

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 5868 SB	<b>Title:</b> Lodging services/tax exem.
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## Estimated Cash Receipts

NONE

Local Gov. Courts *						
Loc School dist-SPI						
Local Gov. Other **		(149,000)		(170,000)		(170,000)
Local Gov. Total		(149,000)		(170,000)		(170,000)

## Estimated Expenditures

Agency Name	2015-17			2017-19			2019-21		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Department of Revenue	.0	2,900	2,900	.0	0	0	.0	0	0
<b>Total</b>	<b>0.0</b>	<b>\$2,900</b>	<b>\$2,900</b>	<b>0.0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>	<b>\$0</b>	<b>\$0</b>

## Estimated Capital Budget Impact

NONE

<b>Prepared by:</b> Kathy Cody, OFM	<b>Phone:</b> (360) 902-9822	<b>Date Published:</b> Final 2/19/2015
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\* See Office of the Administrator for the Courts judicial fiscal note

\*\* See local government fiscal note

ENPID: 39895

# Department of Revenue Fiscal Note

<b>Bill Number:</b> 5868 SB	<b>Title:</b> Lodging services/tax exem.	<b>Agency:</b> 140-Department of Revenue
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Expenditures from:**

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years	0.1		0.0		
<b>Account</b>					
GF-STATE-State 001-1	2,900		2,900		
<b>Total \$</b>	2,900		2,900		

**Estimated Capital Budget Impact:**

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Dean Carlson	Phone: (360)786-7305	Date: 02/11/2015
Agency Preparation: Diana Tibbetts	Phone: 360-534-1520	Date: 02/12/2015
Agency Approval: Don Gutmann	Phone: 360-534-1510	Date: 02/12/2015
OFM Review: Kathy Cody	Phone: (360) 902-9822	Date: 02/12/2015

Request # 5868-1-1

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

Currently, hostel lodging rentals are subject to convention and trade center tax under RCW 36.100.040.

This legislation exempts hostel lodging from the convention and trade center tax under RCW 36.100.040. "Hostel" is defined as a structure or facility where a majority of the rooms for sleeping accommodations are hostel dormitories containing a minimum of four standard beds designed for single-person occupancy within the facility. Hostel accommodations are supervised and must include at least one common area and at least one common kitchen for guest use.

This legislation takes effect August 1, 2015.

### II. B - Cash receipts Impact

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

#### ASSUMPTIONS

- Approximately 200 businesses report Convention Center Tax in King County.
- This legislation appears to affect one taxpayer, the American Hotel in Seattle. The American Hotel is a hostel and part of Hostelling International.
- The taxable income subject to the convention center tax will remain fairly constant over the length of the fiscal note.

#### DATA SOURCES

- Department of Revenue data
- HostelHandbook.com
- Hostels.com

#### REVENUE ESTIMATES

No impact to state revenues.

The Washington State Convention Center Public Facilities District will lose an estimated \$85,000 per fiscal year.

#### TOTAL REVENUE IMPACT:

State Government (cash basis, \$000): None.

Local Government, if applicable (cash basis, \$000):

FY 2016 -	\$ (64)
FY 2017 -	\$ (85)
FY 2018 -	\$ (85)
FY 2019 -	\$ (85)
FY 2020 -	\$ (85)
FY 2021 -	\$ (85)

**II. C - Expenditures**

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

**ASSUMPTIONS:**

- A taxpayer claiming this new tax preference must explicitly report the amount of excluded income. This requires a new deduction on the combined excise tax return (RCW 82.32.808).

**FIRST YEAR COSTS:**

The Department of Revenue will incur total costs of \$2,900 in Fiscal Year 2016. These costs include time and effort to amend one administrative rule.

**ONGOING COSTS:**

There are no ongoing costs as a result of this legislation.

**Part III: Expenditure Detail**

**III. A - Expenditures by Object Or Purpose**

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years	0.1		0.0		
A-Salaries and Wages	1,900		1,900		
B-Employee Benefits	600		600		
E-Goods and Other Services	200		200		
J-Capital Outlays	200		200		
<b>Total \$</b>	<b>\$2,900</b>		<b>\$2,900</b>		

**III. B - Detail:** List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

Job Classification	Salary	FY 2016	FY 2017	2015-17	2017-19	2019-21
ADM ASST 5	47,014	0.0		0.0		
EMS BAND 4	103,896	0.0		0.0		
HEARINGS SCHEDULER	32,688	0.0		0.0		
TAX POLICY SP 2	61,628	0.0		0.0		
TAX POLICY SP 3	69,756	0.0		0.0		
TAX POLICY SP 4	75,080	0.0		0.0		
<b>Total FTE's</b>	<b>390,062</b>	<b>0.1</b>		<b>0.1</b>		

**Part IV: Capital Budget Impact**

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

None.

**Part V: New Rule Making Required**

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Should this legislation become law, the Department of Revenue will use the expedited process to amend WAC 458-20-166, titled: "Hotels, motels, boarding houses, rooming houses, resorts, summer camps, trailers camps, etc." Persons affected by this rule-making would include all businesses operating a per bed, shared-room lodging facility.

# LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

<b>Bill Number:</b> 5868 SB	<b>Title:</b> Lodging services/tax exem.
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**Part I: Jurisdiction**—Location, type or status of political subdivision defines range of fiscal impacts.

**Legislation Impacts:**

- Cities:
- Counties:
- Special Districts: Lodging tax revenue loss for the Washington State Convention Center Public Facilities District
- Specific jurisdictions only: Only impact on taxpayer in Seattle so only the Washington State Convention Center Public Facilities District is impacted
- Variance occurs due to:

**Part II: Estimates**

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option:
- Key variables cannot be estimated with certainty at this time:

**Estimated revenue impacts to:**

Jurisdiction	FY 2016	FY 2017	2015-17	2017-19	2019-21
Special District	(64,000)	(85,000)	(149,000)	(170,000)	(170,000)
<b>TOTAL \$</b>	(64,000)	(85,000)	(149,000)	(170,000)	(170,000)
<b>GRAND TOTAL \$</b>					(489,000)

**Estimated expenditure impacts to:**

None

**Part III: Preparation and Approval**

Fiscal Note Analyst: Darleen Muhly	Phone: (360) 725-5030	Date: 02/18/2015
Leg. Committee Contact: Dean Carlson	Phone: (360)786-7305	Date: 02/11/2015
Agency Approval: Steve Salmi	Phone: (360) 725 5034	Date: 02/18/2015
OFM Review: Kathy Cody	Phone: (360) 902-9822	Date: 02/19/2015

## **Part IV: Analysis**

### **A. SUMMARY OF BILL**

*Provide a clear, succinct description of the bill with an emphasis on how it impacts local government.*

This bill would exempt hostel lodging from the convention and trade center tax. "Hostel" is defined as a structure or facility where a majority of the rooms for sleeping accommodations are hostel dormitories containing a minimum of four standard beds designed for single-person occupancy within the facility. Hostel accommodations are supervised and must include at least one common area and at least one common kitchen for guest use.

### **B. SUMMARY OF EXPENDITURE IMPACTS**

*Briefly describe and quantify the expenditure impacts of the legislation on local governments, identifying the expenditure provisions by section number, and when appropriate, the detail of expenditures. Delineate between city, county and special district impacts.*

None

### **C. SUMMARY OF REVENUE IMPACTS**

*Briefly describe and quantify the revenue impacts of the legislation on local governments, identifying the revenue provisions by section number, and when appropriate, the detail of revenue sources. Delineate between city, county and special district impacts.*

According to the Department of Revenue fiscal note, this exemption would only apply to one taxpayer within the Washington State Convention Center Public Facilities District taxing district, resulting in a loss of \$85,000 to that district.

SOURCE:

Department of Revenue fiscal note