
SUBSTITUTE SENATE BILL 5012

State of Washington

67th Legislature

2021 Regular Session

By Senate Housing & Local Government (originally sponsored by Senators Lovelett, Das, Kuderer, Nguyen, Robinson, Saldaña, Stanford, and Wilson, C.)

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 section to chapter 67.28
4 RCW.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 67.28
7 RCW to read as follows:

8 (1)(a) The legislative body of a county, city, or town is
9 authorized to impose a special excise tax on the sale of or charge
10 made for the furnishing of lodging of short-term rentals subject to
11 tax under chapter 82.08 RCW, as provided in this section.

12 (b) The tax under this section applies exclusively to the sale of
13 or charge made for the furnishing of lodging of short-term rentals
14 facilitated through a short-term rental platform.

15 (c) The rate of tax under this section may not exceed 10 percent
16 on the sale of, or charge made for, the furnishing of lodging of a
17 short-term rental subject to tax under chapter 82.08 RCW. The rate of
18 tax under this section must not be imposed in increments of less than
19 one percent.

20 (d) Any county ordinance or resolution adopted under this section
21 shall contain a provision allowing a credit against the county tax

1 for the full amount of any city or town tax imposed under this
2 section upon the same taxable event. The legislative authority of any
3 county or any city may impose the tax authorized in this section in
4 the unincorporated areas of the county for the county tax and in the
5 corporate limits of the city for the city tax.

6 (e) A county, city, or town may develop criteria based on a
7 person's age and/or income to exempt no more than one short-term
8 rental property per person from the tax authorized under this
9 section.

10 (2) (a) The legislative body of a county, city, or town must adopt
11 a resolution of intent to adopt legislation authorizing the tax under
12 this section prior to imposing the tax under this section.

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

15 (3) (a) Except as provided in (b) of this subsection, moneys
16 collected from the special excise tax under this section must be used
17 exclusively for the operating and capital costs of affordable housing
18 programs including, but not limited to, homeless housing assistance,
19 temporary shelters, and other related services. A county, city, or
20 town may use revenues collected under this section for contracts,
21 loans, or grants to nonprofit organizations or public housing
22 authorities for services related to affordable housing programs.

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

27 (4) For the purposes of this section, "short-term rental" and
28 "short-term rental platform" have the same meanings as in RCW
29 64.37.010.

30 **Sec. 2.** RCW 67.28.181 and 2015 3rd sp.s. c 24 s 703 are each
31 amended to read as follows:

32 (1) The legislative body of any municipality may impose an excise
33 tax on the sale of or charge made for the furnishing of lodging that
34 is subject to tax under chapter 82.08 RCW. The rate of tax shall not
35 exceed the lesser of two percent or a rate that, when combined with
36 all other taxes imposed upon sales of lodging within the municipality
37 under this chapter and chapters 36.100, (~~67.407~~) 82.08, and 82.14
38 RCW, equals twelve percent. A tax under this chapter shall not be
39 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 or more
14 and is located in a county with a population of one million or more,
15 the rate of tax imposed under this chapter by the city shall not
16 exceed the lesser of four percent or a rate that, when combined with
17 all other taxes imposed upon sales of lodging in the municipality
18 under this chapter and chapters 36.100, (~~(67.40,)~~) 82.08, and 82.14
19 RCW, equals fifteen and two-tenths percent.

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

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

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

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

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

39 (a) Twelve percent; or

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

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