it issues or incurs,  
31 and the public facilities district is unable to pay all or any  
32 portion of the annual payment amount to the state, the deficiency is  
33 deemed to be a loan from the state to the public facilities district  
34 for the purpose of assisting the district in paying such principal  
35 and interest and must be repaid by the public facilities district to  
36 the state after providing for the payment of the principal of and  
37 interest on obligations issued or incurred by the public facilities  
38 district, all on terms established by an agreement between the state  
39 treasurer and the public facilities district executed prior to the  
40 transfer date. Any agreement between the state treasurer and the

1 public facilities district must specify the term for the repayment of  
2 the deficiency in the annual payment amount with an interest rate  
3 equal to the twenty bond general obligation bond buyer index plus one  
4 percentage point.

5 (ii) Outstanding obligations to repay any loans deemed to have  
6 been made to the public facilities district as provided in any such  
7 agreements between the state treasurer and the public facilities  
8 district survive the expiration of the additional excise tax under  
9 subsection (5) of this section.

10 (iii) For the purposes of this subsection (6)(c), "additional  
11 lodging excise tax revenues" mean the tax revenues received by the  
12 public facilities district under subsection (5) of this section.

13 (7) A public facilities district is authorized to pledge any of  
14 its revenues, including without limitation revenues from the taxes  
15 authorized in this section, to pay or secure the payment of  
16 obligations issued or incurred by the public facilities district,  
17 subject to the terms established by the board of directors of the  
18 public facilities district. So long as a pledge of the taxes  
19 authorized under this section is in effect, the legislature may not  
20 withdraw or modify the authority to levy and collect the taxes at the  
21 rates permitted under this section and may not increase the annual  
22 payment amount to be transferred to the state under subsection (6) of  
23 this section.

24 (8) The department of revenue must perform the collection of such  
25 taxes on behalf of the public facilities district at no cost to the  
26 district, and the state treasurer must distribute those taxes as  
27 available on a monthly basis to the district or, upon the direction  
28 of the district, to a fiscal agent, paying agent, or trustee for  
29 obligations issued or incurred by the district.

30 (9) Except as expressly provided in this chapter, all of the  
31 provisions contained in RCW 82.08.050 and 82.08.060 and chapter 82.32  
32 RCW have full force and application with respect to taxes imposed  
33 under the provisions of this section.

34 (10) The taxes imposed in this section do not apply to sales of  
35 temporary medical housing exempt under RCW 82.08.997.

36 (11)(a) For the purposes of this section, "hostel" means a  
37 structure or facility where a majority of the rooms for sleeping  
38 accommodations are hostel dormitories containing a minimum of four  
39 standard beds designed for single-person occupancy within the

1 facility. Hostel accommodations are supervised and must include at  
2 least one common area and at least one common kitchen for guest use.

3 (b) For the purpose of this subsection, "hostel dormitory" means  
4 a single room, containing four or more standard beds designed for  
5 single-person occupancy, used exclusively as nonprivate communal  
6 sleeping quarters, generally for unrelated persons, where such  
7 persons independently acquire the right to occupy individual beds,  
8 with the operator supervising and determining which bed each person  
9 will occupy.

10 NEW SECTION. Sec. 2. This act takes effect August 1, 2015.

Passed by the House March 5, 2015.

Passed by the Senate April 14, 2015.

Approved by the Governor May 1, 2015.

Filed in Office of Secretary of State May 1, 2015.

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