

Multiple Agency Fiscal Note Summary

Bill Number: 5576 E S SB AMH FIN H2075.1	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
Office of State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total \$	0	0	0	0	0	0	0	0	0

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	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Local Gov. Total						

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	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Commerce	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Revenue	3.3	980,500	980,500	980,500	1.0	278,700	278,700	278,700	.8	202,000	202,000	202,000
Total \$	3.3	980,500	980,500	980,500	1.0	278,700	278,700	278,700	0.8	202,000	202,000	202,000

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	.0	0	0	.0	0	0	.0	0	0
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

Prepared by: Megan Tudor, OFM	Phone: (360) 890-1722	Date Published: Final 4/ 8/2025
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Individual State Agency Fiscal Note

Bill Number: 5576 E S SB AMI FIN H2075.1	Title: Affordable housing funding	Agency: 090-Office of State Treasurer
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

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: Jessica Van Horne	Phone: 360-786-7288	Date: 03/31/2025
Agency Preparation: Mandy Kaplan	Phone: (360) 902-8977	Date: 04/04/2025
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 04/04/2025
OFM Review: Megan Tudor	Phone: (360) 890-1722	Date: 04/07/2025

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.

ESSB 5576 AMH FIN H2075.1 creates the essential affordable housing local assistance account, coupled with the general fund as the recipient of the earnings from investments under RCW 43.84.092(4).

There will be some de-minimis work for OST which can be completed within current practices and resources.

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.

Projected cash flows are currently unavailable; therefore, estimated earnings from investments are indeterminable.

There may be an impact on the debt service limitation calculation. Changes to the earnings credited to the general fund impacts, by an equal amount, general state revenues.

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.

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

Part V: New Rule Making Required

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

Individual State Agency Fiscal Note

Bill Number: 5576 E S SB AMI FIN H2075.1	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: Jessica Van Horne	Phone: 360-786-7288	Date: 03/31/2025
Agency Preparation: John Triance	Phone: 360-725-2828	Date: 04/02/2025
Agency Approval: Hayley Tresenriter	Phone: 360-725-3042	Date: 04/02/2025
OFM Review: Marie Davis	Phone: (360) 890-1163	Date: 04/04/2025

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.

Section 1 changes the RCW amended from 82.14 to 82.02.

Section 1(1)(e), a new sub-subsection requires the Department of Commerce (Department) to deposit proceeds from the county tax on the last business day of each month, as required by subsection 5.

Section 1(5), a new subsection creates the essential affordable housing local assistance account in the state treasury and outlines how the funds may be utilized.

Section 1(6), a new subsection prevents the new tax from being imposed before April 1, 2026.

Section 1(7), a new subsection updates RCW 82.08, 82.12, and 82.32 to the local option of the tax so long as the RCWs may be applied.

The current version of the bill would not have an impact on the Department. The Department 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.

N/A

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 fiscal impact to the Department of Commerce.

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

N/A

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: 5576 E S SB AMI FIN H2075.1	Title: Affordable housing funding	Agency: 140-Department of Revenue
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	3.6	3.0	3.3	1.0	0.8
Account					
GF-STATE-State 001-1	571,000	409,500	980,500	278,700	202,000
Total \$	571,000	409,500	980,500	278,700	202,000

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: Jessica Van Horne	Phone: 60-786-7288	Date: 03/31/2025
Agency Preparation: Beth Leech	Phone: 60-534-1513	Date: 04/03/2025
Agency Approval: Marianne McIntosh	Phone: 60-534-1505	Date: 04/03/2025
OFM Review: Megan Tudor	Phone: (360) 890-1722	Date: 04/04/2025

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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.

Note: This fiscal note reflects House amendment AMH FIN H2075.1 to ESSB 5576, 2025 Legislative Session.

COMPARISON OF AMENDMENT WITH ENGROSSED SUBSTITUTE BILL:

This amendment allows the local jurisdiction to exclude short-term rentals located in a common interest community or exempt from any ordinance of the county, city, or town regulating or licensing short-term rentals or vacation lodging from the short-term rental tax.

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 consumers pay. 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. This is generally known as the lodging tax cap.

PROPOSAL:

This bill allows a county, city, or town to impose, without voter approval, a special excise tax of up to 4% on the sales of short-term rental lodging facilitated through a short-term rental platform. The local jurisdiction cannot impose this tax before April 1, 2026.

Any county ordinance or resolution must contain a provision allowing a credit against the county tax for the full amount of any city tax imposed upon the same taxable event. The tax may be imposed throughout the county for the county tax and in the city's corporate limits for the city tax.

The local jurisdiction may exclude short-term rentals:

- Located in a common interest community approved by the local jurisdiction as a resort, second home, or vacation community.
- Exempt from any ordinance of the local jurisdiction regulating or licensing short-term rentals or vacation lodging.

This new excise tax is not subject to the lodging tax cap.

This bill deposits the new taxes in the Essential Affordable Housing Local Assistance Account created in the state treasury. Counties, cities, and towns receive monthly distributions from the account.

A common interest community is a type of residential development in which people own individual units but also pay for a share of real estate taxes, insurance premiums, and maintenance or improvements to common elements or other units.

A short-term rental is 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.

Local jurisdictions must use these distributions for the operating and capital costs of affordable housing programs. Local jurisdictions authorizing this special excise tax must publish an annual report by March 1 of each year detailing how they spent the revenue from the tax in the prior year. The report must be available to the public.

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:

- Local jurisdictions currently levying the special hotel/motel lodging tax will levy this new lodging tax.
- A local jurisdiction will exclude one common interest community from this new lodging tax.
- The annual growth rate reflects the S&P Global Market Intelligence November 2024 Consumer Spending for Accommodations forecast.
- The Department of Revenue (department) receives the taxes from monthly taxpayers the month after the business collects the lodging tax from the consumer. Most local tax distributions occur the month after the department receives lodging taxes that businesses collect. This leads to a two-month delay in revenue impacts for local jurisdictions.
- Local jurisdictions will implement this tax on April 1, 2026, so this new lodging tax impacts one month of local 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 legislation results in no state revenue impact on taxes the department administers.

This bill increases local revenues by an estimated \$1.8 million in the one month of impacted collections in fiscal year 2026, and by \$21.0 million in fiscal year 2027, the first full year of impacted collections.

TOTAL REVENUE IMPACT:

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

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

FY 2026 - \$ 1,800
FY 2027 - \$ 21,000
FY 2028 - \$ 21,000

FY 2029 - \$ 21,300
FY 2030 - \$ 21,800
FY 2031 - \$ 22,500

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 \$571,000 in fiscal year 2026. These costs include:

Labor Costs – Time and effort equate to 3.61 FTEs.

- Set up, program, and test computer system changes.
- Gathering requirements, attending implementation meetings, and documenting and testing system changes.
- Manage the agency's internal and external forms.
- Respond to data requests and questions, compile statistics, and manage data.
- Create a special notice and update relevant information on the department's website.
 - 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.
- Meet with tribes to discuss local sales tax changes.
- Amend one administrative rule.

Object Costs - \$75,200.

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

SECOND YEAR COSTS:

The department will incur total costs of \$409,500 in fiscal year 2027. These costs include:

Labor Costs – Time and effort equate to 3.0 FTEs.

- Continued computer system testing, monitoring, and maintenance.
- 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.
 - Answer additional phone calls and counter inquiries from businesses, individuals, and accountants regarding tax questions and tax return preparation.
- Respond to data requests and questions, compile statistics, and manage data.

Object Costs - \$28,000.

- Computer system changes, including contract programming.

THIRD YEAR COSTS:

The department will incur total costs of \$177,700 in fiscal year 2028. These costs include:

Labor Costs – Time and effort equate to 1.2 FTE.

- Continued computer system testing, monitoring, and maintenance.

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- 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.

Object Costs - \$18,700.

- Computer system changes, including contract programming.

FOURTH YEAR COSTS:

The department will incur total costs of \$101,000 in fiscal year 2029. These costs include:

Labor Costs – Time and effort equate to 0.8 FTE.

- Continued computer system testing, monitoring, and maintenance.
- 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.

ONGOING COSTS:

Ongoing costs for the 2029-31 biennium equal \$202,000 and include similar activities described in the fourth-year costs. Time and effort equate to 0.8 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	3.6	3.0	3.3	1.0	0.8
A-Salaries and Wages	314,800	244,000	558,800	167,900	130,000
B-Employee Benefits	113,400	87,900	201,300	60,500	46,800
C-Professional Service Contracts	65,400	28,000	93,400	18,700	
E-Goods and Other Services	53,200	42,200	95,400	27,800	22,200
G-Travel	9,800		9,800		
J-Capital Outlays	14,400	7,400	21,800	3,800	3,000
Total \$	\$571,000	\$409,500	\$980,500	\$278,700	\$202,000

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		
EXCISE TAX EX 2	59,844	0.2	0.4	0.3	0.1	0.1
EXCISE TAX EX 3	66,012	0.6	0.7	0.7	0.2	0.2
EXCISE TAX EX 4	72,924	0.3	0.1	0.2	0.1	0.1
IT B A-JOURNEY	94,728	1.0	1.4	1.2	0.5	0.3
IT QA-SR/SPEC	104,412	0.1		0.1		
IT SYS ADM-JOURNEY	99,444	0.5	0.1	0.3		
MGMT ANALYST4	78,468	0.1		0.1		
TAX INFO SPEC 1	47,988		0.1	0.1		
TAX POLICY SP 2	80,460	0.1		0.0		
TAX POLICY SP 3	91,068	0.1	0.1	0.1		
TAX POLICY SP 4	98,040	0.1		0.1		
WEB DESIGNER & UI/UX	82,512	0.1		0.1		
SPECIALIST 3						
WMS BAND 2	101,410	0.3	0.1	0.2	0.1	0.1
WMS BAND 3	115,352	0.1		0.1		
Total FTEs		3.6	3.0	3.3	1.0	0.8

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 WAC 458-20-166, titled: "Hotels, motels, boarding houses, rooming houses, resorts, hostels, trailer camps, short-term rentals and similar lodging businesses." This rulemaking would affect short-term rental platforms.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 5576 E S SB AMI FIN H2075.1	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: potential sales tax revenue increase
- Counties: potential sales tax revenue increase
- Special Districts:
- Specific jurisdictions only:
- Variance occurs due to:

Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs: costs associated with passing an ordinance or adopting a resolution
- Legislation provides local option: local-option short-term rental tax, Cities and counties may impose a tax on sales of lodging
- 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:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated expenditure impacts to:

None

Part III: Preparation and Approval

Fiscal Note Analyst: Tammi Alexander	Phone: 360-725-5038	Date: 04/08/2025
Leg. Committee Contact: Jessica Van Horne	Phone: 360-786-7288	Date: 03/31/2025
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 04/08/2025
OFM Review: Megan Tudor	Phone: (360) 890-1722	Date: 04/08/2025

Part IV: Analysis

A. SUMMARY OF BILL

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

This fiscal note reflects language in ESSB 5576 AMH FIN H2075.1, 2025 Legislative Session.

CHANGES BETWEEN THIS AMENDED VERSION AND THE ENGROSSED SUBSTITUTE VERSION OF THE BILL:

This amended version allows the local jurisdiction to exclude short-term rentals located in a common interest community or exempt from any ordinance of the county, city, or town regulating or licensing short-term rentals or vacation lodging from the short-term rental tax.

SUMMARY OF CURRENT BILL:

This bill authorizes local governments to impose a special excise tax up to 4 percent on the furnishing of lodging of short-term rentals for affordable housing programs beginning April 1, 2026.

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.

CHANGES IN EXPENDITURE IMPACTS BETWEEN THIS AMENDED VERSION AND THE ENGROSSED SUBSTITUTE VERSION:

None

EXPENDITURE IMPACTS OF CURRENT BILL:

By itself, the authority granted in this resolution has no fiscal impact; however, it is likely that one or more counties will attempt to implement these provisions. In these circumstances the fiscal impacts are indeterminate. If a city or county must adopt a resolution or pass an ordinance to impose this additional tax, there would be administrative costs to do so.

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.

CHANGES IN REVENUE IMPACTS BETWEEN THIS AMENDED VERSION AND THE ENGROSSED SUBSTITUTE VERSION:

According to the Department of Revenue, this amended bill version would increase local government tax revenue by a slightly smaller amount than the previous engrossed version of the bill.

REVENUE IMPACTS OF CURRENT BILL:

This bill allows a county, city, or town to impose, without voter approval, a special excise tax of up to 4% on the sales of short-term rental lodging facilitated through a short-term rental platform.

According to the Department of Revenue (DOR) this bill could increase local revenues by an estimated \$1.8 million in the one month of impacted collections in fiscal year 2026, and by \$21 million in fiscal year 2027, the first full year of impacted collections.

FY 2026 - \$ 1,800,000

FY 2027 - \$ 21,000,000
FY 2028 - \$ 21,000,000
FY 2029 - \$ 21,300,000
FY 2030 - \$ 21,800,000
FY 2031 - \$ 22,500,000

It is unknown which local governments will have eligible short-term rental sales within their boundaries and which local governments will receive this revenue, therefore the revenue breakdown between cities and counties cannot be estimated.

SOURCE:

Department of Revenue fiscal note, ESSB 5576 SMH FIN H2075.1 (2025)

Senate Bill Report, ESSB 5576 As Passed Senate (03/11/25)