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HOUSE BILL 1598

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State of Washington

63rd Legislature

2013 Regular Session

By Representatives Santos and Ryu

Read first time 01/31/13. Referred to Committee on Finance.

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 to  
9 tax under chapter 82.08 RCW, except that no such tax may be levied on  
10 any premises having fewer than forty lodging units. Except for any tax  
11 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 public  
16 facilities district voting on the proposition.

17 (2) The rate of the tax may not exceed two percent and the proceeds  
18 of the tax may only be used for the acquisition, design, construction,  
19 remodeling, maintenance, equipping, reequipping, repairing, and

1 operation of its public facilities. This excise tax may not be imposed  
2 until the district has approved the proposal to acquire, design, and  
3 construct the public facilities.

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

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

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

1 facilities district and may not be imposed in the remainder of the  
2 district. The tax imposed under this subsection (5) may not be  
3 collected prior to the transfer date specified in RCW 36.100.230. The  
4 tax imposed under this subsection (5) must be credited against the  
5 amount of the tax otherwise due to the state from those same taxpayers  
6 under chapter 82.08 RCW. The tax under this subsection (5) may be  
7 imposed only for the purpose of paying or securing the payment of the  
8 principal of and interest on obligations issued or incurred by the  
9 public facilities district and paying annual payment amounts to the  
10 state under subsection (6)(a) of this section. The authority to impose  
11 the additional excise tax under this subsection (5) expires on the date  
12 that is the earlier of (a) July 1, 2029, or (b) the date on which all  
13 obligations issued or incurred by the public facilities district to  
14 implement any redemption, prepayment, or legal defeasance of  
15 outstanding obligations under RCW 36.100.230(3)(a) are no longer  
16 outstanding.

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

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

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

1 providing for the payment of the principal of and interest on  
2 obligations issued or incurred by the public facilities district, all  
3 on terms established by an agreement between the state treasurer and  
4 the public facilities district executed prior to the transfer date.  
5 Any agreement between the state treasurer and the public facilities  
6 district must specify the term for the repayment of the deficiency in  
7 the annual payment amount with an interest rate equal to the twenty  
8 bond general obligation bond buyer index plus one percentage point.

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

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

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

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

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

37 (10) The taxes imposed in this section do not apply to sales of

1 temporary medical housing exempt under RCW 82.08.997.

2 NEW SECTION. **Sec. 2.** This act takes effect August 1, 2013.

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