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**HOUSE BILL 2559**

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**State of Washington**

**69th Legislature**

**2026 Regular Session**

**By** Representatives Parshley, Ramel, Ormsby, Street, Macri, Pollet, Reed, Duerr, and Hill

Read first time 01/19/26. Referred to Committee on Finance.

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 chapter to Title 82 RCW.

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

5 NEW SECTION. **Sec. 1.** (1)(a) The legislative body of a county,  
6 city, or town may impose a special excise tax on the sale of or  
7 charge made for the furnishing of lodging of short-term rentals  
8 subject to tax under chapter 82.08 RCW, as provided in this section.

9 (b) The tax under this section applies to the sale of or charge  
10 made for the furnishing of lodging of short-term rentals.

11 (c) The rate of tax under this section is imposed on the sale of,  
12 or charge made for, the furnishing of lodging of a short-term rental  
13 subject to tax under chapter 82.08 RCW. The rate of tax may not  
14 exceed four percent on the sale of or charge made for the furnishing  
15 of lodging of short-term rentals. The rate of tax under this section  
16 must not be imposed in increments of less than one percent. The  
17 department shall perform the collection of the tax on behalf of a  
18 county, city, or town imposing the tax at no cost to the county,  
19 city, or town.

20 (d) A change to the special excise tax under this section may  
21 take effect:

1 (i) No sooner than 75 days after the department is notified in  
2 writing of the change. The written notification must include a copy  
3 of the signed ordinance or resolution. If the change to the special  
4 excise tax results from an annexation, the written notification must  
5 also include a copy of the complete ordinance containing a legal  
6 description, a map showing specifically the boundaries of the annexed  
7 territory, and a list of all included parcel numbers in the annexed  
8 territory; and

9 (ii) Only on the first day of January, April, or July.

10 (e) Any county ordinance or resolution adopted under this section  
11 must contain a provision allowing a credit against the county tax for  
12 the full amount of any city or town tax imposed under this section  
13 upon the same taxable event. The legislative authority of any county  
14 or any city may impose the tax authorized in this section throughout  
15 the county for the county tax and in the corporate limits of the city  
16 for the city tax.

17 (f) Proceeds from the tax must be deposited in the essential  
18 affordable housing local assistance account created in subsection (5)  
19 of this section. The department must make deposits into the account  
20 on a monthly basis on the last business day of the month in which  
21 distributions required in subsection (5)(b)(i) of this section are  
22 due.

23 (2)(a) The legislative body of a county, city, or town must adopt  
24 a resolution of intent to adopt legislation authorizing the tax under  
25 this section before imposing the tax under this section.

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

28 (c) The enacting legislative authority may exclude from the tax  
29 short-term rentals that:

30 (i) Are located in a common interest community as defined in RCW  
31 64.90.010 that is approved by the county, city, or town as a resort,  
32 second home, or vacation community including short-term rentals as a  
33 permitted use; or

34 (ii) Are exempt from any ordinance of the county, city, or town  
35 regulating or licensing short-term rentals or vacation lodging.

36 (d) The relevant local jurisdiction must provide any information  
37 requested by the department to determine which properties are  
38 exempted from the tax.

39 (3)(a) Except as provided in (b) of this subsection, moneys  
40 collected from the special excise tax under this section must be

1 deposited into a separate fund to be used exclusively for the  
2 following purposes:

3 (i) Acquiring, rehabilitating, or constructing affordable or  
4 workforce housing, which may include new units of affordable housing  
5 within an existing structure, or facilities providing supportive  
6 housing services;

7 (ii) Funding the operations and maintenance costs of units of  
8 affordable, workforce, or supportive housing;

9 (iii) Providing rental assistance to tenants; or

10 (iv) Funding the operations of social service organizations and  
11 nonprofit organizations dedicated to providing services and  
12 assistance related to attaining and maintaining housing including,  
13 but not limited to, employment assistance, utilities assistance,  
14 nutritional assistance, and child care assistance.

15 (b) A county, city, or town may retain up to 15 percent of the  
16 moneys collected under this section in each calendar year for the  
17 direct and indirect costs incurred in the administration of services  
18 and programs as provided in (a) of this subsection.

19 (c) A county, city, or town imposing the tax authorized under  
20 this section may enter into an interlocal agreement under chapter  
21 39.34 RCW with another county, city, or town, to jointly undertake  
22 projects satisfying the requirements of (b) of this subsection.

23 (4) Beginning the year after the special excise tax authorized in  
24 this section is first collected, a county, city, or town imposing the  
25 tax must publish an annual report by March 1st of each year detailing  
26 how the revenue from the tax was spent in the prior year. The report  
27 must be made available to the public. This may include posting the  
28 report on the county's, city's, or town's website.

29 (5) (a) The essential affordable housing local assistance account  
30 is hereby created in the state treasury. All proceeds from the tax  
31 authorized under this section must be deposited into the account.

32 (b) Moneys in the essential affordable housing local assistance  
33 account may be withdrawn only for:

34 (i) Distributions to counties, cities, and towns on a monthly  
35 basis; and

36 (ii) Making refunds of taxes imposed under the authority of this  
37 section.

38 (6) A city, town, or county may not impose the tax authorized  
39 under this section before April 1, 2027.

1 (7) All administrative provisions in chapters 82.08, 82.12, and  
2 82.32 RCW, insofar as they are applicable, apply to the local option  
3 tax authorized under this section.

4 (8) For the purposes of this section:

5 (a) "Change to the special excise tax" means an enactment or  
6 revision of the tax imposed under this section, including changes  
7 resulting from a referendum or annexation.

8 (b) "Operator" has the same meaning as in RCW 64.37.010.

9 (c) "Short-term rental" has the same meaning as in RCW 64.37.010.

10 NEW SECTION. **Sec. 2.** To the extent applicable, all of the  
11 provisions of RCW 82.08.050 and 82.08.060 and chapter 82.32 RCW not  
12 inconsistent with the provisions of this chapter have full force and  
13 application with respect to taxes imposed under this chapter.

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

16 (1) The legislative body of any municipality may impose an excise  
17 tax on the sale of or charge made for the furnishing of lodging that  
18 is subject to tax under chapter 82.08 RCW. The rate of tax shall not  
19 exceed the lesser of two percent or a rate that, when combined with  
20 all other taxes imposed upon sales of lodging within the municipality  
21 under this chapter and chapters 36.100, (~~67.407~~) 82.08, and 82.14  
22 RCW, equals twelve percent. A tax under this chapter shall not be  
23 imposed in increments smaller than tenths of a percent.

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

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

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

36 (c) If a city has a population of (~~four hundred thousand~~)  
37 400,000 or more and is located in a county with a population of (~~one~~  
38 ~~million~~) 1,000,000 or more, the rate of tax imposed under this

1 chapter by the city shall not exceed the lesser of four percent or a  
2 rate that, when combined with all other taxes imposed upon sales of  
3 lodging in the municipality under this chapter and chapters 36.100,  
4 (~~67.40, 7~~) 82.08, and 82.14 RCW, equals (~~fifteen and two tenths~~)  
5 15.2 percent.

6 (d) If a municipality was authorized to impose taxes under this  
7 chapter or RCW 67.40.100, or both, at a rate equal to six percent  
8 before January 1, 1998, the municipality may impose a tax under this  
9 section at a rate not exceeding the rate actually imposed by the  
10 municipality on January 1, 1998.

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

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

19 **Sec. 4.** RCW 82.14.410 and 2015 3rd sp.s. c 24 s 704 are each  
20 amended to read as follows:

21 (1) A local sales and use tax change adopted after December 1,  
22 2000, must provide an exemption for those sales of lodging for which,  
23 but for the exemption, the total sales tax rate imposed on sales of  
24 lodging would exceed the greater of:

25 (a) Twelve percent; or

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

28 (2) For the purposes of this section:

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

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

35 (c) "Total sales tax rate" means the combined rates of all state  
36 and local taxes imposed under this chapter and chapters 36.100,  
37 67.28, (~~67.40, 7~~) and 82.08 RCW, and any other tax authorized after  
38 March 29, 2001, if the tax is in the nature of a sales tax collected  
39 from the buyer, but excluding taxes imposed under RCW 81.104.170

1 before December 1, 2000, (~~and~~) taxes imposed under RCW 82.14.530,  
2 and taxes imposed under section 1 of this act.

3 NEW SECTION. **Sec. 5.** Sections 1 and 2 of this act constitute a  
4 new chapter in Title 82 RCW.

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