
SENATE BILL 5576

State of Washington

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2025 Regular Session

By Senators Lovelett, Alvarado, Saldaña, Bateman, Salomon, and Valdez

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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