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**SENATE BILL 5576**

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**State of Washington**

**69th Legislature**

**2025 Regular Session**

**By** Senators Lovelett, Alvarado, Saldaña, Bateman, Salomon, Valdez, Hasegawa, Nobles, and C. Wilson

Read first time 01/29/25. Referred to Committee on Ways & Means.

1 AN ACT Relating to providing state funding for essential  
2 affordable housing programs; amending RCW 67.28.181, 82.14.410, and  
3 82.32.145; 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.** Beginning January 1, 2026, there is levied  
6 and collected a special excise tax of six percent on each retail sale  
7 of the furnishing of lodging constituting a short-term rental subject  
8 to tax under chapter 82.08 RCW. The revenue collected under this  
9 section must be deposited in the essential affordable housing local  
10 assistance account created in section 3 of this act. The special  
11 excise tax authorized under this section applies exclusively to sales  
12 of furnishing of short-term rental lodging facilitated through a  
13 short-term rental platform.

14 NEW SECTION. **Sec. 2.** The definitions in this section apply  
15 throughout this chapter unless the context clearly requires  
16 otherwise.

17 (1) "Housing infrastructure" means all costs for the improvements  
18 needed in an area necessary to provide services that support the  
19 construction and ongoing use of new housing. The variety of services  
20 that support the construction and ongoing use of new housing include

1 transportation, water, sewer, stormwater, electricity, broadband, and  
2 others as appropriate.

3 (2) "Short-term rental" and "short-term rental platform" have the  
4 same meanings as in RCW 64.37.010.

5 NEW SECTION. **Sec. 3.** (1) The essential affordable housing local  
6 assistance account is hereby created in the state treasury. All  
7 receipts from the special excise tax authorized under section 1 of  
8 this act must be deposited in the account. Moneys in the account may  
9 be spent only after appropriation. The state treasurer shall  
10 distribute funds in the account on a monthly basis. A local  
11 jurisdiction must use the funds as provided in subsection (2) of this  
12 section.

13 (a) Counties shall receive the special excise tax amounts from  
14 the furnishing of lodging of short-term rentals within the  
15 unincorporated areas of the county; and

16 (b) Cities and towns shall receive the special excise tax amounts  
17 from the furnishing of lodging of short-term rentals within the  
18 incorporated area of the city or town.

19 (2)(a) Except as provided in (b) of this subsection, expenditures  
20 from the account may be used by counties, cities, and towns  
21 exclusively for the operating and capital costs of affordable housing  
22 programs including, but not limited to, homeless housing assistance,  
23 temporary shelters, and other related services, or housing  
24 infrastructure projects. A county, city, or town may use revenues  
25 collected under this section for contracts, loans, or grants to  
26 nonprofit organizations or public housing authorities for services  
27 related to affordable housing programs.

28 (b) If using the funding collected from the special excise tax  
29 under this section for housing infrastructure projects, a county,  
30 city, or town must meet the following requirements:

31 (i) The housing infrastructure project must be designed to meet  
32 the maximum allowed density of the parcels it will serve;

33 (ii) If the county, city, or town imposes impact fees for new  
34 development, the county, city, or town must reduce the impact fees by  
35 the proportional costs that are paid by the moneys collected from the  
36 special excise tax under this section;

37 (iii) Projects may not be in areas limited only to single-family  
38 residential housing;

1 (iv) The county, city, or town must limit the size of any single-  
2 family residential unit constructed in the area served by the housing  
3 infrastructure project funded, wholly or partially, to 2,000 square  
4 feet or less; and

5 (v) If the housing infrastructure project is within an urban  
6 growth area designated as the 20-year growth boundary for a city, the  
7 city must agree to annex the project area upon completion of the  
8 project.

9 (c) A county, city, or town may retain up to 20 percent of the  
10 moneys received under this section in each calendar year for the  
11 direct and indirect costs incurred in the administration of services  
12 and programs as provided in (a) of this subsection.

13 (3) The definitions in this subsection apply throughout this  
14 section unless the context clearly requires otherwise.

15 (a) "Housing infrastructure" means all costs for the improvements  
16 needed in an area necessary to provide services that support the  
17 construction and ongoing use of new housing. The variety of services  
18 that support the construction and ongoing use of new housing include  
19 transportation, water, sewer, stormwater, electricity, broadband, and  
20 others as appropriate.

21 (b) "Short-term rental" and "short-term rental platform" have the  
22 same meanings as in RCW 64.37.010.

23 NEW SECTION. **Sec. 4.** (1) Except as otherwise provided by law  
24 and to the extent not inconsistent with this chapter, chapter 82.32  
25 RCW applies to the administration of taxes imposed under this  
26 chapter.

27 (2) The department may adopt rules for administering the tax  
28 under this chapter.

29 **Sec. 5.** RCW 67.28.181 and 2015 3rd sp.s. c 24 s 703 are each  
30 amended to read as follows:

31 (1) The legislative body of any municipality may impose an excise  
32 tax on the sale of or charge made for the furnishing of lodging that  
33 is subject to tax under chapter 82.08 RCW. The rate of tax shall not  
34 exceed the lesser of two percent or a rate that, when combined with  
35 all other taxes imposed upon sales of lodging within the municipality  
36 under this chapter and chapters 36.100, (~~(67.407)~~) 82.08, and 82.14  
37 RCW, equals (~~(twelve)~~) 12 percent. A tax under this chapter shall not  
38 be imposed in increments smaller than tenths of a percent.

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

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

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

13 (c) If a city has a population of (~~four hundred thousand~~)  
14 400,000 or more and is located in a county with a population of (~~one~~  
15 ~~million~~) 1,000,000 or more, the rate of tax imposed under this  
16 chapter by the city shall not exceed the lesser of four percent or a  
17 rate that, when combined with all other taxes imposed upon sales of  
18 lodging in the municipality under this chapter and chapters 36.100,  
19 (~~67.40,~~) 82.08, and 82.14 RCW, equals (~~fifteen and two tenths~~)  
20 15.2 percent.

21 (d) If a municipality was authorized to impose taxes under this  
22 chapter or RCW 67.40.100, or both, at a rate equal to six percent  
23 before January 1, 1998, the municipality may impose a tax under this  
24 section at a rate not exceeding the rate actually imposed by the  
25 municipality on January 1, 1998.

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

30 (4) In determining the effective combined rate of tax for  
31 purposes of the limit in subsections (1) and (2)(c) of this section,  
32 the tax rate under RCW 82.14.530 (~~is~~) and section 1 of this act are  
33 not included.

34 **Sec. 6.** RCW 82.14.410 and 2015 3rd sp.s. c 24 s 704 are each  
35 amended to read as follows:

36 (1) A local sales and use tax change adopted after December 1,  
37 2000, must provide an exemption for those sales of lodging for which,  
38 but for the exemption, the total sales tax rate imposed on sales of  
39 lodging would exceed the greater of:

1 (a) Twelve percent; or  
2 (b) The total sales tax rate that would have applied to the sale  
3 of lodging if the sale were made on December 1, 2000.  
4 (2) For the purposes of this section:  
5 (a) "Local sales and use tax change" is defined as provided in  
6 RCW 82.14.055.  
7 (b) "Sale of lodging" means the sale of or charge made for the  
8 furnishing of lodging and all other services by a hotel, rooming  
9 house, tourist court, motel, trailer camp, and the granting of any  
10 similar license to use real property.  
11 (c) "Total sales tax rate" means the combined rates of all state  
12 and local taxes imposed under this chapter and chapters 36.100,  
13 67.28, (~~67.40,~~) and 82.08 RCW, and any other tax authorized after  
14 March 29, 2001, if the tax is in the nature of a sales tax collected  
15 from the buyer, but excluding taxes imposed under RCW 81.104.170  
16 before December 1, 2000, (~~and~~) taxes imposed under RCW 82.14.530,  
17 and taxes imposed under section 1 of this act.

18 **Sec. 7.** RCW 82.32.145 and 2020 c 301 s 6 are each amended to  
19 read as follows:

20 (1) Whenever the department has issued a warrant under RCW  
21 82.32.210 for the collection of unpaid trust fund taxes from a  
22 limited liability business entity and that business entity has been  
23 terminated, dissolved, or abandoned, or is insolvent, the department  
24 may pursue collection of the entity's unpaid trust fund taxes,  
25 including penalties and interest on those taxes, against any or all  
26 of the responsible individuals. For purposes of this subsection,  
27 "insolvent" means the condition that results when the sum of the  
28 entity's debts exceeds the fair market value of its assets. The  
29 department may presume that an entity is insolvent if the entity  
30 refuses to disclose to the department the nature of its assets and  
31 liabilities.

32 (2) Personal liability under this section may be imposed for  
33 state and local trust fund taxes.

34 (3)(a) For a responsible individual who is the current or a  
35 former chief executive or chief financial officer, liability under  
36 this section applies regardless of fault or whether the individual  
37 was or should have been aware of the unpaid trust fund tax liability  
38 of the limited liability business entity.

1 (b) For any other responsible individual, liability under this  
2 section applies only if he or she willfully fails to pay or to cause  
3 to be paid to the department the trust fund taxes due from the  
4 limited liability business entity.

5 (4)(a) Except as provided in this subsection (4)(a), a  
6 responsible individual who is the current or a former chief executive  
7 or chief financial officer is liable under this section only for  
8 trust fund tax liability accrued during the period that he or she was  
9 the chief executive or chief financial officer. However, if the  
10 responsible individual had the responsibility or duty to remit  
11 payment of the limited liability business entity's trust fund taxes  
12 to the department during any period of time that the person was not  
13 the chief executive or chief financial officer, that individual is  
14 also liable for trust fund tax liability that became due during the  
15 period that he or she had the duty to remit payment of the limited  
16 liability business entity's taxes to the department but was not the  
17 chief executive or chief financial officer.

18 (b) All other responsible individuals are liable under this  
19 section only for trust fund tax liability that became due during the  
20 period he or she had the responsibility or duty to remit payment of  
21 the limited liability business entity's taxes to the department.

22 (5) Persons described in subsection (3)(b) of this section are  
23 exempt from liability under this section in situations where  
24 nonpayment of the limited liability business entity's trust fund  
25 taxes is due to reasons beyond their control as determined by the  
26 department by rule.

27 (6) Any person having been issued a notice of assessment under  
28 this section is entitled to the appeal procedures under RCW  
29 82.32.160, 82.32.170, 82.32.180, 82.32.190, and 82.32.200.

30 (7) This section does not relieve the limited liability business  
31 entity of its trust fund tax liability or otherwise impair other tax  
32 collection remedies afforded by law.

33 (8) Collection authority and procedures prescribed in this  
34 chapter apply to collections under this section.

35 (9) The definitions in this subsection apply throughout this  
36 section unless the context clearly requires otherwise.

37 (a) "Chief executive" means: The president of a corporation; or  
38 for other entities or organizations other than corporations or if the  
39 corporation does not have a president as one of its officers, the

1 highest ranking executive manager or administrator in charge of the  
2 management of the company or organization.

3 (b) "Chief financial officer" means: The treasurer of a  
4 corporation; or for entities or organizations other than corporations  
5 or if a corporation does not have a treasurer as one of its officers,  
6 the highest senior manager who is responsible for overseeing the  
7 financial activities of the entire company or organization.

8 (c) "Limited liability business entity" means a type of business  
9 entity that generally shields its owners from personal liability for  
10 the debts, obligations, and liabilities of the entity, or a business  
11 entity that is managed or owned in whole or in part by an entity that  
12 generally shields its owners from personal liability for the debts,  
13 obligations, and liabilities of the entity. Limited liability  
14 business entities include corporations, limited liability companies,  
15 limited liability partnerships, trusts, general partnerships and  
16 joint ventures in which one or more of the partners or parties are  
17 also limited liability business entities, and limited partnerships in  
18 which one or more of the general partners are also limited liability  
19 business entities.

20 (d) "Manager" has the same meaning as in RCW 25.15.006.

21 (e) "Member" has the same meaning as in RCW 25.15.006, except  
22 that the term only includes members of member-managed limited  
23 liability companies.

24 (f) "Officer" means any officer or assistant officer of a  
25 corporation, including the president, vice president, secretary, and  
26 treasurer.

27 (g) (i) "Responsible individual" includes any current or former  
28 officer, manager, member, partner, or trustee of a limited liability  
29 business entity with an unpaid tax warrant issued by the department.

30 (ii) "Responsible individual" also includes any current or former  
31 employee or other individual, but only if the individual had the  
32 responsibility or duty to remit payment of the limited liability  
33 business entity's unpaid trust fund tax liability reflected in a tax  
34 warrant issued by the department.

35 (iii) Whenever any taxpayer has one or more limited liability  
36 business entities as a member, manager, or partner, "responsible  
37 individual" also includes any current and former officers, members,  
38 or managers of the limited liability business entity or entities or  
39 of any other limited liability business entity involved directly in  
40 the management of the taxpayer. For purposes of this subsection

1 (9)(g)(iii), "taxpayer" means a limited liability business entity  
2 with an unpaid tax warrant issued against it by the department.

3 (h) "Trust fund taxes" means taxes collected from purchasers and  
4 held in trust under RCW 82.08.050, including taxes imposed under RCW  
5 82.08.020, 82.08.150, ~~((and))~~ 82.51.010, and section 1 of this act.

6 (i) "Willfully fails to pay or to cause to be paid" means that  
7 the failure was the result of an intentional, conscious, and  
8 voluntary course of action.

9 NEW SECTION. **Sec. 8.** Sections 1 through 4 of this act  
10 constitute a new chapter in Title 82 RCW.

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