



# SEATTLE CITY COUNCIL

## Legislative Summary

CB 119263

Record No.: CB 119263

Type: Ordinance (Ord)

Status: Passed

Version: 1

Ord. no: Ord 125594

In Control: City Clerk

File Created: 05/14/2018

Final Action: 06/13/2018

**Title:** AN ORDINANCE repealing Ordinance 125442, which imposed a tax on short-term rental operators under Chapter 5.54 of the Seattle Municipal Code.

Date

Notes:

Filed with City Clerk:

Mayor's Signature:

Sponsors: O'Brien

Vetoed by Mayor:

Veto Overridden:

Veto Sustained:

Attachments: Att 1 - Ordinance 125442

Drafter: patrick.wigren@seattle.gov

Filing Requirements/Dept Action:

### History of Legislative File

Legal Notice Published:

Yes

No

Version:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	City Clerk	05/22/2018	sent for review	Council President's Office			
	<b>Action Text:</b>	The Council Bill (CB) was sent for review. to the Council President's Office					
	<b>Notes:</b>						
1	Council President's Office	05/24/2018	sent for review	City Council			
	<b>Action Text:</b>	The Council Bill (CB) was sent for review. to the City Council					
	<b>Notes:</b>						
1	City Council	05/29/2018	referred	City Council			
1	City Council	06/04/2018	passed as amended				Pass
	<b>Action Text:</b>	The Motion carried, the Council Bill (CB) was passed as amended by the following vote, and the President signed the Bill:					
	<b>Notes:</b>	<u>ACTION 1:</u>					

Motion was made and duly seconded to pass Council Bill 119263.

ACTION 2:

By unanimous consent, Council Rule III.A.7, relating to amendments presented to the City Council, at least two hours before the meeting, was suspended to allow consideration of an amendment to Council Bill 119263.

ACTION 3:

Motion was made by Councilmember O'Brien, duly seconded and carried, to amend Council Bill 119263, by adding Attachment 1, Ordinance 125442.

ACTION 4:

Motion was made and duly seconded to pass Council Bill 119263 as amended.

In Favor: 8 Councilmember Bagshaw, Councilmember González, Council President Harrell, Councilmember Herbold, Councilmember Johnson, Councilmember Juarez, Councilmember Mosqueda, Councilmember O'Brien

Opposed: 0

1	City Clerk	06/08/2018	submitted for Mayor's signature	Mayor
1	Mayor	06/13/2018	Signed	
1	Mayor	06/13/2018	returned	City Clerk
1	City Clerk	06/13/2018	attested by City Clerk	

Action Text: The Ordinance (Ord) was attested by City Clerk.

Notes:

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CITY OF SEATTLE

ORDINANCE 125594

COUNCIL BILL 119263

AN ORDINANCE repealing Ordinance 125442, which imposed a tax on short-term rental operators under Chapter 5.54 of the Seattle Municipal Code.

WHEREAS, on November 13, 2017, the City Council passed Ordinance 125442, authorizing a tax on every person engaging within the City in the business of being a short-term rental operator; and

WHEREAS, Revised Code of Washington (RCW) 36.100.040 allows a public facilities district, created within a county with a population of 1,500,000 or more for the purpose of acquiring, owning, and operating a convention and trade center, to impose an excise tax on the sale of or charge made for the furnishing of lodging that is subject to tax under chapter 82.08 RCW, except that no such tax may be levied on any premises having fewer than 60 lodging units; and

WHEREAS, on March 23, 2018, the Governor signed House Bill (HB) 2015, modifying the lodging excise tax under RCW 36.100.040 to remove the exemption for premises with fewer than 60 lodging units and to impose the tax on short-term rentals; and

WHEREAS, HB 2015 requires that a public facilities district within a county with a population of 1,500,000 or more must make quarterly payments to a city in which the convention and trade center is located from tax revenue from short-term rentals collected by a public facilities district only if: (1) the city had authorized on or before December 31, 2017, a tax on engaging in the business of being a short-term rental operator; and (2) the city has repealed the ordinance authorizing a tax on engaging in the business of being a short-term rental operator; and

1 WHEREAS, the City Council stated in Ordinance 125422: “To maintain a level playing field for  
2 the short-term rental industry and other lodging businesses, the Council intends to  
3 monitor proposals for any taxes imposed by the Washington State Convention Center  
4 Public Facilities District, King County, or the State of Washington, on the short-term  
5 rental industry. The City will work with such jurisdictions to ensure that short-term rental  
6 businesses are not subject to a short-term rental tax at the State or County level in  
7 addition to a City of Seattle short-term rental tax. In the event any short-term rental tax is  
8 imposed by any such jurisdiction and the jurisdiction imposing such tax enters into a  
9 legally binding agreement with the City to provide to the City proceeds equivalent to the  
10 City’s collections from tax authorized under this ordinance, the City may commit in such  
11 agreement with the other jurisdiction to suspend collection of the City’s tax for the  
12 duration of the term of such agreement”; and

13 WHEREAS, as a result of HB 2015, the public facilities district that operates the Washington  
14 State Convention Center will impose the lodging tax under RCW 36.100.040 on short-  
15 term rentals in the City and, in order to receive the tax revenue from short-term rentals as  
16 authorized by HB 2015, the City hereby intends to repeal Ordinance 125442, thereby  
17 repealing the City’s short-term rental tax that would have been imposed under Chapter  
18 5.54 of the Seattle Municipal Code beginning January 1, 2019; NOW, THEREFORE,

19 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

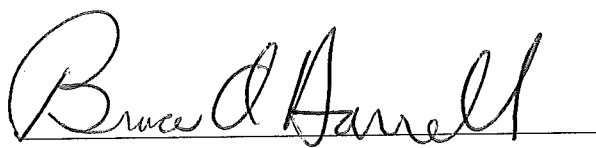
20 Section 1. Ordinance 125442 (included as Attachment 1 to this ordinance), which  
21 imposed a short-term rental tax under Chapter 5.54 beginning January 1, 2019, is hereby  
22 repealed.

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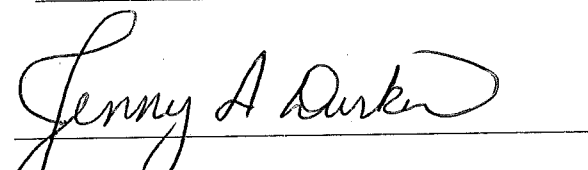
Section 2. Section 1 of this ordinance shall take effect on August 1, 2018.

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

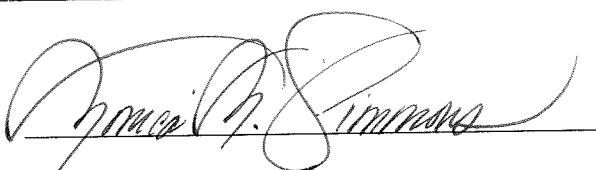
Passed by the City Council the 4<sup>th</sup> day of June, 2018,  
and signed by me in open session in authentication of its passage this 4<sup>th</sup> day of June, 2018.

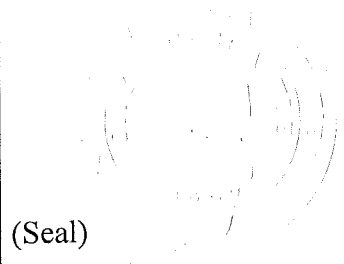
  
\_\_\_\_\_  
President \_\_\_\_\_ of the City Council

Approved by me this 13<sup>th</sup> day of June, 2018.

  
\_\_\_\_\_  
Jenny A. Durkan, Mayor

Filed by me this 13<sup>th</sup> day of June, 2018.

  
\_\_\_\_\_  
Monica Martinez Simmons, City Clerk



(Seal)

Attachments:  
Attachment 1 – Ordinance 125442

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 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, ~~((and))~~ 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 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, ~~((e#))~~ 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 13<sup>th</sup> day of November, 2017,  
5 and signed by me in open session in authentication of its passage this 13<sup>th</sup> day of  
6 November, 2017.

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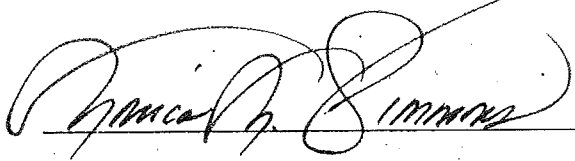
8 President \_\_\_\_\_ of the City Council

9 Approved by me this 17<sup>th</sup> day of November, 2017.

10 

11 Tim Burgess, Mayor

12 Filed by me this 17<sup>th</sup> day of NOVEMBER, 2017.

13 

14 Monica Martinez Simmons, City Clerk

15 (Seal)