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**HOUSE BILL 2583**

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**State of Washington**

**69th Legislature**

**2026 Regular Session**

**By** Representatives Stonier, Obras, Scott, and Hill

Read first time 01/20/26. Referred to Committee on Finance.

1 AN ACT Relating to authority to impose local excise taxes on  
2 lodging; amending RCW 67.28.181, 36.100.010, 36.100.040, and  
3 36.100.040; providing an effective date; and providing an expiration  
4 date.

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

6 **Sec. 1.** RCW 67.28.181 and 2015 3rd sp.s. c 24 s 703 are each  
7 amended to read as follows:

8 (1) The legislative body of any municipality may impose an excise  
9 tax on the sale of or charge made for the furnishing of lodging that  
10 is subject to tax under chapter 82.08 RCW. The rate of tax shall not  
11 exceed the lesser of two percent or a rate that, when combined with  
12 all other taxes imposed upon sales of lodging within the municipality  
13 under this chapter and chapters 36.100, 67.40, 82.08, and 82.14 RCW,  
14 equals (~~twelve~~) 12 percent. A tax under this chapter shall not be  
15 imposed in increments smaller than tenths of a percent.

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

17 (a) If a municipality was authorized to impose taxes under this  
18 chapter or RCW 67.40.100 or both with a total rate exceeding four  
19 percent before July 27, 1997, such total authorization shall continue  
20 through January 31, 1999, and thereafter the municipality may impose

1 a tax under this section at a rate not exceeding the rate actually  
2 imposed by the municipality on January 31, 1999.

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

8 (c) If a city has a population of (~~four hundred thousand~~)  
9 200,000 or more and is located in a county with a population of (~~one~~  
10 ~~million~~) 500,000 or more, the rate of tax imposed under this chapter  
11 by the city shall not exceed the lesser of four percent or a rate  
12 that, when combined with all other taxes imposed upon sales of  
13 lodging in the municipality under this chapter and chapters 36.100,  
14 67.40, 82.08, and 82.14 RCW, equals (~~fifteen and two-tenths~~) 15.2  
15 percent.

16 (d) If a municipality was authorized to impose taxes under this  
17 chapter or RCW 67.40.100, or both, at a rate equal to six percent  
18 before January 1, 1998, the municipality may impose a tax under this  
19 section at a rate not exceeding the rate actually imposed by the  
20 municipality on January 1, 1998.

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

25 (4) In determining the effective combined rate of tax for  
26 purposes of the limit in subsections (1) and (2)(c) of this section,  
27 the tax rate under RCW 82.14.530 is not included.

28 **Sec. 2.** RCW 36.100.010 and 2010 1st sp.s. c 15 s 2 are each  
29 amended to read as follows:

30 (1) One or more public facilities districts may be created in any  
31 county and must be coextensive with the boundaries of the county.

32 (2) A public facilities district is created upon adoption of a  
33 resolution providing for the creation of such a district by the  
34 county legislative authority in which the proposed district is  
35 located.

36 (3) A public facilities district is a municipal corporation, an  
37 independent taxing "authority" within the meaning of Article VII,  
38 section 1 of the state Constitution, and a "taxing district" within  
39 the meaning of Article VII, section 2 of the state Constitution.

1           ~~(4) ((Except as provided in RCW 36.100.040 (4) and (5), no taxes~~  
2 ~~authorized under this chapter may be assessed or levied unless a~~  
3 ~~majority of the voters of the public facilities district has approved~~  
4 ~~such tax at a general or special election. A single ballot~~  
5 ~~proposition may both validate the imposition of the sales and use tax~~  
6 ~~under RCW 82.14.048 and the excise tax under RCW 36.100.040(1).~~

7           ~~(5))~~ (a) A public facilities district constitutes a body  
8 corporate and possesses all the usual powers of a corporation for  
9 public purposes as well as all other powers that may now or hereafter  
10 be specifically conferred by statute, including, but not limited to,  
11 the authority to hire employees, staff, and services, to enter into  
12 contracts, including contracts with public and private parties, to  
13 acquire, own, sell, transfer, lease, and otherwise acquire or dispose  
14 of property, to grant concessions under terms approved by the public  
15 facilities district, and to sue and be sued.

16           (b) A public facilities district created by a county with a  
17 population of ~~((one million five hundred thousand))~~ 1,500,000 or more  
18 to acquire, own, and operate a convention and trade center  
19 transferred from a public nonprofit corporation may continue to  
20 contract with the Seattle-King county convention and visitors' bureau  
21 or its successor in interest for marketing the convention and trade  
22 center facility and services.

23           ~~((6))~~ (5) A public facilities district may enter into contracts  
24 with a county for the purpose of exercising any powers of a community  
25 renewal agency under chapter 35.81 RCW.

26           ~~((7))~~ (6) The legislative authority of a city or county, the  
27 board of directors of a public nonprofit corporation, or the state of  
28 Washington may transfer property to a public facilities district  
29 created under this chapter, with or without consideration. No  
30 property that is encumbered with debt or that is in need of major  
31 capital renovation may be transferred to the district without the  
32 agreement of the district and revenues adequate to retire the  
33 existing indebtedness.

34           ~~((8))~~ (7) A public facilities district may enter into  
35 agreements with the state, any municipal corporation, or any other  
36 governmental entity for the design, financing, acquisition,  
37 development, construction, reconstruction, lease, remodeling,  
38 alteration, maintenance, equipping, reequipping, repair, operation,  
39 or management of one or more facilities of the parties thereto.  
40 Agreements may provide that any party to the contract designs,

1 finances, acquires, develops, constructs, reconstructs, remodels,  
2 alters, maintains, equips, reequips, repairs, and operates one or  
3 more facilities for the other party or parties to the contract. A  
4 public facilities district may enter into an agreement with the  
5 state, any municipal corporation, or other public or private entity  
6 that will assist a public facilities district in the financing of all  
7 or any part of a district facility on such terms as may be determined  
8 by agreement between the respective parties, including without  
9 limitation by a loan, guaranty, or other financing agreement.

10 **Sec. 3.** RCW 36.100.040 and 2025 c 376 s 1 are each amended to  
11 read as follows:

12 (1) ((A)) The board of a public facilities district may impose an  
13 excise tax on the sale of or charge made for the furnishing of  
14 lodging that is subject to tax under chapter 82.08 RCW, except that  
15 no such tax may be levied on any premises having fewer than 40  
16 lodging units. (~~Except for any tax imposed under subsection (4) or~~  
17 ~~(5) of this section, if a public facilities district has not imposed~~  
18 ~~such an excise tax prior to December 31, 1995, the public facilities~~  
19 ~~district may only impose the excise tax if a ballot proposition~~  
20 ~~authorizing the imposition of the tax has been approved by a simple~~  
21 ~~majority vote of voters of the public facilities district voting on~~  
22 ~~the proposition.))~~

23 (2) The rate of the tax may not exceed two percent and the  
24 proceeds of the tax may only be used for the acquisition, design,  
25 construction, remodeling, maintenance, equipping, reequipping,  
26 repairing, and operation of its public facilities. This excise tax  
27 may not be imposed until the district has approved the proposal to  
28 acquire, design, and construct the public facilities.

29 (3) Except for a public facilities district created within a  
30 county with a population of (~~one million five hundred thousand~~)  
31 500,000 or more for the purpose of acquiring, owning, and operating a  
32 convention and trade center or performing arts center, a public  
33 facilities district may not impose the tax authorized in this section  
34 if, after the tax authorized in this section was imposed, the  
35 effective combined rate of state and local excise taxes, including  
36 sales and use taxes and excise taxes on lodging, imposed on the sale  
37 of or charge made for furnishing of lodging in any jurisdiction in  
38 the public facilities district exceeds eleven and one-half percent.

1 (4) (a) To replace the tax authorized by former RCW 67.40.090, a  
2 public facilities district created within a county with a population  
3 of (~~one million five hundred thousand~~) 1,500,000 or more for the  
4 purpose of acquiring, owning, operating, renovating, and expanding a  
5 convention and trade center may impose an excise tax on the sale of  
6 or charge made for the furnishing of lodging (including but not  
7 limited to any short-term rental) that is subject to tax under  
8 chapter 82.08 RCW, except that no such tax may be levied on:

9 (i) Any premises:

10 (A) Having fewer than 60 lodging units if the premises is located  
11 in a town with a population less than (~~three hundred~~) 300; or

12 (B) Classified as a hostel;

13 (ii) Any lodging that is concurrently subject to a tax on  
14 engaging in the business of being a short-term rental operator  
15 imposed by a city in which a convention and trade center is located;  
16 or

17 (iii) Any lodging that is operated by a university health care  
18 system exclusively for family members of patients.

19 (b) The rate of the tax may not exceed seven percent within the  
20 portion of the district that corresponds to the boundaries of the  
21 largest city within the public facilities district and may not exceed  
22 2.8 percent in the remainder of the district. The tax imposed under  
23 this subsection (4) may not be collected prior to the transfer date  
24 defined in RCW 36.100.230.

25 (5) To replace the tax authorized by former RCW 67.40.130, a  
26 public facilities district created within a county with a population  
27 of (~~one million five hundred thousand~~) 1,500,000 or more for the  
28 purpose of acquiring, owning, operating, renovating, and expanding a  
29 convention and trade center may impose an additional excise tax on  
30 the sale of or charge made for the furnishing of lodging (including  
31 but not limited to any short-term rental) that is subject to tax  
32 under chapter 82.08 RCW, except that no such tax may be levied on any  
33 premises: (a) Having fewer than (~~sixty~~) 60 lodging units if the  
34 premises is located in a town with a population less than (~~three  
35 hundred~~) 300; or (b) classified as a hostel. The rate of the  
36 additional excise tax may not exceed two percent and may be imposed  
37 only within the portion of the district that corresponds to the  
38 boundaries of the largest city within the public facilities district  
39 and may not be imposed in the remainder of the district. The tax  
40 imposed under this subsection (5) may not be collected prior to the

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

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

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

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

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

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

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

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

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

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

35 (10) In determining the effective combined rate of tax for  
36 purposes of the limit in subsection (3) of this section, the tax rate  
37 under RCW 82.14.530 is not included.

38 (11) The taxes imposed in this section do not apply to sales of  
39 temporary medical housing exempt under RCW 82.08.997.

1 (12) The definitions in this subsection apply throughout this  
2 section unless the context clearly requires otherwise.

3 (a) "Community-initiated equitable development" means strategic  
4 capacity-building and capital investments that are determined and  
5 directed by communities who have experienced significant historical  
6 and ongoing social and economic vulnerabilities with the purpose to  
7 offset disparities, prevent or reduce displacement, address  
8 marginalization, and improve access to opportunities, resources, and  
9 outcomes.

10 (b) (i) "Hostel" means a structure or facility where a majority of  
11 the rooms for sleeping accommodations are hostel dormitories  
12 containing a minimum of four standard beds designed for single-person  
13 occupancy within the facility. Hostel accommodations are supervised  
14 and must include at least one common area and at least one common  
15 kitchen for guest use.

16 (ii) For the purpose of this subsection (12)(b), "hostel  
17 dormitory" means a single room, containing four or more standard beds  
18 designed for single-person occupancy, used exclusively as nonprivate  
19 communal sleeping quarters, generally for unrelated persons, where  
20 such persons independently acquire the right to occupy individual  
21 beds, with the operator supervising and determining which bed each  
22 person will occupy.

23 (c) "Short-term rental" means a lodging use, that is not a hotel  
24 or motel, in which a dwelling unit, or portion thereof, that is  
25 offered or provided to a guest or guests by a short-term rental  
26 operator for a fee for fewer than (~~(thirty)~~) 30 consecutive nights.  
27 The term "short-term rental" does not include:

28 (i) A dwelling unit, or portion thereof, that is used by the same  
29 person for (~~(thirty)~~) 30 or more consecutive nights; and

30 (ii) A dwelling unit, or portion thereof, that is operated by an  
31 organization or government entity that is registered as a charitable  
32 organization with the secretary of state, state of Washington, and/or  
33 is classified by the federal internal revenue service as a public  
34 charity or a private foundation, and provides temporary housing to  
35 individuals who are being treated for trauma, injury, or disease  
36 and/or their family members.

37 (13) Taxes authorized under subsections (4) and (5) of this  
38 section are deemed to have been imposed on December 1, 2000, for the  
39 purposes of RCW 82.14.410.

1 (14) (a) Beginning on the date that the condition in (b) of this  
2 subsection is satisfied, a public facilities district created within  
3 a county with a population of (~~one million five hundred thousand~~)  
4 1,500,000 or more for the purpose of acquiring, owning, operating,  
5 renovating, and expanding a convention and trade center must make  
6 quarterly payments from tax revenue collected by a public facilities  
7 district as a result of the tax imposed in chapter 245, Laws of 2018  
8 to a city in which the convention and trade center is located that  
9 has authorized on or before December 31, 2017, a tax on engaging in  
10 the business of being a short-term rental operator. Such payments  
11 must be made no more than (~~thirty~~) 30 days after the last day of  
12 each fiscal quarter and must equal the portion of the revenues  
13 received by the public facilities district during such fiscal quarter  
14 from the lodging taxes authorized under subsection (4) of this  
15 section that are determined by the department of revenue to be  
16 derived from the short-term rental activity within such city.

17 (b) The public facilities district is not required to make any  
18 payments under this subsection (14) unless the city has repealed any  
19 ordinance authorizing a tax on engaging in the business of being a  
20 short-term rental operator.

21 (c) The public facilities district is not required to make any  
22 payments to a city under this subsection (14), if the city, after  
23 satisfying the condition in (b) of this subsection imposes any tax  
24 specifically on the act of engaging in the business of being a short-  
25 term rental operator.

26 (d) The proceeds of any payments made by a public facilities  
27 district to a city under this subsection (14) must be used by the  
28 city to support community-initiated equitable development and  
29 affordable housing programs, as determined by the city in its sole  
30 discretion.

31 (15) 50 percent of any tax revenue collected by a public  
32 facilities district as a result of the tax imposed in chapter 245,  
33 Laws of 2018 must be distributed by the public facilities district to  
34 the county in which the convention and trade center is located.  
35 However, if a city has satisfied the condition in subsection (14) (b)  
36 of this section, payments made under this subsection to the county in  
37 which the convention and trade center is located must be calculated  
38 after deducting any payments made to a city under subsection (14) of  
39 this section from the total tax revenue received by the public  
40 facilities district as a result of the enactment of chapter 245, Laws

1 of 2018. The proceeds of such payments to a county under this  
2 subsection (15) must be used by the county to support community-  
3 initiated equitable development and affordable housing programs, as  
4 determined by the county, in its sole discretion.

5 **Sec. 4.** RCW 36.100.040 and 2018 c 245 s 2 are each amended to  
6 read as follows:

7 (1) ~~((A))~~ The board of a public facilities district may impose an  
8 excise tax on the sale of or charge made for the furnishing of  
9 lodging that is subject to tax under chapter 82.08 RCW, except that  
10 no such tax may be levied on any premises having fewer than ~~((forty))~~  
11 40 lodging units. ~~((Except for any tax imposed under subsection (4)~~  
12 ~~or (5) of this section, if a public facilities district has not~~  
13 ~~imposed such an excise tax prior to December 31, 1995, the public~~  
14 ~~facilities district may only impose the excise tax if a ballot~~  
15 ~~proposition authorizing the imposition of the tax has been approved~~  
16 ~~by a simple majority vote of voters of the public facilities district~~  
17 ~~voting on the proposition.))~~

18 (2) The rate of the tax may not exceed two percent and the  
19 proceeds of the tax may only be used for the acquisition, design,  
20 construction, remodeling, maintenance, equipping, reequipping,  
21 repairing, and operation of its public facilities. This excise tax  
22 may not be imposed until the district has approved the proposal to  
23 acquire, design, and construct the public facilities.

24 (3) Except for a public facilities district created within a  
25 county with a population of ~~((one million five hundred thousand))~~  
26 500,000 or more for the purpose of acquiring, owning, and operating a  
27 convention and trade center or performing arts center, a public  
28 facilities district may not impose the tax authorized in this section  
29 if, after the tax authorized in this section was imposed, the  
30 effective combined rate of state and local excise taxes, including  
31 sales and use taxes and excise taxes on lodging, imposed on the sale  
32 of or charge made for furnishing of lodging in any jurisdiction in  
33 the public facilities district exceeds ~~((eleven and one-half))~~ 11.5  
34 percent.

35 (4) (a) To replace the tax authorized by former RCW 67.40.090, a  
36 public facilities district created within a county with a population  
37 of ~~((one million five hundred thousand))~~ 1,500,000 or more for the  
38 purpose of acquiring, owning, operating, renovating, and expanding a  
39 convention and trade center may impose an excise tax on the sale of

1 or charge made for the furnishing of lodging (including but not  
2 limited to any short-term rental) that is subject to tax under  
3 chapter 82.08 RCW, except that no such tax may be levied on:

4 (i) Any premises:

5 (A) Having fewer than (~~sixty~~) 60 lodging units if the premises  
6 is located in a town with a population less than (~~three hundred~~)  
7 300; or

8 (B) Classified as a hostel;

9 (ii) Any lodging that is concurrently subject to a tax on  
10 engaging in the business of being a short-term rental operator  
11 imposed by a city in which a convention and trade center is located;  
12 or

13 (iii) Any lodging that is operated by a university health care  
14 system exclusively for family members of patients.

15 (b) The rate of the tax may not exceed seven percent within the  
16 portion of the district that corresponds to the boundaries of the  
17 largest city within the public facilities district and may not exceed  
18 2.8 percent in the remainder of the district. The tax imposed under  
19 this subsection (4) may not be collected prior to the transfer date  
20 defined in RCW 36.100.230.

21 (5) To replace the tax authorized by former RCW 67.40.130, a  
22 public facilities district created within a county with a population  
23 of (~~one million five hundred thousand~~) 1,500,000 or more for the  
24 purpose of acquiring, owning, operating, renovating, and expanding a  
25 convention and trade center may impose an additional excise tax on  
26 the sale of or charge made for the furnishing of lodging (including  
27 but not limited to any short-term rental) that is subject to tax  
28 under chapter 82.08 RCW, except that no such tax may be levied on any  
29 premises: (a) Having fewer than (~~sixty~~) 60 lodging units if the  
30 premises is located in a town with a population less than (~~three  
31 hundred~~) 300; or (b) classified as a hostel. The rate of the  
32 additional excise tax may not exceed two percent and may be imposed  
33 only within the portion of the district that corresponds to the  
34 boundaries of the largest city within the public facilities district  
35 and may not be imposed in the remainder of the district. The tax  
36 imposed under this subsection (5) may not be collected prior to the  
37 transfer date specified in RCW 36.100.230. The tax imposed under this  
38 subsection (5) must be credited against the amount of the tax  
39 otherwise due to the state from those same taxpayers under chapter  
40 82.08 RCW. The tax under this subsection (5) may be imposed only for

1 the purpose of paying or securing the payment of the principal of and  
2 interest on obligations issued or incurred by the public facilities  
3 district and paying annual payment amounts to the state under  
4 subsection (6)(a) of this section. The authority to impose the  
5 additional excise tax under this subsection (5) expires on the date  
6 that is the earlier of (i) July 1, 2029, or (ii) the date on which  
7 all obligations issued or incurred by the public facilities district  
8 to implement any redemption, prepayment, or legal defeasance of  
9 outstanding obligations under RCW 36.100.230(3)(a) are no longer  
10 outstanding.

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

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

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

1 equal to the twenty bond general obligation bond buyer index plus one  
2 percentage point.

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

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

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

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

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

32 (10) In determining the effective combined rate of tax for  
33 purposes of the limit in subsection (3) of this section, the tax rate  
34 under RCW 82.14.530 is not included.

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

37 (12) The definitions in this subsection apply throughout this  
38 section unless the context clearly requires otherwise.

39 (a) (i) "Hostel" means a structure or facility where a majority of  
40 the rooms for sleeping accommodations are hostel dormitories

1 containing a minimum of four standard beds designed for single-person  
2 occupancy within the facility. Hostel accommodations are supervised  
3 and must include at least one common area and at least one common  
4 kitchen for guest use.

5 (ii) For the purpose of this subsection (12)(a), "hostel  
6 dormitory" means a single room, containing four or more standard beds  
7 designed for single-person occupancy, used exclusively as nonprivate  
8 communal sleeping quarters, generally for unrelated persons, where  
9 such persons independently acquire the right to occupy individual  
10 beds, with the operator supervising and determining which bed each  
11 person will occupy.

12 (b) "Short-term rental" means a lodging use, that is not a hotel  
13 or motel, in which a dwelling unit, or portion thereof, that is  
14 offered or provided to a guest or guests by a short-term rental  
15 operator for a fee for fewer than (~~(thirty)~~) 30 consecutive nights.  
16 The term "short-term rental" does not include:

17 (i) A dwelling unit, or portion thereof, that is used by the same  
18 person for (~~(thirty)~~) 30 or more consecutive nights; and

19 (ii) A dwelling unit, or portion thereof, that is operated by an  
20 organization or government entity that is registered as a charitable  
21 organization with the secretary of state, state of Washington, and/or  
22 is classified by the federal internal revenue service as a public  
23 charity or a private foundation, and provides temporary housing to  
24 individuals who are being treated for trauma, injury, or disease  
25 and/or their family members.

26 (13) Taxes authorized under subsections (4) and (5) of this  
27 section are deemed to have been imposed on December 1, 2000, for the  
28 purposes of RCW 82.14.410.

29 (14)(a) Beginning on the date that the condition in (b) of this  
30 subsection is satisfied, a public facilities district created within  
31 a county with a population of (~~(one million five hundred thousand)~~)  
32 1,500,000 or more for the purpose of acquiring, owning, operating,  
33 renovating, and expanding a convention and trade center must make  
34 quarterly payments from tax revenue collected by a public facilities  
35 district as a result of the tax imposed in chapter 245, Laws of 2018  
36 to a city in which the convention and trade center is located that  
37 has authorized on or before December 31, 2017, a tax on engaging in  
38 the business of being a short-term rental operator. Such payments  
39 must be made no more than (~~(thirty)~~) 30 days after the last day of  
40 each fiscal quarter and must equal the portion of the revenues

1 received by the public facilities district during such fiscal quarter  
2 from the lodging taxes authorized under subsection (4) of this  
3 section that are determined by the department of revenue to be  
4 derived from the short-term rental activity within such city.

5 (b) The public facilities district is not required to make any  
6 payments under this subsection (14) unless the city has repealed any  
7 ordinance authorizing a tax on engaging in the business of being a  
8 short-term rental operator.

9 (c) The public facilities district is not required to make any  
10 payments to a city under this subsection (14), if the city, after  
11 satisfying the condition in (b) of this subsection imposes any tax  
12 specifically on the act of engaging in the business of being a short-  
13 term rental operator.

14 (d) The proceeds of any payments made by a public facilities  
15 district to a city under this subsection (14) must be used by the  
16 city to support community-initiated equitable development and  
17 affordable housing programs, as determined by the city in its sole  
18 discretion.

19 (15) Fifty percent of any tax revenue collected by a public  
20 facilities district as a result of the tax imposed in chapter 245,  
21 Laws of 2018 must be distributed by the public facilities district to  
22 the county in which the convention and trade center is located.  
23 However, if a city has satisfied the condition in subsection (14)(b)  
24 of this section, payments made under this subsection to the county in  
25 which the convention and trade center is located must be calculated  
26 after deducting any payments made to a city under subsection (14) of  
27 this section from the total tax revenue received by the public  
28 facilities district as a result of the enactment of chapter 245, Laws  
29 of 2018. The proceeds of such payments to a county under this  
30 subsection (15) must be used by the county to support affordable  
31 housing programs, as determined by the county, in its sole  
32 discretion.

33 NEW SECTION. **Sec. 5.** Section 3 of this act expires July 1,  
34 2035.

35 NEW SECTION. **Sec. 6.** Section 4 of this act takes effect July 1,  
36 2035.

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