

FUTURE LODGING (HOTEL/MOTEL) TAX ALLOCATION

[STAFF: ANDREW KIM]

**Table 1. Future (2021 and onwards) Lodging Tax Allocation Requirements
as per RCW 67.28.180¹.**

Category	Requirement	Additional Requirements
Arts and Culture	<u>At least</u> 37.5% for art museums, cultural museums, heritage museums, the arts, and the performing arts	K.C.C. 2.49.170 requires all lodging tax revenues to be transferred to 4Culture
Affordable Housing and Homeless Youth Services	<u>At least</u> 37.5% for the following: <ul style="list-style-type: none">• Nonprofit organizations or public housing authorities for affordable workforce housing within one-half mile of a transit station (Transit-Oriented Development Affordable Housing);• Services for homeless youth;• Repay general obligation or revenue bonds for affordable housing or sustainable workplace opportunities near a community impacted by the construction or operation of tourism-related facilities authorized by a community preservation and development authority	<p>TOD affordable housing allowed usage includes contracts, loans or grants</p> <p>TOD affordable housing allowed to repay general obligation bonds or revenue bonds</p> <p>TOD affordable housing allowed for capital uses only</p> <p>Not allowed for services for homeless adults</p>
Tourism	<u>At most</u> 25% must be used for capital or operating programs that promote tourism and attract tourists to the county	Tourism means economic activity resulting from tourists, which may include sales of overnight lodging, meals, tours, gifts, or souvenirs ²

¹ In 2011, the Washington State Legislature passed ESSB 5834 (Enacted as Chapter 38, Laws of 2011. Effective August 24, 2011) to amend RCW 67.28.180 to establish requirements on the allocation of the county imposed 2% lodging (hotel/motel) tax revenues starting 2021 and onwards.

² RCW 67.28.080(5).

**Table 2. Summary of Future (2021 – 2043) Lodging Tax Allocations
as per Council Actions *[Based on August 2018 OEFA Forecast]***

Category	Ordinance 18788 ³	Allocation Details	Allocation Amount
Arts and Culture	37.5%	Building 4 Culture debt service ⁴	\$3.0 million
		Transfer to 4Culture	\$493.0 million
Affordable Housing and Homeless Youth Services	50.0%	TOD1 \$87m bond debt service ⁵	\$176.5 million
		TOD2 \$100m bond debt service ⁶	\$166.7 million
		Unallocated TOD	\$283.6 million
		Homeless Youth Services (2.6%)	\$34.4 million
Tourism	12.5%	Tourism (\$1 million per year from 2021 – 2029 of which \$25K for Savor Snoqualmie)	\$8.0 million
		Building 4 Culture debt service	\$22.3 million
		Washington State Major League Baseball Stadium Public Facilities District (2021 – 2043) ⁷	\$135.1 million
Total			\$1,332.6 million

³ Section 1.B of Ordinance 18788 allocated lodging tax revenues that exceeded the August 2018 OEFA as follows: (1) \$200,000 each year for access to ShoWare Center facility until the total transferred amount equals \$2 million; (2) 37.5% to support art museums, cultural museums, heritage museums, the arts and performing arts; (3) 10% remaining after (1) to support transit oriented development projects that preserve or develop affordable workforce housing or services for homeless youth; (4) 42.5% remaining after (1) for capital or operating programs that promote tourism and encourage visitors in all parts of the county; (5) 10% remaining after (1) to Washington State Major League Baseball Stadium Public Facilities District until 2043.

⁴ Motion 14406 established the Building for Culture Program to fund capital projects that supported arts, culture and heritage using lodging tax revenues designated for tourism promotion. Ordinances 18179, 18180, and 18181 effectuated Motion 14406 to implement the program and issue \$29 million of bonds to support 102 capital projects. Ordinance 18773 reallocated \$1.7 million and modify the adopted list of projects.

⁵ Motion 14687 adopted the Transit-Oriented Development (TOD) Bond Allocation Plan to issue \$87 million of bonds to support projects across the county.

⁶ Ordinance 18835, 2019-2020 biennial budget ordinance, appropriated \$100 million and restricted to various TOD projects around the county.

⁷ Funding Agreement between the county and Washington State Major League Baseball Stadium Public Facilities District (PFD) included as Attachment A to Ordinance 18788 restricts the allocation to the PFD to 43.8% of the tourism allocation and caps the allocation at \$135 million from 2021 through 2043.