

CITY OF SEATTLE

ORDINANCE 125442

COUNCIL BILL 119083

AN ORDINANCE relating to imposing a tax on engaging in the business of being a short-term rental operator; adding a new Chapter 5.54, Short-Term Rental Tax, to the Seattle Municipal Code; and amending Sections 5.30.010, 5.30.060, 5.55.010, 5.55.040, 5.55.060, 5.55.150, 5.55.165, 5.55.220, and 5.55.230 of the Seattle Municipal Code.

WHEREAS, The City of Seattle intends to exercise its taxing authority to raise revenue by imposing a tax on the short-term rental business; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. A new Chapter 5.54 is added to the Seattle Municipal Code as follows:

Chapter 5.54 SHORT-TERM RENTAL TAX

5.54.010 Administrative provisions

All the provisions contained in Chapter 5.55 shall have full force and application with respect to taxes imposed under this Chapter 5.54 except as may be expressly stated to the contrary.

5.54.020 Definitions

The definitions contained in Chapter 5.30 and Chapter 6.600 shall be fully applicable to this Chapter 5.54 except as may be expressly stated to the contrary. The following additional definition shall apply throughout this Chapter 5.54:

"Guest room" means a private or shared room offered or provided to a guest or guests by a short-term rental operator for sleeping purposes and that may share common bathrooms and cooking facilities.

5.54.030 Tax imposed; rates

1 There is imposed a tax on every person engaging within Seattle in the business of being a short-
2 term rental operator. The amount of the tax due for each short-term rental shall be \$14 per night
3 for each dwelling unit, and \$8 per night for each guest room, in Seattle.

4 **5.54.040 Short-term rental tax - When due**

5 The tax imposed by this Chapter 5.54 shall be due and payable in accordance with Section
6 5.55.040 in the same manner as the business license tax under Chapter 5.45. Taxpayers filing and
7 paying their business license tax on a quarterly basis shall file and pay the short-term rental tax
8 on a quarterly basis and taxpayers filing and paying their business license tax on an annual basis
9 shall file and pay the short-term rental tax on an annual basis. Forms for such filings shall be
10 prescribed by the Director. Persons discontinuing their business activities in Seattle shall report
11 and pay the short-term rental tax at the same time as they file their final business license tax
12 return.

13 **5.54.050 Exemptions**

14 Persons that are exempt from taxation by Washington cities pursuant to federal or state statutes
15 or regulations are exempt from the tax imposed by this Chapter 5.54.

16 Section 2. Section 5.30.010 of the Seattle Municipal Code, last amended by Ordinance
17 125324, is amended as follows:

18 **5.30.010 Definition provisions**

19 The definitions contained in this Chapter 5.30 shall apply to the following chapters of the Seattle
20 Municipal Code: Chapters 5.32 (Amusement Devices), 5.35 (Commercial Parking Tax), 5.40
21 (Admission Tax), 5.45 (Business License Tax), 5.46 (Square Footage Tax), 5.48 (Business
22 Tax—Utilities), 5.50 (Firearms and Ammunition Tax), 5.52 (Gambling Tax), 5.53 (Sweetened
23 Beverage Tax), 5.54 (Short-Term Rental Tax), and 5.55 (General Administrative Provisions)

1 unless expressly provided for otherwise therein, and shall also apply to other chapters and
2 sections of the Seattle Municipal Code in the manner and to the extent expressly indicated in
3 each chapter or section. Words in the singular number shall include the plural and the plural shall
4 include the singular. Words in one gender shall include the other genders.

5 Section 3. Subsection 5.30.060.C of the Seattle Municipal Code, which section was last
6 amended by Ordinance 125324, is amended as follows:

7 **5.30.060 Definitions, T-Z**

8 * * *

9 C. "Taxpayer" means any "person," as herein defined, required by Chapter 5.55 to have a
10 business license tax certificate, or liable for any license, tax, or fee, or for the collection of any
11 tax or fee, under Chapters 5.32 (Revenue Code), 5.35 (Commercial Parking Tax), 5.40
12 (Admission Tax), 5.45 (Business License Tax), 5.46 (Square Footage Tax), 5.48 (Business
13 Tax—Utilities), 5.50 (Firearms and Ammunition Tax), 5.52 (Gambling Tax), ~~((and))~~ 5.53
14 (Sweetened Beverage Tax), and 5.54 (Short-Term Rental Tax), or who engages in any business
15 or who performs any act for which a tax or fee is imposed under those chapters.

16 * * *

17 Section 4. Section 5.55.010 of the Seattle Municipal Code, last amended by Ordinance
18 125324, is amended as follows:

19 **5.55.010 Application of chapter stated**

20 Unless expressly stated to the contrary in each chapter, the provisions of this Chapter 5.55 shall
21 apply with respect to the licenses and taxes imposed under this Chapter 5.55 and Chapters 5.32
22 (Amusement Devices), 5.35 (Commercial Parking Tax), ~~((5.37 (Employee Hours Taxes),))~~ 5.40
23 (Admission Tax), 5.45 (Business License Tax), 5.46 (Square Footage Tax), 5.48 (Business

1 Tax—Utilities), 5.50 (Firearms and Ammunition Tax), 5.52 (Gambling Tax), 5.53 (Sweetened
2 Beverage Tax), 5.54 (Short-Term Rental Tax), and under other titles, chapters and sections in
3 such manner and to such extent as indicated in each such title, chapter, or section.

4 Section 5. Subsection 5.55.040.A of the Seattle Municipal Code, which section was last
5 amended by Ordinance 125324, is amended as follows:

6 **5.55.040 When due and payable - Reporting periods - Monthly, quarterly, and annual**
7 **returns - Threshold provisions - Computing time periods - Failure to file returns**

8 A. Other than any annual license fee or registration fee assessed under this Chapter 5.55,
9 the tax imposed by Chapters 5.32 (Amusement Devices), 5.35 (Commercial Parking Tax), 5.40
10 (Admission Tax), 5.45 (Business License Tax), 5.46 (Square Footage Tax), 5.48 (Business
11 Tax—Utilities), 5.50 (Firearms and Ammunition Tax), 5.52 (Gambling Tax), ~~((and))~~ 5.53
12 (Sweetened Beverage Tax), and 5.54 (Short-Term Rental Tax) shall be due and payable in
13 quarterly installments. The Director may use discretion to assign businesses to a monthly or
14 annual reporting period depending on the tax amount owing or type of tax. Taxes imposed by
15 subsections 5.52.030.A.2 and 5.52.030.B.2 for punchboards and pulltabs shall be due and
16 payable in monthly installments. Tax returns and payments are due on or before the last day of
17 the next month following the end of the assigned reporting period covered by the return.

18 * * *

19 Section 6. Subsection 5.55.060.A of the Seattle Municipal Code, which section was last
20 amended by Ordinance 125324, is amended as follows:

21 **5.55.060 Records to be preserved - Examination - Inspection - Search warrants - Estoppel**
22 **to question assessment**

1 A. Every person liable for any fee or tax imposed by this Chapter 5.55 and Chapters 5.32,
2 5.35, 5.40, 5.45, 5.46, 5.48, 5.50, 5.52, ~~((and))~~ 5.53, and 5.54 shall keep and preserve, for a
3 period of five years after filing a tax return, such records as may be necessary to determine the
4 amount of any fee or tax for which the person may be liable; which records shall include copies
5 of all federal income tax and state tax returns and reports made by the person. All books, records,
6 papers, invoices, ticket stubs, vendor lists, gambling games, and payout information, inventories,
7 stocks of merchandise, and other data, including federal income tax and state tax returns, and
8 reports needed to determine the accuracy of any taxes due, shall be open for inspection or
9 examination at any time by the Director or a duly authorized agent. Every person's business
10 premises shall be open for inspection or examination by the Director or a duly authorized agent.
11 For the purposes of this Section 5.55.060, for the tax imposed by Chapter 5.53, "business
12 premises" means wherever the person's business records and tax documents are maintained and
13 does not mean every site owned or operated by the person.

14 * * *

15 Section 7. Subsection 5.55.150.E of the Seattle Municipal Code, which section was last
16 amended by Ordinance 125324, is amended as follows:

17 **5.55.150 Appeal to the Hearing Examiner**

18 * * *

19 E. The Hearing Examiner shall ascertain the correct amount of the tax, fee, interest, or
20 penalty due either by affirming, reversing, or modifying an action of the Director. Reversal or
21 modification is proper if the Director's assessment or refund denial violates the terms of this
22 Chapter 5.55, or Chapters 5.30, 5.32, 5.35, ~~((5.37,))~~ 5.40, 5.45, 5.46, 5.48, 5.50, 5.52, ~~((or))~~ 5.53,
23 or 5.54.

1 Section 8. Section 5.55.165 of the Seattle Municipal Code, last amended by Ordinance
2 125324, is amended as follows:

3 **5.55.165 Director of Finance and Administrative Services to make rules ((-))**

4 The Director of Finance and Administrative Services shall have the power and it shall be the
5 Director's duty, from time to time, to adopt, publish and enforce rules and regulations not
6 inconsistent with this Chapter 5.55, or Chapters 5.30, 5.32, 5.35, 5.40, 5.45, 5.46, 5.48, 5.50,
7 5.52, ((~~or~~)) 5.53, or 5.54, or with law for the purpose of carrying out the provisions of such
8 chapters, and it shall be unlawful to violate or fail to comply with any such rule or regulation.

9 Section 9. Subsections 5.55.220.A and 5.55.220.B of the Seattle Municipal Code, which
10 section was last amended by Ordinance 125324, are amended as follows:

11 **5.55.220 Unlawful actions-Violation-Penalties**

12 A. It shall be unlawful for any person subject to the provisions of this Chapter 5.55, or
13 Chapters 5.32, 5.35, 5.40, 5.45, 5.46, 5.48, 5.50, 5.52, ((~~and~~)) 5.53, and 5.54:

14 1. To violate or fail to comply with any of the provisions of this Chapter 5.55, or
15 Chapters 5.32, 5.35, 5.40, 5.45, 5.46, 5.48, 5.50, 5.52, ((~~and~~)) 5.53, and 5.54, or any lawful rule
16 or regulation adopted by the Director;

17 2. To make or manufacture any license required by this Chapter 5.55 except upon
18 authority of the Director;

19 3. To make any false statement on any license, application, or tax return;

20 4. To aid or abet any person in any attempt to evade payment of a license fee or
21 tax;

1 5. To refuse admission to the Director to inspect the premises and/or records as
2 required by this Chapter 5.55, or to otherwise interfere with the Director in the performance of
3 duties imposed by Chapters 5.32, 5.35, 5.40, 5.45, 5.46, 5.48, 5.50, 5.52, ~~((and))~~ 5.53, and 5.54;

4 6. To fail to appear or testify in response to a subpoena issued pursuant to Section
5 3.02.120 in any proceeding to determine compliance with this Chapter 5.55 and Chapters 5.32,
6 5.35, 5.40, 5.45, 5.46, 5.48, 5.50, 5.52, ~~((and))~~ 5.53, and 5.54;

7 7. To testify falsely in any investigation, audit, or proceeding conducted pursuant
8 to this Chapter 5.55;

9 8. To continue to engage in any business activity, profession, trade, or occupation
10 after the revocation of or during a period of suspension of a business license tax certificate issued
11 under Section 5.55.030; or

12 9. In any manner, to hinder or delay the City or any of its officers in carrying out
13 the provisions of this Chapter 5.55 or Chapters 5.32, 5.35, 5.40, 5.45, 5.46, 5.48, 5.50, 5.52,
14 ~~((and))~~ 5.53, and 5.54.

15 B. Each violation of or failure to comply with the provisions of this Chapter 5.55, or
16 Chapters 5.32, 5.35, ~~((5.37,))~~ 5.40, 5.45, 5.46, 5.48, 5.50, 5.52, ~~((or))~~ 5.53, or 5.54 shall
17 constitute a separate offense. Except as provided in subsection 5.55.220.C, any person who
18 commits an act defined in subsection 5.55.220.A is guilty of a gross misdemeanor, punishable in
19 accordance with Section 12A.02.070. The provisions of Chapters 12A.02 and 12A.04 apply to
20 the offenses defined in subsection 5.55.220.A, except that liability is absolute and none of the
21 mental states described in Section 12A.04.030 need be proved.

22 * * *

1 Section 10. Subsection 5.55.230.A of the Seattle Municipal Code, which section was last
2 amended by Ordinance 125324, is amended as follows:

3 **5.55.230 Denial, revocation of, or refusal to renew business license tax certificate**

4 A. The Director, or the Director's designee, has the power and authority to deny, revoke,
5 or refuse to renew any business license tax certificate or amusement device license issued under
6 the provisions of this Chapter 5.55. The Director, or the Director's designee, shall notify such
7 applicant or licensee in writing by mail in accordance with Section 5.55.180 of the denial,
8 revocation of, or refusal to renew the license and on what grounds such a decision was based.
9 The Director may deny, revoke, or refuse to renew any business license tax certificate or other
10 license issued under this Chapter 5.55 on one or more of the following grounds:

- 11 1. The license was procured by fraud or false representation of fact.
- 12 2. The licensee has failed to comply with any provisions of this Chapter 5.55.
- 13 3. The licensee has failed to comply with any provisions of Chapters 5.32, 5.35, 5.40,
14 5.45, 5.46, 5.48, 5.50, 5.52, ~~((or))~~ 5.53, or 5.54.
- 15 4. The licensee is in default in any payment of any license fee or tax under Title 5 or Title
16 6.

17 * * *

18 Section 11. The Council expresses the following intent as to the application of Seattle
19 Municipal Code Chapter 5.54. To maintain a level playing field for the short-term rental industry
20 and other lodging businesses, the Council intends to monitor proposals for any taxes imposed by
21 the Washington State Convention Center Public Facilities District, King County, or the State of
22 Washington, on the short-term rental industry. The City will work with such jurisdictions to
23 ensure that short-term rental businesses are not subject to a short-term rental tax at the State or

1 County level in addition to a City of Seattle short-term rental tax. In the event any short-term
2 rental tax is imposed by any such jurisdiction and the jurisdiction imposing such tax enters into a
3 legally binding agreement with the City to provide to the City proceeds equivalent to the City's
4 collections from tax authorized under this ordinance, the City may commit in such agreement
5 with the other jurisdiction to suspend collection of the City's tax for the duration of the term of
6 such agreement.

7 Section 12. Services funded by the proceeds of the short-term rental tax are intended to
8 support investments in affordable housing and to support community-initiated equitable
9 development projects, including but not limited to projects described in Resolution 31711.

10 Eligible expenditures include:

11 A. Resources necessary to (1) fund one-time expenditures to administer the tax and
12 ongoing administration of assessing and collecting the tax, and (2) to offset the cost of
13 implementing and administering Chapter 6.600.

14 B. The remainder of net proceeds shall be used as follows:

15 1. The first \$5,000,000 of net proceeds, after monies spent pursuant to
16 subsection A of this section, shall be applied to investments in community-initiated equitable
17 development projects;

18 2. The next \$2,000,000 of net proceeds shall be applied to investments in
19 affordable housing;

20 3. The remainder of net proceeds shall be used to support community-
21 initiated equitable development projects, including the affordable housing component of those
22 projects.

1 C. In the annual City budget or by separate ordinance, the City’s legislative authority
2 shall from year to year determine the services and funding allocations that will most effectively
3 achieve the goals and outcomes in accordance with chapter 35.32A RCW.

4 Section 13. Sections 1 through 12 of this ordinance shall take effect on January 1, 2019,
5 and the Short-Term Rental Tax shall be imposed beginning January 1, 2019, on every person
6 engaging within the City in the business of being a short-term rental operator.

7 Section 14. The provisions of this ordinance are declared to be separate and severable.
8 The invalidity of any clause, sentence, paragraph, subdivision, section, or portion of this
9 ordinance, or the invalidity of its application to any person or circumstance, does not affect the
10 validity of the remainder of this ordinance, or the validity of its application to other persons or
11 circumstances.

12


1 Section 15. This ordinance shall take effect and be in force 30 days after its approval by
2 the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it
3 shall take effect as provided by Seattle Municipal Code Section 1.04.020.

4 Passed by the City Council the 13th day of November, 2017,
5 and signed by me in open session in authentication of its passage this 13th day of
6 November, 2017.

7 

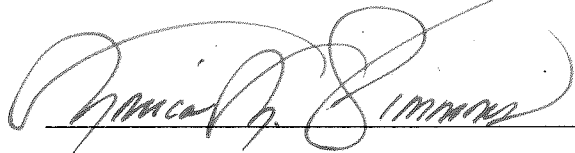
8 President _____ of the City Council

9 Approved by me this 17th day of November, 2017.

10 

11 Tim Burgess, Mayor

12 Filed by me this 17th day of NOVEMBER, 2017.

13 

14 Monica Martinez Simmons, City Clerk

15 (Seal)