
SUBSTITUTE SENATE BILL 6158

State of Washington

68th Legislature

2024 Regular Session

By Senate Local Government, Land Use & Tribal Affairs (originally sponsored by Senators J. Wilson and Dozier)

1 AN ACT Relating to public facilities districts; and amending RCW
2 82.14.390, 82.14.485, 36.100.040, and 36.100.130.

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

4 **Sec. 1.** RCW 82.14.390 and 2017 c 164 s 1 are each amended to
5 read as follows:

6 (1) Except as provided in subsection (7) of this section, the
7 governing body of a public facilities district (a) created before
8 July 31, 2002, under chapter 35.57 or 36.100 RCW that commenced
9 construction of at least one new regional center, or improvement or
10 rehabilitation of an existing new regional center, before January 1,
11 2004; (b) created before July 1, 2006, under chapter 35.57 RCW in a
12 county or counties in which there are no other public facilities
13 districts on June 7, 2006, and in which the total population in the
14 public facilities district is greater than ninety thousand that
15 commenced construction of a new regional center before February 1,
16 2007; (c) created under the authority of RCW 35.57.010(1)(d); or (d)
17 created before September 1, 2007, under chapter 35.57 or 36.100 RCW,
18 in a county or counties in which there are no other public facilities
19 districts on July 22, 2007, and in which the total population in the
20 public facilities district is greater than seventy thousand, that
21 commenced construction of a new regional center before January 1,

1 2009, or before January 1, 2011, in the case of a new regional center
2 in a county designated by the president as a disaster area in
3 December 2007, may impose a sales and use tax in accordance with the
4 terms of this chapter. The tax is in addition to other taxes
5 authorized by law and must be collected from those persons who are
6 taxable by the state under chapters 82.08 and 82.12 RCW upon the
7 occurrence of any taxable event within the public facilities
8 district. The rate of tax may not exceed 0.033 percent of the selling
9 price in the case of a sales tax or value of the article used in the
10 case of a use tax.

11 (2)(a) The governing body of a public facilities district
12 imposing a sales and use tax under the authority of this section may
13 increase the rate of tax up to 0.037 percent if, within three fiscal
14 years of July 1, 2008, the department determines that, as a result of
15 RCW 82.14.490 and the chapter 6, Laws of 2007 amendments to RCW
16 82.14.020, a public facilities district's sales and use tax
17 collections for fiscal years after July 1, 2008, have been reduced by
18 a net loss of at least 0.50 percent from the fiscal year before July
19 1, 2008. The fiscal year in which this section becomes effective is
20 the first fiscal year after July 1, 2008.

21 (b) The department must determine sales and use tax collection
22 net losses under this section (~~(as provided in RCW 82.14.500 (2) and~~
23 ~~(3))~~). The department must provide written notice of its
24 determinations to public facilities districts. Determinations by the
25 department of a public facilities district's sales and use tax
26 collection net losses as a result of RCW 82.14.490 and the chapter 6,
27 Laws of 2007 amendments to RCW 82.14.020 are final and not
28 appealable.

29 (c) A public facilities district may increase its rate of tax
30 after it has received written notice from the department as provided
31 in (b) of this subsection. The increase in the rate of tax must be
32 made in 0.001 percent increments and must be the least amount
33 necessary to mitigate the net loss in sales and use tax collections
34 as a result of RCW 82.14.490 and the chapter 6, Laws of 2007
35 amendments to RCW 82.14.020. The increase in the rate of tax is
36 subject to RCW 82.14.055.

37 (3) The tax imposed under subsection (1) of this section must be
38 deducted from the amount of tax otherwise required to be collected or
39 paid over to the department of revenue under chapter 82.08 or 82.12
40 RCW. The department of revenue must perform the collection of such

1 taxes on behalf of the county at no cost to the public facilities
2 district. During the 2011-2013 fiscal biennium, distributions by the
3 state to a public facilities district based on the additional rate
4 authorized in subsection (2) of this section must be reduced by 3.4
5 percent.

6 (4) No tax may be collected under this section before August 1,
7 2000. The tax imposed in this section expires when bonds issued to
8 finance or refinance the construction, improvement, rehabilitation,
9 or expansion of ~~((the))~~ a regional center and related parking
10 facilities are retired, but not more than ~~((forty))~~ 65 years after
11 the tax is first collected.

12 (5) Moneys collected under this section may only be used for the
13 purposes set forth in RCW 35.57.020 and must be matched with an
14 amount from other public or private sources equal to thirty-three
15 percent of the amount collected under this section; however, amounts
16 generated from nonvoter approved taxes authorized under chapter 35.57
17 RCW or nonvoter approved taxes authorized under chapter 36.100 RCW do
18 not constitute a public or private source. For the purpose of this
19 section, public or private sources includes, but is not limited to
20 cash or in-kind contributions used in all phases of the development
21 or improvement of the regional center, land that is donated and used
22 for the siting of the regional center, cash or in-kind contributions
23 from public or private foundations, or amounts attributed to private
24 sector partners as part of a public and private partnership agreement
25 negotiated by the public facilities district.

26 (6) The combined total tax levied under this section may not be
27 greater than 0.037 percent. If both a public facilities district
28 created under chapter 35.57 RCW and a public facilities district
29 created under chapter 36.100 RCW impose a tax under this section, the
30 tax imposed by a public facilities district created under chapter
31 35.57 RCW must be credited against the tax imposed by a public
32 facilities district created under chapter 36.100 RCW.

33 (7) A public facilities district created under chapter 36.100 RCW
34 is not eligible to impose the tax under this section if the
35 legislative authority of the county where the public facilities
36 district is located has imposed a sales and use tax under RCW
37 82.14.0485 or 82.14.0494.

38 **Sec. 2.** RCW 82.14.485 and 2017 c 164 s 2 are each amended to
39 read as follows:

1 (1) In a county with a population under three hundred thousand,
2 the governing body of a public facilities district, which is created
3 before August 1, 2001, under chapter 35.57 RCW or before January 1,
4 2000, under chapter 36.100 RCW, in which the total population in the
5 public facilities district is greater than ninety thousand and less
6 than one hundred thousand that commences improvement or
7 rehabilitation of an existing regional center, to be used for
8 community events, and artistic, musical, theatrical, or other
9 cultural exhibitions, presentations, or performances and having two
10 thousand or fewer permanent seats, before January 1, 2009, may impose
11 a sales and use tax in accordance with the terms of this chapter. The
12 tax is in addition to other taxes authorized by law and must be
13 collected from those persons who are taxable by the state under
14 chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event
15 within the public facilities district. The rate of tax for a public
16 facilities district created prior to August 1, 2001, under chapter
17 35.57 RCW, may not exceed 0.025 percent of the selling price in the
18 case of a sales tax or value of the article used in the case of a use
19 tax. The rate of tax, for a public facilities district created prior
20 to January 1, 2000, under chapter 36.100 RCW, may not exceed 0.020
21 percent of the selling price in the case of a sales tax or the value
22 of the article used in the case of a use tax.

23 (2) The tax imposed under subsection (1) of this section must be
24 deducted from the amount of tax otherwise required to be collected or
25 paid over to the department under chapter 82.08 or 82.12 RCW. The
26 department must perform the collection of such taxes on behalf of the
27 county at no cost to the public facilities district.

28 (3) The tax imposed in this section expires when bonds issued to
29 finance or refinance the construction, improvement, rehabilitation,
30 or expansion of ~~((the))~~ a regional center and related parking
31 facilities are retired, but not more than ~~((forty))~~ 65 years after
32 the tax is first collected.

33 (4) Moneys collected under this section may only be used for the
34 purposes set forth in RCW 35.57.020 and must be matched with an
35 amount from other public or private sources equal to thirty-three
36 percent of the amount collected under this section, provided that
37 amounts generated from nonvoter-approved taxes authorized under
38 chapter 35.57 RCW may not constitute a public or private source. For
39 the purpose of this section, public or private sources include, but
40 are not limited to cash or in-kind contributions used in all phases

1 of the development or improvement of the regional center, land that
2 is donated and used for the siting of the regional center, cash or
3 in-kind contributions from public or private foundations, or amounts
4 attributed to private sector partners as part of a public and private
5 partnership agreement negotiated by the public facilities district.

6 **Sec. 3.** RCW 36.100.040 and 2018 c 245 s 2 are each amended to
7 read as follows:

8 (1) A public facilities district may impose an excise tax on the
9 sale of or charge made for the furnishing of lodging that is subject
10 to tax under chapter 82.08 RCW, except that no such tax may be levied
11 on any premises having fewer than forty lodging units. Except for any
12 tax imposed under subsection (4) or (5) of this section, if a public
13 facilities district has not imposed such an excise tax prior to
14 December 31, 1995, the public facilities district may only impose the
15 excise tax if a ballot proposition authorizing the imposition of the
16 tax has been approved by a simple majority vote of voters of the
17 public facilities district voting on the proposition.

18 (2) The rate of the tax may not exceed two percent and the
19 proceeds of the tax may only be used for the acquisition, design,
20 construction, remodeling, maintenance, equipping, reequipping,
21 repairing, and operation of its public facilities. This excise tax
22 may not be imposed until the district has approved the proposal to
23 acquire, design, and construct the public facilities.

24 (3) Except for a public facilities district created within a
25 county with a population of one million five hundred thousand or more
26 for the purpose of acquiring, owning, and operating a convention and
27 trade center, a public facilities district may not impose the tax
28 authorized in this section if, after the tax authorized in this
29 section was imposed, the effective combined rate of state and local
30 excise taxes, including sales and use taxes and excise taxes on
31 lodging, imposed on the sale of or charge made for furnishing of
32 lodging in any jurisdiction in the public facilities district exceeds
33 eleven and one-half percent.

34 (4)(a) To replace the tax authorized by RCW 67.40.090, a public
35 facilities district created within a county with a population of one
36 million five hundred thousand or more for the purpose of acquiring,
37 owning, operating, renovating, and expanding a convention and trade
38 center may impose an excise tax on the sale of or charge made for the
39 furnishing of lodging (including but not limited to any short-term

1 rental) that is subject to tax under chapter 82.08 RCW, except that
2 no such tax may be levied on:

3 (i) Any premises:

4 (A) Having fewer than sixty lodging units if the premises is
5 located in a town with a population less than three hundred; or

6 (B) Classified as a hostel;

7 (ii) Any lodging that is concurrently subject to a tax on
8 engaging in the business of being a short-term rental operator
9 imposed by a city in which a convention and trade center is located;
10 or

11 (iii) Any lodging that is operated by a university health care
12 system exclusively for family members of patients.

13 (b) The rate of the tax may not exceed seven percent within the
14 portion of the district that corresponds to the boundaries of the
15 largest city within the public facilities district and may not exceed
16 2.8 percent in the remainder of the district. The tax imposed under
17 this subsection (4) may not be collected prior to the transfer date
18 defined in RCW 36.100.230.

19 (5) To replace the tax authorized by RCW 67.40.130, a public
20 facilities district created within a county with a population of one
21 million five hundred thousand or more for the purpose of acquiring,
22 owning, operating, renovating, and expanding a convention and trade
23 center may impose an additional excise tax on the sale of or charge
24 made for the furnishing of lodging (including but not limited to any
25 short-term rental) that is subject to tax under chapter 82.08 RCW,
26 except that no such tax may be levied on any premises: (a) Having
27 fewer than sixty lodging units if the premises is located in a town
28 with a population less than three hundred; or (b) classified as a
29 hostel. The rate of the additional excise tax may not exceed two
30 percent and may be imposed only within the portion of the district
31 that corresponds to the boundaries of the largest city within the
32 public facilities district and may not be imposed in the remainder of
33 the district. The tax imposed under this subsection (5) may not be
34 collected prior to the transfer date specified in RCW 36.100.230. The
35 tax imposed under this subsection (5) must be credited against the
36 amount of the tax otherwise due to the state from those same
37 taxpayers under chapter 82.08 RCW. The tax under this subsection (5)
38 may be imposed only for the purpose of paying or securing the payment
39 of the principal of and interest on obligations issued or incurred by
40 the public facilities district and paying annual payment amounts to

1 the state under subsection (6)(a) of this section. The authority to
2 impose the additional excise tax under this subsection (5) expires on
3 the date that is the earlier of (i) July 1, 2029, or (ii) the date on
4 which all obligations issued or incurred by the public facilities
5 district to implement any redemption, prepayment, or legal defeasance
6 of outstanding obligations under RCW 36.100.230(3)(a) are no longer
7 outstanding.

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

14 (b) For the purposes of this subsection (6), "annual payment
15 amount" means an amount equal to revenues received by the public
16 facilities district in the fiscal year from the additional excise tax
17 imposed under subsection (5) of this section plus an interest charge
18 calculated on one-half the annual payment amount times an interest
19 rate equal to the average annual rate of return for the prior
20 calendar year in the Washington state local government investment
21 pool created in chapter 43.250 RCW.

22 (c)(i) If the public facilities district in any fiscal year is
23 required to apply additional lodging excise tax revenues to the
24 payment of principal and interest on obligations it issues or incurs,
25 and the public facilities district is unable to pay all or any
26 portion of the annual payment amount to the state, the deficiency is
27 deemed to be a loan from the state to the public facilities district
28 for the purpose of assisting the district in paying such principal
29 and interest and must be repaid by the public facilities district to
30 the state after providing for the payment of the principal of and
31 interest on obligations issued or incurred by the public facilities
32 district, all on terms established by an agreement between the state
33 treasurer and the public facilities district executed prior to the
34 transfer date. Any agreement between the state treasurer and the
35 public facilities district must specify the term for the repayment of
36 the deficiency in the annual payment amount with an interest rate
37 equal to the twenty bond general obligation bond buyer index plus one
38 percentage point.

39 (ii) Outstanding obligations to repay any loans deemed to have
40 been made to the public facilities district as provided in any such

1 agreements between the state treasurer and the public facilities
2 district survive the expiration of the additional excise tax under
3 subsection (5) of this section.

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

7 (7) A public facilities district is authorized to pledge any of
8 its revenues, including without limitation revenues from the taxes
9 authorized in this section, to pay or secure the payment of
10 obligations issued or incurred by the public facilities district,
11 subject to the terms established by the board of directors of the
12 public facilities district. So long as a pledge of the taxes
13 authorized under this section is in effect, the legislature may not
14 withdraw or modify the authority to levy and collect the taxes at the
15 rates permitted under this section and may not increase the annual
16 payment amount to be transferred to the state under subsection (6) of
17 this section.

18 (8) The department of revenue must perform the collection of such
19 taxes on behalf of the public facilities district at no cost to the
20 district, and the state treasurer must distribute those taxes as
21 available on a monthly basis to the district or, upon the direction
22 of the district, to a fiscal agent, paying agent, or trustee for
23 obligations issued or incurred by the district.

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

28 (10) In determining the effective combined rate of tax for
29 purposes of the limit in subsection (3) of this section, the tax rate
30 under RCW 82.14.530 is not included.

31 (11) The taxes imposed in this section do not apply to sales of
32 temporary medical housing exempt under RCW 82.08.997.

33 (12) The definitions in this subsection apply throughout this
34 section unless the context clearly requires otherwise.

35 (a) (i) "Hostel" means a structure or facility where a majority of
36 the rooms for sleeping accommodations are hostel dormitories
37 containing a minimum of four standard beds designed for single-person
38 occupancy within the facility. Hostel accommodations are supervised
39 and must include at least one common area and at least one common
40 kitchen for guest use.

1 (ii) For the purpose of this subsection (12)(a), "hostel
2 dormitory" means a single room, containing four or more standard beds
3 designed for single-person occupancy, used exclusively as nonprivate
4 communal sleeping quarters, generally for unrelated persons, where
5 such persons independently acquire the right to occupy individual
6 beds, with the operator supervising and determining which bed each
7 person will occupy.

8 (b) "Short-term rental" means a lodging use, that is not a hotel
9 or motel, in which a dwelling unit, or portion thereof, that is
10 offered or provided to a guest or guests by a short-term rental
11 operator for a fee for fewer than thirty consecutive nights. The term
12 "short-term rental" does not include:

13 (i) A dwelling unit, or portion thereof, that is used by the same
14 person for thirty or more consecutive nights; and

15 (ii) A dwelling unit, or portion thereof, that is operated by an
16 organization or government entity that is registered as a charitable
17 organization with the secretary of state, state of Washington, and/or
18 is classified by the federal internal revenue service as a public
19 charity or a private foundation, and provides temporary housing to
20 individuals who are being treated for trauma, injury, or disease
21 and/or their family members.

22 (13) Taxes authorized under subsections (4) and (5) of this
23 section are deemed to have been imposed on December 1, 2000, for the
24 purposes of RCW 82.14.410.

25 (14)(a) Beginning on the date that the condition in (b) of this
26 subsection is satisfied, a public facilities district created within
27 a county with a population of one million five hundred thousand or
28 more for the purpose of acquiring, owning, operating, renovating, and
29 expanding a convention and trade center must make quarterly payments
30 from tax revenue collected by a public facilities district as a
31 result of the tax imposed in chapter 245, Laws of 2018 to a city in
32 which the convention and trade center is located that has authorized
33 on or before December 31, 2017, a tax on engaging in the business of
34 being a short-term rental operator. Such payments must be made no
35 more than thirty days after the last day of each fiscal quarter and
36 must equal the portion of the revenues received by the public
37 facilities district during such fiscal quarter from the lodging taxes
38 authorized under subsection (4) of this section that are determined
39 by the department of revenue to be derived from the short-term rental
40 activity within such city.

1 (b) The public facilities district is not required to make any
2 payments under this subsection (14) unless the city has repealed any
3 ordinance authorizing a tax on engaging in the business of being a
4 short-term rental operator.

5 (c) The public facilities district is not required to make any
6 payments to a city under this subsection (14), if the city, after
7 satisfying the condition in (b) of this subsection imposes any tax
8 specifically on the act of engaging in the business of being a short-
9 term rental operator.

10 (d) The proceeds of any payments made by a public facilities
11 district to a city under this subsection (14) must be used by the
12 city to support community-initiated equitable development and
13 affordable housing programs, as determined by the city in its sole
14 discretion.

15 (15) Fifty percent of any tax revenue collected by a public
16 facilities district as a result of the tax imposed in chapter 245,
17 Laws of 2018 must be distributed by the public facilities district to
18 the county in which the convention and trade center is located.
19 However, if a city has satisfied the condition in subsection (14)(b)
20 of this section, payments made under this subsection to the county in
21 which the convention and trade center is located must be calculated
22 after deducting any payments made to a city under subsection (14) of
23 this section from the total tax revenue received by the public
24 facilities district as a result of the enactment of chapter 245, Laws
25 of 2018. The proceeds of such payments to a county under this
26 subsection (15) must be used by the county to support community-
27 initiated equitable development and affordable housing programs, as
28 determined by the county, in its sole discretion.

29 **Sec. 4.** RCW 36.100.130 and 1995 c 396 s 10 are each amended to
30 read as follows:

31 (1) Each member of the board of directors of the public
32 facilities district may receive compensation of (~~(fifty dollars)~~)
33 \$100 per day for attending meetings or conferences on behalf of the
34 district, not to exceed (~~(three thousand dollars)~~) \$6,000 per year. A
35 director may waive all or a portion of his or her compensation under
36 this section as to a month or months during his or her term of
37 office, by a written waiver filed with the public facilities
38 district. The compensation provided in this section is in addition to

1 reimbursement for expenses paid to the directors by the public
2 facilities district.

3 (2) The dollar thresholds established in this section must be
4 adjusted for inflation by the office of financial management every
5 five years, beginning January 1, 2029, based upon changes in the
6 consumer price index during that time period. The office of financial
7 management must calculate the new dollar threshold and transmit it to
8 the office of the code reviser for publication in the Washington
9 State Register at least one month before the new dollar threshold is
10 to take effect. For purposes of this section, the office of financial
11 management shall use that year's annual average consumer price index,
12 for Washington state, for wage earners and clerical workers, all
13 items, compiled by the bureau of labor and statistics, United States
14 department of labor, as the consumer price index. If the bureau of
15 labor and statistics develops more than one consumer price index for
16 areas within the state, the index covering the greatest number of
17 people, covering areas exclusively within the boundaries of the
18 state, and including all items must be used for the adjustments for
19 inflation in this section.

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