

Duff on Hospitality Law

Convention Center Tax Expands to Small Hotels/Motels and Short-Term Rentals

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Washington lawmakers have decided that all types of lodging in King County should participate in funding the Washington State Convention Center. Since the advent of King County's convention center tax in 1982, hotels and motels with 60 or more units have had to collect from guests not only the retail sales tax, but also the convention center tax. In Seattle, the convention center tax is 7 percent; in the rest of King County it is 2.8%. As smaller lodging facilities and short-term rentals have increased in popularity, it has become clear that exempting them from the convention center tax has been giving them an unfair basis for competing against larger facilities.

Supporters of repealing the exemption included representatives of the Convention Center itself, who emphasized the facility's economic benefit to the region as a whole. They also underscored the need for funding: the Convention Center has to turn away events because of lack of space—it is the smallest convention center on the west coast. That results in billions in lost business revenue to the region. Construction to expand the Convention Center to double its original size is underway, with the project budgeted at more than \$1.6 billion.

Lodging facilities and short-term rentals with 59 and fewer units will be required to collect the convention center tax starting October 1, 2018.

Tags: convention center tax, hotels, King County, motels, short-term rentals, State of Washington, Washington State Convention Center