

Multiple Agency Fiscal Note Summary

Bill Number: 1763 HB	Title: Affordable housing funding
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Estimated Cash Receipts

Agency Name	2025-27			2027-29			2029-31		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Department of Revenue	0	0	72,200,000	0	0	102,400,000	0	0	107,400,000
Total \$	0	0	72,200,000	0	0	102,400,000	0	0	107,400,000

Agency Name	2025-27		2027-29		2029-31	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other		68,590,000		97,280,000		102,030,000
Local Gov. Total		68,590,000		97,280,000		102,030,000

Estimated Operating Expenditures

Agency Name	2025-27				2027-29				2029-31			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Office of State Treasurer	Fiscal note not available											
Department of Commerce	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Revenue	2.0	625,400	625,400	625,400	.6	143,600	143,600	143,600	.6	143,600	143,600	143,600
Total \$	2.0	625,400	625,400	625,400	0.6	143,600	143,600	143,600	0.6	143,600	143,600	143,600

Estimated Capital Budget Expenditures

Agency Name	2025-27			2027-29			2029-31		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of State Treasurer	Fiscal note not available								
Department of Commerce	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

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Prepared by: Megan Tudor, OFM	Phone: (360) 890-1722	Date Published: Preliminary 2/17/2025
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Individual State Agency Fiscal Note

Bill Number: 1763 HB	Title: Affordable housing funding	Agency: 103-Department of Commerce
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Part I: Estimates

☒ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

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: Rachelle Harris	Phone: 360-786-7137	Date: 01/30/2025
Agency Preparation: Paul Bitar	Phone: 3607014882	Date: 02/03/2025
Agency Approval: Paul Bitar	Phone: 3607014882	Date: 02/03/2025
OFM Review: Marie Davis	Phone: (360) 890-1163	Date: 02/14/2025

Part II: Narrative Explanation

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

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

HB 1763 would provide funding to local governments for essential affordable housing programs.

Section 1 would impose a new tax on lodging, to be administered by the Department of Revenue.

Section 3 would create a new account - the essential affordable housing local assistance account - which would receive receipts from the tax imposed in Section 1. The Washington State Treasury would disburse the funds in the account to cities and counties.

This bill would not have an impact on the Department of Commerce because Commerce would not be involved in the collection, administration, or disbursement of the tax created in the bill.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

No impact to cash receipts.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

No impact to expenditures.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

No impact to the capital budget.

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Department of Revenue Fiscal Note

Bill Number: 1763 HB	Title: Affordable housing funding	Agency: 140-Department of Revenue
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Account	FY 2026	FY 2027	2025-27	2027-29	2029-31
NEW-State 00 - 00 -	21,400,000	50,800,000	72,200,000	102,400,000	107,400,000
Total \$	21,400,000	50,800,000	72,200,000	102,400,000	107,400,000

Estimated Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	3.4	0.7	2.0	0.6	0.6
Account					
GF-STATE-State 001-1	539,400	86,000	625,400	143,600	143,600
Total \$	539,400	86,000	625,400	143,600	143,600

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: Rachelle Harris	Phone: (360) 786-7137	Date: 01/30/2025
Agency Preparation: Beth Leech	Phone: (360) 534-1513	Date: 01/31/2025
Agency Approval: Valerie Torres	Phone: (360) 534-1521	Date: 01/31/2025
OFM Review: Megan Tudor	Phone: (360) 890-1722	Date: 02/17/2025

Request # 1763-1-1

Part II: Narrative Explanation

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

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

CURRENT LAW:

Retail sales tax applies to the sales of lodging, including short-term rentals.

Cities and counties may impose a tax on sales of lodging to fund tourism promotion at a rate of up to 2.0%. However, certain cities and counties may impose this tax at a rate of up to 5.0%.

Cities and counties may also impose a state-shared tax on lodging sales to fund tourism promotion and tourism facility acquisitions and operations at a rate of up to 2.0%. This tax is credited against the state sales and use tax and does not increase the tax paid by consumers. Generally, cities within a county with a population of 1.5 million or more cannot impose this tax.

Except for certain exclusions, cities and counties may not impose a local sales tax on lodging sales that would increase the total state and local sales tax rate to more than 12% or the total state and local sales tax rate applying to lodging sales on December 1, 2000.

The state does not impose an additional excise tax on sales of short-term rental lodging facilitated through a short-term rental platform.

PROPOSAL:

Beginning January 1, 2026, this bill imposes a 6% excise tax on sales of short-term rental lodging facilitated through a short-term rental platform. The revenue from this excise tax must be deposited in the Essential Affordable Housing Local Assistance Account. This new excise tax is not subject to the lodging tax cap.

Short-term rental means a dwelling unit or a portion of a dwelling unit offered or provided to a guest by a short-term rental operator for a fee for fewer than 30 consecutive nights. Short-term rentals exclude hotels, motels, or bed and breakfast establishments.

A short-term rental operator is a person who receives payment for owning or operating a dwelling unit, or a portion of a dwelling unit, as a short-term rental unit.

A short-term rental platform is a person providing a means through which an operator may offer a dwelling unit or a portion of a dwelling unit for short-term rental use and from which the person or entity financially benefits.

This bill creates the Essential Affordable Housing Local Assistance Account in the state treasury. The state treasurer distributes money from this account to cities and counties on a monthly basis as follows:

- Counties receive the amounts from within the unincorporated areas of the county.
- Cities and towns receive the amounts from within the incorporated area of the city or town.

The local jurisdictions must use these distributions for the operating and capital costs of affordable housing programs.

EFFECTIVE DATE:

The bill takes effect 90 days after the final adjournment of the session.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

ASSUMPTIONS

- The annual growth rate reflects the S&P Global Market Intelligence November 2024 consumer spending for accommodations forecast.
- New fund: Essential Affordable Housing Local Assistance Account.
- New source: Special Excise Tax.
- This legislation is effective January 1, 2026, and impacts five months of collections in fiscal year 2026.

DATA SOURCES

- Department of Revenue, Excise tax data
- S&P Global Market Intelligence, November 2024 forecast for consumer spending for accommodations

REVENUE ESTIMATES

This bill increases state revenues by an estimated \$21.4 million in the five months of impacted collections in fiscal year 2026, and by \$50.8 million in fiscal year 2027, the first full year of impacted collections.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2026 -	\$ 21,400
FY 2027 -	\$ 50,800
FY 2028 -	\$ 50,900
FY 2029 -	\$ 51,500
FY 2030 -	\$ 52,900
FY 2031 -	\$ 54,500

Local Government, if applicable (cash basis, \$000): None

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

ASSUMPTIONS:

This bill affects 50 taxpayers.

FIRST YEAR COSTS:

The department will incur total costs of \$539,400 in fiscal year 2026. These costs include:

- Labor Costs – Time and effort equate to 3.37 FTEs.
- Set up, program and test computer system changes.
 - Test, review, and adjust accounting reports.
 - Accounting activities for the new tax.
 - Respond to data requests and questions, compile statistics, and manage data.
 - Process tax return work items, assist taxpayers with reporting questions and respond to inquiries via email, web message and paper correspondence.
 - Examine accounts and make corrections as necessary.

Request # 1763-1-1

- Create special notice and update relevant information on the department's website.
- Meet with tribes with revenue-sharing compact agreements to discuss changes that would be appropriate to preserve the intended benefits of the negotiated compact.
- Amend three administrative rules.
- Adopt one administrative rule.

Object Costs - \$84,500.

- Computer system changes, including contract programming.
- Travel expenses for meetings with compacting tribes.

SECOND YEAR COSTS:

The department will incur total costs of \$86,000 in fiscal year 2027. These costs include:

Labor Costs – Time and effort equate to 0.7 FTE.

- Accounting activities for the new tax.
- Process tax return work items, assist taxpayers with reporting questions and respond to inquiries via email, web message and paper correspondence.
- Examine accounts and make corrections as necessary.
- Continued computer system testing, monitoring, and maintenance.
- Respond to data requests and questions, compile statistics, and manage data.

ONGOING COSTS:

Ongoing costs for the 2027-29 biennium equal \$143,600 and include similar activities described in the second-year costs. Time and effort equate to 0.6 FTE.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	3.4	0.7	2.0	0.6	0.6
A-Salaries and Wages	288,300	54,700	343,000	91,200	91,200
B-Employee Benefits	103,800	19,700	123,500	32,800	32,800
C-Professional Service Contracts	74,700		74,700		
E-Goods and Other Services	49,400	10,200	59,600	17,200	17,200
G-Travel	9,800		9,800		
J-Capital Outlays	13,400	1,400	14,800	2,400	2,400
Total \$	\$539,400	\$86,000	\$625,400	\$143,600	\$143,600

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

Job Classification	Salary	FY 2026	FY 2027	2025-27	2027-29	2029-31
EMS BAND 4	135,635	0.0		0.0		
EMS BAND 5	158,451	0.0		0.0		
EXCISE TAX EX 2	59,844	0.2	0.1	0.2	0.1	0.1
EXCISE TAX EX 3	66,012	0.3	0.1	0.2	0.1	0.1
EXCISE TAX EX 4	72,924	0.3	0.1	0.2	0.1	0.1
FISCAL ANALYST 4	67,716	0.1	0.1	0.1	0.1	0.1
IT B A-JOURNEY	94,728	1.0	0.2	0.6	0.2	0.2
IT QA-SR/SPEC	104,412	0.1		0.1		
IT SYS ADM-JOURNEY	99,444	0.2		0.1		
MGMT ANALYST4	78,468	0.1		0.1		
TAX INFO SPEC 1	47,988	0.1		0.1		
TAX POLICY SP 2	80,460	0.2		0.1		
TAX POLICY SP 3	91,068	0.3	0.1	0.2		
TAX POLICY SP 4	98,040	0.1		0.1		
WMS BAND 2	101,410	0.2		0.1		
WMS BAND 3	115,352	0.1		0.1		
Total FTEs		3.4	0.7	2.1	0.6	0.6

III. C - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Should this legislation become law, the department will use the expedited process to amend the following rules:

- WAC 458-20-118, titled: "Sale or rental of real estate, license to use real estate."
- WAC 458-20-166, titled: "Hotels, motels, boarding houses, rooming houses, resorts, hostels, trailer camps, short-term rentals and similar lodging businesses."
- WAC 458-20-282, titled: "Marketplace tax collection and reporting."

Should this legislation become law, the department will use the standard process to adopt WAC 458-20-NEW, titled: "Short term rental platforms."

This rulemaking would affect businesses operating short-term rental platforms.

Request # 1763-1-1

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1763 HB	Title: Affordable housing funding
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Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☒ Cities: revenue increase
- ☒ Counties: revenue increase
- ☐ Special Districts:
- ☐ Specific jurisdictions only:
- ☐ 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: which local governments will have eligible short-term rental sale transactions within their jurisdictions, and which local governments will receive this revenue, how distribution of revenue will occur

Estimated revenue impacts to:

Jurisdiction	FY 2026	FY 2027	2025-27	2027-29	2029-31
City	15,247,500	36,195,000	51,442,500	72,960,000	76,522,500
County	5,082,500	12,065,000	17,147,500	24,320,000	25,507,500
TOTAL \$	20,330,000	48,260,000	68,590,000	97,280,000	102,030,000
GRAND TOTAL \$	267,900,000				

Estimated expenditure impacts to:

None

Part III: Preparation and Approval

Fiscal Note Analyst: Angie Hong	Phone: 360-725-5041	Date: 02/07/2025
Leg. Committee Contact: Rachelle Harris	Phone: 360-786-7137	Date: 01/30/2025
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 02/07/2025
OFM Review: Megan Tudor	Phone: (360) 890-1722	Date: 02/17/2025

Part IV: Analysis

A. SUMMARY OF BILL

Description of the bill with an emphasis on how it impacts local government.

This bill creates a 6% excise tax on sales of short-term rental lodging facilitated through a short-term rental platform.

“Short-term rental,” “short-term rental operator,” and “short-term rental platform” are defined.

The revenue generated must be deposited in a state account: the Essential Affordable Housing Local Assistance Account, which is distributed to cities and counties on a monthly basis as follows:

- Counties receive the amounts from within the unincorporated areas of the county.
- Cities and towns receive the amounts from within the incorporated area of the city or town.

Local governments must use these distributions for the operating and capital costs of affordable housing programs.

B. SUMMARY OF EXPENDITURE IMPACTS

Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.

This bill will not impact local government expenditures.

C. SUMMARY OF REVENUE IMPACTS

Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.

This bill will create an excise tax revenue that will go into a state account and be distributed to local governments.

Primarily, the state will receive this revenue. Secondly, local governments will receive this revenue to be used for the operating and capital costs of affordable housing programs.

LGFN ASSUMPTIONS

1. The total amount of generated revenue that local governments will receive equals the total revenue referenced in the Dept. of Revenue’s fiscal note minus a 5% administrative fee.
2. The location of the short-term rental being sold determines the recipient local government receiving the revenue from the transaction.
3. A one-quarter/three-quarters split between counties (1/4) and cities (3/4) is assumed.

DOR-referenced totals

FY 2026 -	\$ 21,400,000
FY 2027 -	\$ 50,800,000
FY 2028 -	\$ 50,900,000
FY 2029 -	\$ 51,500,000
FY 2030 -	\$ 52,900,000
FY 2031 -	\$ 54,500,000

COUNTIES

FY 2026	\$5,082,500
FY 2027	\$12,065,000
FY 2028	\$12,088,750
FY 2029	\$12,231,250
FY 2030	\$12,563,750
FY 2031	\$12,943,750

CITIES

FY 2026	\$15,247,500
FY 2027	\$36,195,000
FY 2028	\$36,266,250
FY 2029	\$36,693,750
FY 2030	\$37,691,250
FY 2031	\$38,831,250

It is unknown which local governments will have eligible short-term rental sales within their boundaries and which local governments will receive this revenue.

SOURCES

Washington State Dept. of Revenue



Multiple Agency Ten-Year Analysis Summary

Bill Number	Title
1763 HB	Affordable housing funding

This ten-year analysis is limited to the estimated cash receipts associated with the proposed tax or fee increases.

Estimated Cash Receipts

	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	Fiscal Year 2032	Fiscal Year 2033	Fiscal Year 2034	Fiscal Year 2035	2026-35 TOTAL
Department of Commerce	0	0	0	0	0	0	0	0	0	0	0
Department of Revenue	21,400,000	50,800,000	50,900,000	51,500,000	52,900,000	54,500,000	55,400,000	56,500,000	58,100,000	59,700,000	511,700,000
Total	21,400,000	50,800,000	50,900,000	51,500,000	52,900,000	54,500,000	55,400,000	56,500,000	58,100,000	59,700,000	511,700,000



Ten-Year Analysis

Bill Number 1763 HB	Title Affordable housing funding	Agency 103 Department of Commerce
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☒ **No Cash Receipts** ☐ **Partially Indeterminate Cash Receipts** ☐ **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											
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Agency Preparation: Paul Bitar	Phone: 3607014882	Date: 2/3/2025 5:00:48 pm
Agency Approval: Paul Bitar	Phone: 3607014882	Date: 2/3/2025 5:00:48 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 1763 HB	Title Affordable housing funding	Agency 140 Department of Revenue
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☐ **No Cash Receipts**
☐ **Partially Indeterminate Cash Receipts**
☐ **Indeterminate Cash Receipts**

Estimated Cash Receipts

Name of Tax or Fee	Acct Code	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	Fiscal Year 2032	Fiscal Year 2033	Fiscal Year 2034	Fiscal Year 2035	2026-35 TOTAL
Special excise tax	NEW	21,400,000	50,800,000	50,900,000	51,500,000	52,900,000	54,500,000	55,400,000	56,500,000	58,100,000	59,700,000	511,700,000
Total		21,400,000	50,800,000	50,900,000	51,500,000	52,900,000	54,500,000	55,400,000	56,500,000	58,100,000	59,700,000	511,700,000
Biennial Totals		72,200,000	102,400,000		107,400,000		111,900,000		117,800,000		511,700,000	

Narrative Explanation (Required for Indeterminate Cash Receipts)

CURRENT LAW:

Retail sales tax applies to the sales of lodging, including short-term rentals.

Cities and counties may impose a tax on sales of lodging to fund tourism promotion at a rate of up to 2.0%. However, certain cities and counties may impose this tax at a rate of up to 5.0%.

Cities and counties may also impose a state-shared tax on lodging sales to fund tourism promotion and tourism facility acquisitions and operations at a rate of up to 2.0%. This tax is credited against the state sales and use tax and does not increase the tax paid by consumers. Generally, cities within a county with a population of 1.5 million or more cannot impose this tax.

Except for certain exclusions, cities and counties may not impose a local sales tax on lodging sales that would increase the total state and local sales tax rate to more than 12% or the total state and local sales tax rate applying to lodging sales on December 1, 2000.

The state does not impose an additional excise tax on sales of short-term rental lodging facilitated through a short-term rental platform.

PROPOSAL:



Ten-Year Analysis

Bill Number	Title	Agency
1763 HB	Affordable housing funding	140 Department of Revenue

This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Narrative Explanation (Required for Indeterminate Cash Receipts)

Beginning January 1, 2026, this bill imposes a 6% excise tax on sales of short-term rental lodging facilitated through a short-term rental platform. The revenue from this excise tax must be deposited in the Essential Affordable Housing Local Assistance Account. This new excise tax is not subject to the lodging tax cap.

Short-term rental means a dwelling unit or a portion of a dwelling unit offered or provided to a guest by a short-term rental operator for a fee for fewer than 30 consecutive nights. Short-term rentals exclude hotels, motels, or bed and breakfast establishments.

A short-term rental operator is a person who receives payment for owning or operating a dwelling unit, or a portion of a dwelling unit, as a short-term rental unit.

A short-term rental platform is a person providing a means through which an operator may offer a dwelling unit or a portion of a dwelling unit for short-term rental use and which the person or entity financially benefits.

This bill creates the Essential Affordable Housing Local Assistance Account in the state treasury. The state treasurer distributes money from this account to cities and counties on a monthly basis as follows:

- Counties receive the amounts from within the unincorporated areas of the county.
- Cities and towns receive the amounts from within the incorporated area of the city or town.

The local jurisdictions must use these distributions for the operating and capital costs of affordable housing programs.

EFFECTIVE DATE:

The bill takes effect 90 days after the final adjournment of the session.

ASSUMPTIONS

- The annual growth rate reflects the S&P Global Market Intelligence November 2024 consumer spending for accommodations forecast.
- New fund: Essential Affordable Housing Local Assistance Account.
- New source: Special Excise Tax.
- This legislation is effective January 1, 2026, and impacts five months of collections in fiscal year 2026.

DATA SOURCES

- Department of Revenue, Excise tax data
- S&P Global Market Intelligence, November 2024 forecast for consumer spending for accommodations



Ten-Year Analysis

Bill Number	Title	Agency
1763 HB	Affordable housing funding	140 Department of Revenue

This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Narrative Explanation (Required for Indeterminate Cash Receipts)

REVENUE ESTIMATES

This bill increases state revenues by an estimated \$21.4 million in the five months of impacted collections in fiscal year 2026, and by \$50.8 million in fiscal year 2027, the first full year of impacted collections.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2026 -	\$ 21,400
FY 2027 -	\$ 50,800
FY 2028 -	\$ 50,900
FY 2029 -	\$ 51,500
FY 2030 -	\$ 52,900
FY 2031 -	\$ 54,500

Local Government, if applicable (cash basis, \$000): None

Agency Preparation: Beth Leech	Phone: 360-534-1513	Date: 1/31/2025 11:52:04 an
Agency Approval: Valerie Torres	Phone: 360-534-1521	Date: 1/31/2025 11:52:04 an
OFM Review:	Phone:	Date: