

FINAL BILL REPORT

ESHB 1512

C 225 L 21
Synopsis as Enacted

Brief Description: Concerning lodging-related assessments under chapter 35.87A RCW.

Sponsors: House Committee on Finance (originally sponsored by Representative Ryu).

House Committee on Finance
Senate Committee on Ways & Means

Background:

Parking and Business Improvement Areas.

Cities and counties are authorized to establish parking and business improvement areas (PBIAs) by ordinance. A PBIA is an area within a county, city, or town that has the authority to levy special assessments on the businesses and multifamily residential or mixed-use projects within the area that are specially benefited by the activities of the PBIA. Parking and business improvement area special assessments are imposed on the business or residential operator and are generally collected annually.

Revenues raised from the special assessments of a PBIA must be used to finance: (1) acquisition, construction, or maintenance of parking facilities; (2) decoration of a public place; (3) sponsorship or promotion of public events; (4) furnishing of music; (5) professional management, planning, and promotion for the area; (6) maintenance and security for common, public areas; or (7) transportation services for the benefit of the area.

Business & Occupation Tax.

Washington's major business tax is the business and occupation (B&O) tax. The B&O tax is imposed on the gross receipts of business activities conducted within the state, without any deduction for the costs of doing business. Businesses must pay the B&O tax even though they may not have any profits or may be operating at a loss.

Retail Sales and Use Tax.

Retail sales taxes are imposed on retail sales of most articles of tangible personal property,

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digital products, and some services. If retail sales taxes were not collected when the user acquired the property, digital products, or services, then use tax applies to the value of property, digital product, or service when used in this state. The state, all counties, and all cities levy retail sales and use taxes.

Summary:

A lodging business may collect any PBIA special assessment from its guests in the form of a separately stated charge per night on the sale of lodging. In collecting a special assessment in this manner, a lodging business is deemed to be collecting the assessment as an agent of the PBIA and such amounts are not subject to the sales and use or B&O taxes.

A lodging business is a business that furnishes lodging, where the sale of such lodging is subject to the sales and use tax.

The provisions of the act apply retroactively for any taxpayer who has been assessed taxes, on any special assessment amounts collected by a lodging business, prior to May 10, 2021. No refund may be made on taxes lawfully paid.

Votes on Final Passage:

House	96	0
Senate	47	1

Effective: May 10, 2021