

CITY COUNCIL MEETING AGENDA



City of Lake Stevens Vision Statement

By 2030, we are a sustainable community around the lake with a vibrant economy, unsurpassed infrastructure and exceptional quality of life.

October 4, 2022 - 6:00 PM

TWO WAYS TO PARTICIPATE:

In Person at The Mill, Sawyers Room, 1808 Main Street, Lake Stevens OR

Join Zoom Meeting: <https://us02web.zoom.us/j/85248808990>

or call in at (253) 215-8782 Meeting ID 852 4880 8990

1. **Call to Order**
2. **Pledge of Allegiance** Mayor
3. **Roll Call**
4. **Approval of Agenda** Council President
5. **City Department Report**
 - A. Police Department Promotions: Jeffrey Beazizo
Sgt Jerad Wachtveitl to Investigations Sergeant
Detective Kristen Parnell to Investigations Corporal
Officer Adam Bryant to Police Sergeant
 - B. Lake Stevens Industrial Center Infrastructure and Market Analysis Update Christi Schmidt
 - C. Introduce Kim Klinkers, City Engineer Aaron Halverson
 - D. Frontier Heights Phase II Update Sarah Garceau
6. **Discussion Items**
 - A. Short-Term Rentals Code Amendment (LUA2022-0046) Work Session David Levitan, Russ Wright
 - B. Parks and Recreation Priorities City Council
 - C. 2023 Budget - Staffing/Wages Barb Stevens, Anya Warrington
 - D. Smart Cities Conference Recap City Council
 - E. Draft Agenda for October 11, 2022 (Will be handed out at the meeting) Gene Brazel

7. **Executive Session (Confidential Session per RCW 42.30)**
 - A. Discuss Collective Bargaining. No action is expected.
8. **Adjourn**

THE PUBLIC IS INVITED TO ATTEND

Special Needs: *The City of Lake Stevens strives to provide accessible opportunities for individuals with disabilities. Please contact Human Resources, City of Lake Stevens ADA Coordinator, (425) 622-9400, at least five business days prior to any City meeting or event if any accommodations are needed. For TDD users, please use the state's toll-free relay service, (800) 833-6384, and ask the operator to dial the City of Lake Stevens City Hall number.*

NOTICE: All proceedings of this meeting are audio recorded, except Executive Sessions.

CITY DEPARTMENT REPORT



Agenda Date: 10/4/2022

Contact Person/Department: Christi Schmidt, Community Development

- The City staff and consultants are collecting and analyzing utility and existing conditions.
 - A Lake Stevens Industrial Center subarea webpage has been created on the City's website with a link to the online version of the survey.
 - A letter to all the property owners was mailed along with a hard copy of a survey with questions regarding the planning of the area and inviting the owners to a meeting on September 27, 2022.
 - On September 27, 2022 held a property owners meeting/open house. Approximately 10 owners attended and ideas and comments were collected in person.
 - Survey is available to all property owners till October 14, 2022 to complete and provide initial input.
 - October 4-5th, City staff will provide updates on the planning process to City Council and the Planning Commission.
 - Upcoming work sessions are to be scheduled with the City Council and Planning Commission to gather input.
-

CITY DEPARTMENT REPORT



Agenda Date: 10/4/2022

Contact Person/Department: Sarah Garceau, Parks Department

The City of Lake Stevens has contracted with LDC, Inc to create plans for Frontier Heights Phase II. This will include the design and improvements that are planned at the park.

- Four Pickleball Courts.
- Multi-use playfield: Baseball, Soccer, and Lacrosse Overlay.
- Drainage detention of the entire park.
- Outdoor Fitness Stations (30% Design Level Only, no construction details or specs).
- Sensory Garden (30% Design Level Only, no construction details or specs).
- Labyrinth Overlook (30% Design Level Only, no construction details or specs).
- Two Frontage Parking Lots.

The most recent plans, received on September 25, are attached. They are estimated to be built out to about the 10% design level currently. Parks will ask for a few small revisions to address the placement of items; the outdoor fitness pieces cannot be directly under the powerline, and the labyrinth overlook needs to be located just west of the sports field for the scenic view. After these revisions are shown, the Parks department will host a meeting at the park to engage the neighbors and park users to gather any additional comments.

Phase II is currently estimated to cost \$1.9 million. A grant from Youth Athletics Facilities will be awarded for \$350k. Additionally, our grant application for the WA Wildlife and Recreation Program, Local Parks category, ranked #18 of 59 and could be awarded up to \$500k (dependent on legislative budget). Construction is anticipated to occur in 2024.

CITY COUNCIL STAFF REPORT



Agenda Date: 10/4/2022

Subject: Short-Term Rentals Code Amendment (LUA2022-0046) Work Session

Contact Person/Department: David Levitan, Russ Wright, Community Development

Budget Impact: The city will adopt an updated fees resolution that includes a review fee for short-term rental applications concurrently with Ordinance 1139.

Legal Review: No

RECOMMENDATION(S)/ACTION REQUESTED:

1. Hold a briefing on LUA2022-0046, a city-initiated land use code amendment related to LSMC 14.44.064 (Tourist Homes) and associated chapters.
2. Identify next steps in the process, including any desired changes to the code amendment language in draft Ordinance 1139 and whether to schedule an additional work session before holding the continuation of the September 13 public hearing.

SUMMARY/BACKGROUND:

On [September 13](#), City Council held a public hearing to consider adoption of Ordinance 1139, which would amend the city's supplementary use regulations for tourist homes ([LSMC 14.44.064](#)), which are now more commonly known as short-term rentals (STRs) and refer to rentals of 30 days or less. This followed Council work sessions on [May 3](#) and [June 7](#), at the conclusion of which the Council opted not move forward with a public hearing to consider the [Planning Commission's recommended code language \(Attachment 1\)](#) and instead decided to form a three-member subcommittee to consider alternate regulations.

The September 13 public hearing ([video available here](#)) included a brief staff presentation followed by oral testimony from nine members of the public.

Councilmembers deliberated on the code amendment and decided to continue the public hearing to a future date after holding an additional work session on October 4, 2022 (this meeting) to review requested project information and data. Councilmembers specifically requested information on police department calls incident reports related to short-term rentals to assess the general scale of law enforcement issues with STRs. Additionally, councilmembers wanted to better understand the subcommittee process and record, including materials reviewed and prepared by subcommittee members.

Lake Stevens Police Department Data

In advance of the June 7 Council work session, city staff reviewed listings on [airbnb.com](https://www.airbnb.com) and [VRBO.com](https://www.vrbo.com). Using aerial imagery and county property tax information, staff identified the addresses for 22 potential short-term rental properties, and subsequently sent letters to the property owners about the existing tourist home regulations and the potential code amendments. Using that same list of addresses, staff made a public records request to the Lake Stevens Police Department (LSPD) and requested all call logs and incident reports for those 22 addresses between June 1, 2018 and June 1, 2022. Staff requested additional data through September 13, 2022 following the public hearing.

LSPD data shows that 12 of the 22 properties had at least one incident report during the four-year period. However, staff's review of the 80 incident reports (65% of which came from two homes) found only one incident report that specifically referenced terms such as "short-term rental", "vacation rental", "AirBNB", or "VRBO". Staff also found two code enforcement cases, that specifically referenced STRs, in the city's permit tracking software during the same period. Both cases were closed after acknowledgement from the property owner that they would cease operations of their STR. Most of the other incidents seemed unrelated (responses to alarms, vehicle accidents in front of the home, etc.) or too vague to determine whether the occupants were short-term renters, long-term renters, or property owners.

When assessing the data, it should be noted that:

- Staff was unable to identify the addresses for all STRs on the two websites;
- There are other STR websites that staff didn't review;
- There may be listings that were not showing as active/available when staff conducted its research;
- There could be instances where the incident report is logged to the caller's address, as opposed to that of the STR; and
- Not all neighbors call the police to register complaints.

Based on the available data, there was not a correlation that would indicate that properties currently listed on Airbnb and VRBO had significantly higher calls for police service than other properties.

Subcommittee Process and Materials

Following the June 7 work session, Council President Ewing appointed Councilmembers Frederick and Jorstad to join him as the three members of the STR subcommittee. Subcommittee members reviewed the Planning Commission's recommendation as well as examples of STR codes from [Everett](#), [Kirkland](#), and other jurisdictions. Following their first meeting, the subcommittee provided staff with draft regulations that were based on Everett's code with a series of questions and follow-up actions along with the city's current nuisance code (**Attachment 2**). The subcommittee also solicited staff input and feedback on several topics, including taxes and fees (**Attachment 3**) and parking requirements (**Attachment 4**).

Subcommittee members met with Community Development Director Wright on June 27, 2022. At the meeting, the subcommittee provided direction on a variety of topics that they wanted the revised ordinance to contain. Director Wright drafted a revised ordinance and a memorandum, dated June 29 (**Attachment 5**), summarizing code elements the subcommittee was seeking to incorporate and comparing the revised ordinance (**Attachment 6**) with the Planning Commission's recommended code language that was distributed to the subcommittee (**Attachment 1**). Councilmember Jorstad responded to the memorandum on June 29, 2022 (**Attachment 7**). Subcommittee members subsequently developed an updated draft of the STR code language (**Attachment 8**), which shows the City Attorney's edits in track changes and was provided to staff on August 30 for inclusion in [draft Ordinance 1139](#) (as a clean copy).

Next Steps

Following the oral testimony provided on September 13, Council President Ewing closed the public comment portion of the public hearing before the Council moved on to discussion and deliberation and ultimately approved a motion to continue the public hearing to allow for this October 4 work session. One additional written comment has been received since that time (**Attachment 9**).

Councilmembers are asked to consider and discuss the additional information and provide direction to staff on next steps for the code amendment, including:

- Requested changes to the code language that was included in draft Ordinance 1139;
- Additional information needed from staff;

- Whether an additional workshop is needed (and when Council would like to hold that); and
- Alternatively, if the code amendment is ready for the continued public hearing:
 - When would Council like that to occur?
 - Should the public comment portion of the hearing be reopened?

APPLICABLE CITY POLICIES:

Comprehensive Plan Land Use Element Goals 2.1 and 2.2.

ATTACHMENTS:

1. Attachment 1 - PC Recommended Code Language
2. Attachment 2 - Early Subcommittee Code Draft
3. Attachment 3 - Funding Considerations Email and Memo
4. Attachment 4 - Parking Discussion Email
5. Attachment 5 - June 29 Director Wright Memo to Subcommittee
6. Attachment 6 - June 29 Director Wright Code Draft
7. Attachment 7 - June 29 Councilmember Jorstad Response
8. Attachment 8 - Final Subcommittee Draft with City Attorney Track Changes
9. Attachment 9 - Additional Public Comment

LSMC 14.44.064 – Short-Term Rentals

- (a) Purpose – the purpose and intent of requiring specific standards for short term rentals (rentals of 30 days or less) is to ensure that their location and operation is consistent with the existing residential character of the surrounding area in terms of appearance, traffic levels and other development standards.
- (b) Applicability and General Requirements – the following requirements shall apply to all short-term rentals.
 - (1) Short-term rentals are allowed in the zoning districts identified in Table 14.40-I.
 - (2) Short-term rentals are limited to owner-occupied residences and subject to any additional covenants and restrictions on individual properties.
 - (3) The owner, authorized agent or property manager shall live on the premises for the entire duration of any short-term rental agreement.
 - (4) No short-term rental can be rented to more than two separate parties, per facility, or exceed eight total individuals at any time.
 - (5) The total number of guests covered by a short-term rental agreement shall not exceed two per rented bedroom and six total individuals.
 - (6) A city business license shall be submitted to the city with the short-term rental application, which shall be evaluated for compliance with the provisions of this section and approved by the Planning Director or designee.
 - (7) As part of the review process for the initial application, the building official or designee in coordination with the fire marshal shall perform a safety inspection of the property. It shall be the owner's responsibility to ensure that the short-term rental is and remains in substantial compliance with all applicable codes regarding fire, building, health, safety and other relevant laws and regulations. The premises may be subject to safety and compliance inspections as part of the annual business license renewal.
 - (8) Prior to submitting a short-term rental application, the property owner shall provide written notification to the owners of properties located within a 300-foot radius of the boundaries of the subject property of their intent to operate a short-term rental, and include a copy of the notification and distribution list with their application.
 - (9) Any non-residential activities beyond the short-term rental of rooms shall require approval of a Home Occupation permit and be subject to [LSMC Section 14.44.015](#).
 - (10) A short-term rental owner must maintain primary liability insurance consistent with RCW 64.37.050.
 - (11) Applicable lodging taxes must be paid to the State of Washington, and those payments are the responsibility of the property owner.
- (c) Development Standards
 - (1) A minimum of one off-street parking space that meets all requirements and standards of LSMC Chapter 14.72 shall be provided per rented bedroom in addition to the minimum parking requirement for the residence (see Table 14.72-I). Parking of boat trailers may be allowed so long as an adequate off-street parking area, beyond the minimum

requirements detailed above for personal vehicles, is provided and the additional parking does not conflict with provisions of Chapter 14.48 LSMC.

- (2) Approved accessory dwelling units (both attached and detached) may be utilized as short-term rentals subject to all other requirements of this section, including the maximum number or rental agreements for the property.
- (3) Signage shall be limited to four square feet in area, consistent with LSMC 14.68.020.
- (4) The property shall give no outward appearance or exhibit characteristics of a business that would be incompatible with the ability of the neighboring residents to enjoy peaceful occupancy of their properties.
- (5) Meal service shall be limited to overnight guests. Separate kitchens shall not be allowed in individual guest rooms unless part of an approved accessory dwelling unit (ADU).

(d) Complaints and Enforcement

- (1) Complaints and enforcement are subject to the process identified in LSMC Chapter 17.20, with the city's Code Enforcement Officer serving as the main contact for responding to complaints and investigating potential violations.
- (2) Penalties levied may include warnings, fees, or the revocation of the applicable business license.

14.08.010 Definitions of Basic Terms.

Boarding House. A residential use consisting of at least one dwelling unit together with more than two rooms that are rented or are designed or intended to be rented but which rooms, individually or collectively, do not constitute separate dwelling units. A rooming house or boarding house is distinguished from a ~~tourist home~~short-term rental in that the former is designed to be occupied by longer term residents (at least month-to-month tenants) as opposed to overnight or weekly guests.

~~*Tourist Home*~~*Short-Term Rental.* A hosted residential single-family structure where the owner, authorized agent or property manager lives on the premises, in which individual rooms are rented by the day or week for a period up to thirty (30) days, subject to the standards identified in LSMC 14.44.064. May include but not limited to facilities commonly known as bed and breakfasts, tourist/vacation rentals, Airbnb, VRBO, etc.

Table 14.40-I: Table of Residential Uses by Zones

A blank box indicates a use is not allowed in a specific zone. Note: Reference numbers within matrix indicate special conditions apply.																
P – Permitted Use; A – Administrative Conditional Use; C – Conditional Use (See Section 14.40.070 for explanation of combinations)																
NAICS Code	Use	R4	WR	R6	R8-12	MFR	LB	MU ¹	PBD ²	BD	CBD	CD	LI	GI	P/SP	
MISCELLANEOUS AND ACCESSORY USES																
N/A	Tourist homes Short-Term Rentals ⁸	PA	PA	PA	PA	PA		PA								

TABLE 14.72-I: TABLE OF PARKING REQUIREMENTS

<u>Short-Term Rentals</u>	<u>1 space for each room to be rented in addition to the required spaces for the primary use. LSMC 14.44.064.</u>
Tourist homes, Hotels and motels.	1 space for each room to be rented plus additional space (in accordance with other sections of this table) for restaurant or other facilities.

⁸ Subject to requirements of LSMC 14.44.064.

Different things

- A. Short-term rentals are the use of all or part of a (dwelling unit) by an person or group of persons to occupy for rent a period of less than thirty consecutive days. Short-term rentals do not include bed and breakfast inns, hotels, and motels.
- B. Business license required. This license is not transferrable and shall be renewed annually. No more than two short-term rental sites may be operated by any individual, marital group, a group of people, or corporate entity such as an LLC within the city.
- a. Applicant must provide contact information for a responsible party that will respond to potential issues pertaining to the short-term rental within 24 hours.
- C. Location. A short-term rental may be located in a dwelling unit or accessory dwelling unit. See LSMC for applicable accessory dwelling unit requirements, including owner-occupancy if applicable.
- D. Number of Guests. The total number of guests occupying a short-term dwelling unit may not exceed eight, including any site with an accessory dwelling unit. (I'd like to limit it to two parties. While I realize that enforcement of this would be difficult, it may satisfy some requests from folks and discourage those who will actually follow the rules.)
- E. Signs. No signs identifying the use as a short-term rental are permitted. (Neighbors will not be notified of short-term rental)
- F. Off-Street Parking. The short-term rental shall have no less than (?) off-street parking spaces for any site with on-street parking in front of the site, and no less than (?) off-street parking spaces for any site without on-street parking in front of the site.
- G. Enforcement. The permit/license may be revoked, whether by a court or proper jurisdiction or by Code Enforcement, upon determination of three violations of any ordinance or law of general application.

Follow up points:

- 1) Shawn to connect with Barb regarding the feasibility of the B&O tax. I believe this is paid by the applicant and not the user. Ideally there's be something more than a sales tax that is paid by the user.
- 2) Anji to follow up with Russ about the parking issue. Anji sent email on 6-17-22.
- 3) City produced document that includes noise ordinance, (parking ordinance?), contact number of site's responsible party, and (short-term rental ordinance in it's entirety?)
- 4) Unclear if our code allows for Police to issue citations for violations of the noise ordinance for private property code violations.
- 5) Unclear where the code specifically calls out quiet time of 9pm-7am weekdays and 9pm-9am on weekends.
- 6) It looks like the noise policy hasn't been updated since 1988.

9.56.040 Public Nuisances and Disturbance Noises.

- A. Public Nuisance Noises: It is unlawful for any person to cause or allow to be emitted a noise which has been determined to be a public nuisance noise as defined herein.

20221 27/199

B. Public Disturbance Noise: It is unlawful for any person to cause or any person in possession of property to allow to originate from the property, sound that is a public disturbance. No sound source specifically exempted from this Chapter shall be a public nuisance noise or public disturbance noise in so far as the particular source is exempted. The following source of sound shall be public disturbance noises:

1. The frequent, repetitive or continuous sounding of any horn or siren attached to a motor vehicle except as a warning of danger or specifically permitted or required by law.
2. The creation of frequent, repetitive, or continuous noise in connection with the starting, operation, repair, rebuilding, or testing of any motor vehicle, motorcycle, off-highway vehicle, or internal combustion engine in any residential zone so as to unreasonably disturb or interfere with the peace, comfort, and repose of owners or possessors of real property.
3. The use of sound amplifier or other device capable of producing or reproducing amplified sounds upon public streets for the purpose of commercial advertising or sales or for attracting the attention of the public to any vehicle, structure, or property or the contents therein, except as permitted by law, and except that vendors whose sole method of selling is from a moving vehicle shall be exempt from this subsection.
4. The making of any loud and raucous noise which unreasonably interferes with the use of any school, church, hospital, sanitarium, or nursing or convalescent facility.
5. The creation by use of a musical instrument, whistle, sound amplifier, stereo, jukebox, radio, television, or other device capable of reproducing sound and raucous noises which emanate frequently, repetitively, or continuously from any building, structure, or property, such as sounds originating from a band session, tavern operation, or social gathering.
6. Yelling, shouting, hooting, whistling or singing on the public streets, particularly between the hours of 10 p.m. and 7 a.m. or at any time and place so as to disturb the quiet, comfort and repose of any person in any hospital, rest home, sanitarium, dwelling, hotel, motel or other type of residence.
7. The keeping in any building or upon any premises, of any bird, animal or fowl which by frequent or long continued noise shall disturb the comfort and repose of any person in the vicinity.

David Levitan

From: Russell Wright
Sent: Monday, June 20, 2022 8:38 AM
To: David Levitan
Subject: FW: Short Term Rental - Funding Considerations
Attachments: Short Term Rental - Funding Considerations.pdf



Russell Wright, *Community Development Director*

City of Lake Stevens | Planning and Community Development
1812 Main Street | PO Box 257
Lake Stevens, WA 98258
(425) 622-9424
rwright@lakestevenswa.gov

NOTICE: All emails and attachments sent to and from the city of Lake Stevens are public records and may be subject to disclosure pursuant to the Public Records Act (RCW 42.56).

From: Barbara Stevens <bsteven@lakestevenswa.gov>
Sent: Thursday, June 16, 2022 5:30 PM
To: Steve Ewing <sewing@lakestevenswa.gov>; Anji Jorstad <ajorstad@lakestevenswa.gov>; Shawn Frederick <sfrederick@lakestevenswa.gov>
Cc: Gene Brazel <gbrazel@lakestevenswa.gov>; Brett Gailey <bgailey@lakestevenswa.gov>; Russell Wright <rwright@lakestevenswa.gov>; Kelly Chelin <kchelin@lakestevenswa.gov>
Subject: Short Term Rental - Funding Considerations

Good evening Committee members,

For your consideration, I have put together a number of documents from various resources pertaining to taxes and fees related to STR and summarized the information in a memorandum. Due to the suggested short time-frame for implementation of short term rental regulations, I wanted to get this to you prior to your first meeting.

You will find summarized information regarding Lodging Tax (hotel/motel tax), Tourism Promotion Area fees, and Permit or Licensing fees. Although not included in the summary, I have attached documents related to Business & Occupation taxes along with the other potential revenue sources.

Additional information regarding permits and licensing will need to be submitted from the Planning Department for your review.

I will be out of the office tomorrow, but please let me know if you have questions that I can answer next week.



Barbara Stevens, *Finance Director*

City of Lake Stevens | Finance
1812 Main Street | PO Box 257
Lake Stevens, WA 98258
(425) 622-9410
bstevens@lakestevenswa.gov

NOTICE: All emails and attachments sent to and from the city of Lake Stevens are public records and may be subject to disclosure pursuant to the Public Records Act (RCW 42.56).

MEMORANDUM



Finance Department

DATE: June 16, 2022

TO: Council President Ewing
Short-term Rental Committee

CC: Mayor Gailey
Administrator Brazel
Director Wright
Clerk Chelin

FROM: Finance Director Stevens

SUBJECT: Short Term Rental - Funding Considerations

Lodging Tax (Hotel/Motel Tax)

Quick Summary (WA Cities - Revenue Guide)

- Most cities or towns may impose a lodging tax up to 4%, of which:
 - 2% is a credit against the state sales tax.
 - 2% is in addition to the sales tax rate (*Not Eligible – see below*)
- A few jurisdictions have been grandfathered in with varying rates (N/A)
- Revenues are restricted and must generally be used for tourism activities or tourism-related facilities.
- May also be used to repay debt for affordable workforce housing within ½ mile of a transit station.
- Cities of 5,000 or more must establish a lodging tax advisory committee (LTAC) to review funding applications and recommend awards.
- Does not require voter approval.
- Reporting Requirement to JLARC

RCW: [67.28.180](#) and [67.28.181\(1\)](#)

This tax is collected as a sales tax and paid by the customer at the time of the transaction, and the revenues must be used for eligible tourism promotion activities or tourism-related facilities.

Two lodging tax options:

- A “basic” or “state-shared” – up to 2% taken as a credit against the 6.5% state sales tax (does not increase tax rate to patron)
- An “additional” or “special” tax – up to 2% on top of the other state and local taxes (results in higher tax bill)

- **Exception:** Any city located within a county that had the authority to levy a countywide 4% lodging tax before January 1, 1997 may not impose the additional 2% (RCW 67.28.181(2)(b)). This applies to all cities in Cowlitz and Snohomish counties.
- **Lake Stevens would not be able to impose this “additional/special” tax**

Use of Revenue

Revenues are restricted and must generally be used for tourism promotion, acquisition of tourism-related facilities, or operation of tourism-related facilities

Lodging Tax Advisory Committee – LTAC (RCW 67.28.1817)

Any city with a population of 5,000 or more that has imposed lodging taxes – either the basic/state-shared or the additional/special taxes – must establish a lodging tax advisory committee (LTAC) comprised primarily of representatives of the local lodging and tourism industries. The LTAC must be appointed by the city council and must contain at least five members:

- One (1) Elected Official – serves as Chair
- *At least* Two (2) Representatives of businesses that are required to collect the lodging tax
- *At least* Two (2) People involved in activities that are authorized to be funded by lodging tax
 - *Optional:* One (1) County Elected Official as nonvoting member

The city council must review the committee’s membership annually and makes changes as appropriate.

Funding Recipients

All prospective funding recipients must apply to the LTAC for consideration. The LTAC will review the applications and make funding recommendations to the city legislative body for consideration.

The City Council “may choose **only** recipients from the list” provided by the LTAC and may not award funds to any applicant **not** recommended by the LTAC. The Council may however award amounts different than recommended by the LTAC.

Tourism Promotion Area

Quick Summary (WA Cities - Revenue Guide)

- Any city or town may form a tourism promotion area and impose charges up to \$2 per room per night. Effective June 11, 2020 to July 1, 2027 the city/town may impose an additional fee up to \$3 per room per night.
- Only applies to lodging businesses with 40 or more rooms.
- May establish up to six different lodging classifications, with different rates in each.
- Revenues must be used for tourism promotion to increase the number of tourists to the area.
- Does not require voter approval, but requires support from local lodging businesses and may be repealed if a majority of lodging businesses submit a written petition.

RCW: [Chapter 35.101](#)

Permit or Licensing

City of Lake Stevens imposes an additional business license fee for **Home Occupations**, this may be an option for STR.

Permitting

Other jurisdictions have adopted regulations within their Municipal Codes to define what is allowed as short-term rental (STR) and imposed Permit Fees.

- City of Bellingham [Short-Term Rental Regulations - City of Bellingham \(cob.org\)](https://cob.org/short-term-rental-regulations)
 - Municipal Code 20.10.037
 - Defines a STR as a lodging use, other than hotel or motel, in which a dwelling unit or portion thereof is provided to guests by an STR operator for a fee for fewer than 30 consecutive nights.
 - Regulates Zoning
 - STR Land Use Permits required
 - Fees based on Permit Type (Between \$370 - \$847 with a \$250 2-year renewal)
- City of Walla Walla [Microsoft Word - STR 2 Application - 11.17.17.docx \(wallawallawa.gov\)](https://wallawallawa.gov/microsoft-word-str-2-application-11.17.17.docx)
 - Requires STR permit application fee of \$150

Attachments:

- Municipal Research Service Center (MRSC) – Short Term Rental Taxing Inquiry
- MRSC – Lodging Tax
- 2022 Revenue Guide for WA Cities & Towns – Lodging Tax (Hotel/Motel Tax)
- Department of Revenue (DOR) – Lodging Tax
- DOR – Personal Home Rentals (short-term)
- DOR – Lodging – non-transient (long-term)
- DOR - Rental vs. License to Use Real Estate
- 2022 Revenue Guide for WA Cities & Towns - Tourism Area Fee
- City of Bellingham – Short Term Rentals
- *MRSC – City Business Licenses and Fees*
- *MRSC – City Business & Occupation Taxes*

Barbara Stevens

From: Eric Lowell <ELowell@mrsc.org>
Sent: Thursday, June 9, 2022 12:23 PM
To: Barbara Stevens
Subject: RE: Additional Taxes for Short-Term Rentals

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Barbara,

Good afternoon. Here is the response to your inquiry:

INQUIRY: Are there any taxes a city can impose on short-term rentals (VRBO/AirBnB) to mitigate the impacts of the rentals? Such as parking issues, police and noise or nuisance complaints. I have provided information to my Council on Lodging Tax (Hotel/Motel) and explained that these tax receipts cannot be used to mitigation impacts of hotels or rentals, but generally must increase tourism. Council is sure there must be some type of additional tax we can impose on these rentals that will help to mitigate impacts. Are there any?

RESPONSE: There are not additional taxes that you can impose on short-term rentals other than sales tax, lodging tax, and B&O tax. Some cities require a permit for short-term rentals. For instance, the City of Walla Walla has a [\\$150 short-term rental permit application fee](#). The permit must be renewed annually for \$150. The [City of Bellingham](#) requires an initial permit application and, depending on the type of short-term rental, charges between \$370-\$847 with an renewal fee of \$250 before January 1 of every even-numbered year.

Let me know if you have further questions concerning this inquiry.

Regards,

Eric Lowell (He/She/They)

Finance Consultant

206.625.1300 x105

MRSC Empowering local governments

Lodging Tax (Hotel-Motel Tax)

This page provides an overview of the lodging tax, also known as the hotel-motel tax, that cities and counties in Washington State may charge to benefit tourism, including applicable tax rates, use of revenues, lodging tax advisory committees (LTACs), and sample documents.

The information on this page applies only to cities and counties. Certain public facilities districts also have separate lodging tax authority which is not discussed on this page. For more information, see our page on [Public Facilities Districts \(PFDs\)](#).

For further guidance on lodging taxes and other local revenue options, see MRSC's [City Revenue Guide](#) and [County Revenue Guide](#).

Overview

Any city, town, or county has the authority to levy lodging taxes, also known as “hotel/motel taxes,” on all charges for furnishing lodging at hotels, motels, and short-term rentals – including such activities as Airbnb, bed and breakfasts (B&Bs), RV parks, and other housing and lodging accommodations for periods of time less than 30 days.

The tax is collected as a sales tax and paid by the customer at the time of the transaction, and the revenues must be used for eligible tourism promotion activities or tourism-related facilities.

There are two lodging tax options:

- A **“basic”** or **“state-shared”** lodging tax up to 2% that is taken as a credit against the 6.5% state sales tax rate, so that the lodging patron does not see any tax increase ([RCW 67.28.180-.1801](#)). The state also sometimes refers to this as the **“transient rental tax.”**
- An **“additional”** or **“special”** lodging tax up to 2% *on top* of the other state and local [retail sales taxes](#), resulting in a higher tax bill for the patron ([RCW 67.28.181](#)).

If a jurisdiction imposes both options at the maximum rate, that would bring the total lodging tax rate to 4%. However, a few specific jurisdictions are not authorized to collect certain lodging taxes while others have additional authority, as discussed below.

Lodging taxes are different from (and may be imposed in addition to) tourism promotion area fees. For more information on tourism promotion areas, see our page [Tourism and Local Governments](#).

"Basic" or "State-Shared" Lodging Tax

Any county has the authority to levy the "basic" or "state-shared" lodging tax up to 2% ([RCW 67.28.180](#)), which is taken as a credit against the 6.5% state sales tax ([RCW 67.28.1801](#)). This means that there is no tax increase, and the total tax paid by the patron is equal to the retail sales tax in the jurisdiction in which the lodging is located. The state's portion of the sales tax rate on lodging effectively drops from 6.5% to 4.5% within those jurisdictions. The state sometimes refers to this as the "transient rental tax."

Most cities and towns have similar "basic" lodging tax authority. The city's basic rate is credited against the county's basic rate ([RCW 67.28.180\(2\)](#)). For instance, if both the city and the county impose the full 2% basic lodging tax, the total rate will be 2% countywide, but the county will not receive revenues from the incorporated area because it must credit those revenues back to the city.

The basic lodging tax has a few exceptions:

- No city located within King County may impose the basic lodging tax (see [RCW 67.28.180\(2\)\(c\)\(ii\)](#)), except for Bellevue which has legislation allowing it to collect a rate up to 2% until its related debt is retired (subsection (2)(c)(iii)).
- No city that is located within a county that is exempt under [RCW 67.28.180\(2\)\(b\)](#) may impose the basic lodging tax so long as the county remains exempt. Currently, Yakima County is the only county exempt under that subsection, so no city within Yakima County may impose this tax. However, there is also an exception that grandfathers in the City of Yakima and allows it to collect a basic lodging tax up to 2% until its related debt is retired (subsection (2)(c)(iii)).
- For Bellevue/King County and City of Yakima/Yakima County, the statutory exemptions allow the jurisdictions to "double-dip," meaning that the city lodging tax is not taken as a credit against the county rate. Instead, the city and county rates are added together, resulting in a credit of up to 4% against the state sales tax rate within Bellevue and the City of Yakima. This means the state only receives a 2.5% sales tax on lodging in those two cities.

"Additional" or "Special" Lodging Tax

In addition to the "basic" 2% lodging tax, any county may impose an "additional" or "special" lodging tax up to 2% in increments no smaller than 0.1% ([RCW 67.28.181](#)). Unlike the basic lodging tax, the additional lodging tax is *not* a credit against the state sales tax and results in a tax increase for the lodging patron.

If the basic and additional lodging tax are each levied at a rate of 2%, the combined lodging tax rate would be 4% and the total tax paid by the patron would equal the retail sales tax in the jurisdiction plus the additional/special lodging tax of 2%.

Most cities and towns also have similar authority, and just like the basic lodging tax the city's additional lodging tax must be taken as a credit against the county's additional rate ([RCW 67.28.181\(3\)](#)). For instance, if both the city and the county impose the full 2% additional lodging tax, the total additional rate will be 2% countywide, but the county will

not receive revenues from the incorporated area because it must credit those revenues back to the city.

The additional lodging tax also has a few exceptions:

- Counties and cities that imposed a combined lodging tax greater than 4% before July 27, 1997 were grandfathered in under RCW 67.28.181(2)(a). This includes Grays Harbor and Pierce counties (and the cities within them), plus the cities of Airway Heights, Bellevue, Chelan, Leavenworth, Long Beach, Winthrop, and Yakima.
- Any city located within a county that had the authority to levy a countywide 4% lodging tax before January 1, 1997 may not impose the additional 2% (RCW 67.28.181(2)(b)). This applies to all cities in Cowlitz and Snohomish counties.
- Cities that imposed a combined lodging tax rate of 6% before January 1, 1998 are grandfathered in under RCW 67.28.181(2)(d). This occurred due to a unique set of circumstances and only applies to the cities of Wenatchee and East Wenatchee.

Use of Revenues

City and county lodging tax revenues – including both the “basic” and “additional” lodging taxes – must generally be used for tourism promotion, acquisition of tourism-related facilities, or operation of tourism-related facilities (RCW 67.28.1815-.1816), including:

- Tourism marketing;
- Marketing and operations of special events and festivals designed to attract tourists;
- Operations *and* capital expenditures of tourism-related facilities owned or operated by a municipality or a public facilities district, including repayment of general obligation bonds (RCW 67.28.150) or revenue bonds (RCW 67.28.160) for eligible capital projects; or
- Operations of tourism-related facilities owned or operated by nonprofit organizations (but *not* capital expenditures).

(King County has separate provisions and requirements for how to spend the revenues.)

Definitions of “tourism,” “tourism promotion,” and “tourism-related facility” are provided in RCW 67.28.080. Cities and counties may use the funds either directly, or indirectly through a convention and visitor’s bureau or destination marketing organization. The funds may be awarded to nonprofits, tourism organizations, and to the city or county for eligible expenses.

Practice Tip: The guiding principle is that these facilities should be used by tourists. So for example, a municipal golf course would likely be a permitted lodging tax expenditure in Chelan, while it probably would not be if it were in a residential neighborhood in Spokane. Each situation is unique and requires careful assessment.

After conferring with the State Auditor’s Office, we have also concluded that lodging tax revenues may be used to pay for staff support of the lodging tax advisory committee (LTAC, described in further detail below), provided that proper application and reporting requirements are followed. Our conclusion comes from RCW 67.28.1815, which

states that the revenues must be used “solely for the purpose of paying all or any part of the cost of tourism promotion...” It is our opinion that the primary function of an LTAC is to promote and market tourism.

Cities and counties may also use lodging tax revenues to repay general obligation bonds ([RCW 67.28.150](#)) or revenue bonds ([RCW 67.28.160](#)) issued for affordable workforce housing within a half-mile of a transit station. For more information, see our page on [Affordable Housing Funding Sources](#).

Application and Award Process

All prospective lodging tax recipients must apply to the city/county for funding. The entities that may apply for lodging tax funding are:

- Convention and visitors' bureaus;
- Destination marketing organizations;
- Nonprofits, including main street organizations, lodging associations, or chambers of commerce; and
- Municipalities (defined as any city, town, or county).

Any city or county with a population of 5,000 or more that imposes any lodging tax must also establish a lodging tax advisory committee (LTAC), described in the next section, to review the applications and make funding recommendations.

Jurisdictions with a population of less than 5,000 are not required to establish an LTAC, although they may do so if desired. If the jurisdiction does not have an LTAC, prospective applicants must apply directly to the legislative body (city council or county commission) for consideration and funding.

All applications must include estimates of how funding the activity will result in increases to the number of people staying overnight, traveling 50 miles or more, or coming from another state or country. To ensure that the applicants are compliant with this statutory requirement, this information should be included in the lodging tax application form that will be filed with the city/county or the LTAC.

There is no requirement that priority for funding be given to applicants expected to generate the largest number of tourists, and lodging tax revenue may still be awarded to recipients who provide services that indirectly increase tourism such as destination marketing organizations.

The law is silent on the frequency of the awards. Some jurisdictions choose to make the award process a part of their annual budget cycle while others may incorporate a mid-year awards procedure to account for unexpected increases or decreases in lodging tax revenues.

Practice Tips:

- The State Auditor's Office interprets the law to mean that all users of lodging tax funds, including municipalities, are considered applicants and must follow the relevant application procedures. So, if cities or counties are seeking to use the funds directly, the city/county should submit applications for their own projects to the legislative body or LTAC for consideration.

- To avoid any concerns regarding gifting of public funds, the city or county awarding the funds should enter into a contract with the recipient organization(s). The contract should spell out the tourism-related services to be provided in exchange for the funding, as well as the required reports that must be filed by the recipient that quantifies the services in terms of the number of tourists generated as a result of the funding.

Lodging Tax Advisory Committees (LTACs)

Any city or county with a population of 5,000 or more that imposes any lodging tax is required to establish a lodging tax advisory committee (LTAC) to review the applications and make funding recommendations to the legislative body.

Practice Tip: Jurisdictions with a population of less than 5,000 are not required to establish an LTAC, although they may do so voluntarily. If a jurisdiction voluntarily establishes an LTAC, it is not required to follow these rules and may adopt its own processes and requirements.

For jurisdictions of at least 5,000 population, the LTAC must be appointed by the legislative body (city council or county commission) and must contain at least five members, including at least two representatives of businesses that are required to collect the lodging tax, at least two people who are involved in activities that are authorized to be funded by the lodging tax, and one elected official from the jurisdiction who serves as chair (RCW 67.28.1817).

The number of committee members from organizations representing hotels/motels collecting the tax and the number from organizations involved in activities that can be funded must be equal. Organizations representing hotels and motels and organizations involved in activities that can be funded by this tax may recommend people for membership.

The statute also provides that a person who is eligible under the first category (lodging businesses) is not eligible for appointment under the second category (funding organizations), and vice versa.

The legislative body must review the committee's membership annually and makes changes as appropriate. A city's committee may include a non-voting elected county official and vice versa.

The LTAC receives all applications for lodging tax revenue and recommends a list of candidates and funding levels to city or county legislative body for final determination. The statute says that the legislative body "may choose only recipients from the list of candidates and recommended amounts provided by the local lodging tax advisory committee" (RCW 67.28.1816(2)(b)(ii), emphasis added).

Practice Tip: The legislative body is not required to fund the full list of recommended recipients and may choose to make awards to only some or even none of the recommended recipients, but the legislative body *may not award funds to any recipient that was not recommended by LTAC.*

However, an informal opinion from the Attorney General's Office in 2016 states that the legislative body may award *amounts* different from the LTAC's recommended amounts, but only after satisfying the procedural requirements of RCW 67.28.1817(2). This requires the municipality to submit its proposed change(s) to the LTAC for review and comment at least 45 days before final action is taken.

Any proposal to impose a new lodging tax, raise the rate of an existing tax, repeal an exemption from the lodging tax, or change the use of the tax proceeds, must be submitted to the lodging tax advisory committee for review and comment at least 45 days before final action will be taken on the proposal by the legislative body ([RCW 67.28.1817\(2\)](#)).

Reporting Requirements

All cities and counties *receiving* lodging tax revenues must file an annual report with the Joint Legislative Audit & Review Committee (JLARC) by May 15 for the prior calendar year ([RCW 67.28.1816](#)). If a jurisdiction received lodging tax revenues but did not have any distributions or expenses during the calendar year, the JLARC report must still be completed and filed by the deadline indicating no activity.

JLARC has established an [online reporting system](#) – see the reporting instructions, data field descriptions, and FAQs at the top of the JLARC page. The reporting requirements include:

- All lodging tax revenues received;
- All lodging tax revenues distributed and/or expended;
- All recipients of lodging tax monies, including the city itself, that may have directly used lodging tax funds for qualifying facilities, tourist events, or tourism administration; and
- For all recipients, the actual number of people traveling for business or pleasure on an overnight trip in paid accommodations, traveling 50 or more miles away from their business or place of residence for the day or overnight, or traveling from another country or state.

Practice Tip: The deadline to submit the annual lodging tax data to JLARC is May 15 for the year ending December 31 of the prior fiscal period. However, the JLARC online filing system can record and store lodging tax activity throughout the calendar year, so as part of your contract with recipients, we recommend that you require the recipient to file the actual number of attendees, overnight stays, and/or other associated tourism data as soon as the event or activity has been completed to ensure the city's full compliance with JLARC.

Maximum Combined Sales & Lodging Tax Rate

For cities and counties, the maximum combined sales and lodging tax rate upon sales of lodging may not exceed 12% ([RCW 67.28.181\(1\)](#)), except for Seattle which has a maximum combined rate of 15.2%. The statutes included within the 12% cap are:

- [Chapter 36.100 RCW](#) (public facilities districts),
- [Chapter 82.08 RCW](#) (state sales tax)
- [Chapter 82.14 RCW](#) (local sales taxes)
- [Chapter 67.28 RCW](#) (lodging taxes), and
- Chapter 67.40 RCW (convention and trade center tax – repealed in 2010).

However, affordable housing sales taxes (see [RCW 67.28.181\(4\)](#)) and the first 0.4% of the Sound Transit high-capacity transit sales tax (adopted prior to December 1, 2000 – see [RCW 82.14.410\(2\)\(c\)](#)) are not included within the 12% cap.

Most counties and cities are not that close to the 12% cap, and the cap does not affect the ability of any jurisdiction to impose the maximum “basic” lodging tax allowed by law since it is taken as a credit against the state sales tax and does not increase the sales tax rate. However, the 12% cap may limit the “additional” lodging tax rate that some jurisdictions may impose.

[RCW 82.14.410](#) provides that any local sales and use tax increase adopted after December 1, 2000 must exempt lodging sales if the increase would cause the total combined lodging/sales tax rate to exceed the greater of the 12% cap or the actual combined lodging/sales tax rate in effect on December 1, 2000.

Examples of Lodging Tax Documents

Below are selected examples of lodging tax ordinances, code provisions, application forms, and contracts.

Code Provisions/Ordinances

- [Anacortes Ordinance No. 4019](#) (2022) – Establishing Lodging Tax Advisory Committee
- [Clallam County Code Ch. 5.13](#) – Additional Special Excise Tax on Lodging
- [Ferndale Municipal Code Ch. 2.31](#) – Lodging Tax Advisory Committee
- [Kirkland Municipal Code Ch. 5.19](#) – Lodging Excise Tax, with tourism development committee performing LTAC functions
- [Ocean Shores Resolution No. 787](#) (2019) – Establishing plan for use of lodging tax funds, LTAC membership, funding process, and city council goals and priorities for use of lodging taxes.
- [Quincy Municipal Code Ch. 2.36](#) (Lodging Tax Advisory Committee) and [Ch. 3.24](#) (Hotel/Motel Tax)
- [San Juan County Code Ch. 3.16](#) – Lodging Tax
- [SeaTac Ordinance No. 98-1049](#) (1998) – Authorizes issuance of \$5 million in limited tax general obligation (LTGO) bonds for specified tourism-related capital projects, repaid from lodging tax revenues and, if lodging taxes are insufficient, general property taxes
- [Spokane Valley Municipal Code Ch. 3.20](#) – Transient Occupancy Tax

RFPs, Applications, and Guidelines

- [Airway Heights Lodging Tax Advisory Committee](#) – Includes city’s tourism policy goals and strategic plan, LTAC grant application and instructions, and application for reimbursement of approved funding
- [Kittitas County, Cle Elum, Ellensburg, and Roslyn Request for Proposals: Lodging Tax Fund](#) – Consolidated online application form for county and cities. Provides lots of details about the application and scoring process; users must log in to access form
 - [Lodging Tax Request For Proposals](#) (2017) – Older paper copy of RFP; includes application form, rating form; and applicant and internal submittal checklists

- [Consolidated Lodging Tax Interlocal Agreement](#) (amended 2018) – Creates consolidated lodging tax application process with countywide lodging tax advisory committee (LTAC) work group consisting of members of each participating LTAC. Includes amendments.
- [Lacey Application for City Lodging Tax Funds](#) (2019)
- [Ocean Shores Lodging Tax Funds Application](#) (2019)
- [Pacific County Lodging Tax Grant Application Packet](#) (2019)
- [Pierce County Lodging Tax Program](#) – Includes application process and forms, list of awards, and “resources” including the county’s tourism funding strategic plan and LTAC scoring matrices. Applicants must schedule a one-on-one application workshop with the county economic development department.
- [San Juan County Lodging Tax Advisory Committee](#) – Includes most recent LTAC master plan, RFPs, and application forms
- [Wenatchee Application for Lodging Tax Funds](#) (2016)

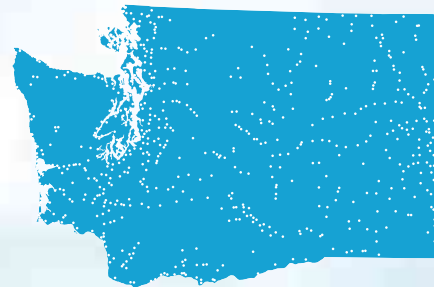
Contracts with Lodging Tax Recipients

- [Ocean Shores Tourism Promotion Agreement](#) (2019) – Contract template for lodging tax recipients; includes reporting requirements and example of final report on number of visitors and paid room nights
- [Olympia Professional Services Agreement for Tourism Promotion \(Lodging Tax\) Services](#) (2014) – Agreement to use lodging tax revenues for marketing and promotion of the Hands On Children’s Museum and the 2014 Sand in the City event, not to exceed \$60,000.
- [Union Gap Old Town Days Agreement](#) (2011) – Simple and short contract
- [Wenatchee Municipal Services Agreement Re: Lodging Tax Funded Activities](#) (2014) – Agreement to use lodging tax revenues to support operations of nonprofit Wenatchee Valley Museum and Cultural Center Association by growing visitation, enhancing events and marketing, and supporting a visitor services staff member/volunteer coordinator

Last Modified: April 26, 2022

Follow us:

Revenue Guide



for Washington Cities and Towns



Lodging Tax (Hotel/Motel Tax)

Quick Summary

- Most cities or towns may impose a lodging tax up to 4%, of which:
 - 2% is a credit against the state sales tax.
 - 2% is in addition to the sales tax rate.
- A few jurisdictions have been grandfathered in with varying rates.
- Revenues are restricted and must generally be used for tourism activities or tourism-related facilities.
- May also be used to repay debt for affordable workforce housing within ½ mile of a transit station.
- Cities of 5,000 or more must establish a lodging tax advisory committee (LTAC) to review funding applications and recommend awards.
- Does not require voter approval.

RCW: [67.28.180](#) and [67.28.181\(1\)](#)

Any city or town has the authority to levy lodging taxes, also known as “hotel/motel taxes,” on all charges for furnishing lodging at hotels, motels, and short-term rentals (STR), including such activities as Airbnb, bed and breakfasts (B&Bs), RV parks, and other housing and lodging accommodations for periods of time less than 30 days. The tax is collected as a sales tax and paid by the customer at the time of the transaction. These taxes may be imposed by the legislative body and do not require voter approval.

In addition, counties and certain public facilities districts also have lodging tax authority.

There are two lodging tax options:

- A **“basic”** or **“state-shared”** lodging tax up to 2% that is taken as a credit against the 6.5% state sales tax rate, so that the lodging patron does not see any tax increase.
- An **“additional”** or **“special”** lodging tax up to 2% on top of the state sales tax rate that results in a higher tax bill for the patron.

If a city imposes both options at the maximum rate, that would bring the total local lodging tax rate to 4%. Both the “basic” and the “additional” lodging taxes will be discussed further in the following pages, along with the use and distribution of funds, lodging tax advisory committees (LTACs), and reporting requirements.

Lodging taxes are different than tourism promotion area fees (see [Tourism Promotion Area Fees](#)), and lodging taxes may be imposed in addition to tourism promotion area fees.

“BASIC” OR “STATE-SHARED” LODGING TAX

Most cities and towns have the authority to levy a “basic” or “state-shared” lodging tax up to 2% ([RCW 67.28.180](#)), which is taken as a credit against the 6.5% state sales tax ([RCW 67.28.1801](#)) so that there is no tax increase and the total tax paid by the patron is equal to the retail sales tax in the jurisdiction in which the lodging is located. The state’s portion of the sales tax rate on lodging effectively drops from 6.5% to 4.5% within those jurisdictions.

Counties have similar “basic” lodging tax authority. The city’s basic rate is credited against the county’s basic rate ([RCW 67.28.180\(2\)](#)). For instance, if both the city and the county impose the full 2% basic lodging tax, the total rate will be 2% countywide, but the county will not receive revenues from the incorporated area because it must credit those revenues back to the city.

The basic lodging tax has a few exceptions:

- No city located within King County may impose the basic lodging tax (see [RCW 67.28.180\(2\)\(c\)\(ii\)](#)), except for Bellevue which has legislation allowing it to collect a rate up to 2% until its related debt is retired (subsection (2)(c)(iii)).
- No city that is located within a county that is exempt under [RCW 67.28.180\(2\)\(b\)](#) may impose the basic lodging tax so long as the county remains exempt. As of 2018, Yakima County is the only county exempt under that subsection, so no city within Yakima County may impose this tax. However, there is also an exception that grandfathers in the City of Yakima and allows it to collect a basic lodging tax up to 2% until its related debt is retired (subsection (2)(c)(iii)).
- For Bellevue/King County and City of Yakima/Yakima County, the statutory exemptions allow the jurisdictions to “double-dip,” meaning that the city lodging tax is not taken as a credit against the county rate. Instead, the city and county rates are added together, resulting in a credit of up to 4% against the state sales tax rate within Bellevue and the City of Yakima. This means the state only receives a 2.5% sales tax on lodging in those two cities.

“ADDITIONAL” OR “SPECIAL” LODGING TAX

In addition to the “basic” 2% lodging tax, most cities may impose an “additional” or “special” lodging tax up to 2% in increments no smaller than 0.1% ([RCW 67.28.181\(1\)](#)). Unlike the “basic” lodging tax, which is taken as a credit against the 6.5% state sales tax, the “additional” lodging tax is *not* a credit and results in a tax increase for the lodging patron. If the basic and additional lodging tax are each levied at a rate of 2%, the combined lodging tax rate would be 4%, and the total tax paid by the patron would be equal to the retail sales tax in the jurisdiction plus the additional/special lodging tax of 2%.

Counties also have similar authority, and if the county has imposed the “additional” lodging tax, the city’s additional lodging tax must be taken as a credit against the county’s additional rate ([RCW 67.28.181\(3\)](#)). For example, if both the city and the county impose the full 2% “additional” lodging tax, the total additional rate will be 2% countywide, but the county will not receive revenues from the incorporated area because it must credit those revenues back to the city.

The additional lodging tax option has a few exceptions:

- Counties and cities that imposed a combined lodging tax greater than 4% before July 27, 1997 were grandfathered in under [RCW 67.28.181\(2\)\(a\)](#). This includes Grays Harbor and Pierce counties (and the cities within them), plus the cities of Airway Heights, Bellevue, Chelan, Leavenworth, Long Beach, Winthrop, and Yakima.
- Any city located within a county that had the authority to levy a countywide 4% lodging tax before January 1, 1997 may not impose the additional 2% ([RCW 67.28.181\(2\)\(b\)](#)). This applies to all cities in Cowlitz and Snohomish counties.
- Cities that imposed a combined lodging tax rate of 6% before January 1, 1998 are grandfathered in under [RCW 67.28.181\(2\)\(d\)](#). This occurred due to a unique set of circumstances and only applies to the cities of Wenatchee and East Wenatchee.

The maximum combined sales and lodging tax rate upon sales of lodging may not exceed 12% ([RCW 67.28.181\(1\)](#)).⁴⁷ The statutes included within the 12% cap are [chapter 36.100 RCW](#) (public facilities districts), [chapter 82.08 RCW](#) (state sales tax), [chapter 82.14 RCW](#) (local sales taxes), [chapter 67.28 RCW](#) (lodging taxes), and [chapter 67.40 RCW](#) (convention and trade center tax – repealed in 2010). However, housing & related services sales taxes (see [RCW 67.28.181\(4\)](#)) and the first 0.4% of the Sound Transit high-capacity sales tax (adopted prior to December 1, 2000 – see [RCW 82.14.410\(2\)\(c\)](#)) are not included within the 12% cap.

Most cities are not that close to the 12% cap, and the cap does not affect the ability of any cities to impose the maximum “basic” lodging tax allowed by law since it is taken as a credit against the state sales tax and does not increase the sales tax rate. However, the 12% cap may limit the “additional” lodging tax rate that some cities, particularly within King County, may impose. [RCW 82.14.410](#) provides that any local sales and use tax increase adopted after December 1, 2000 must exempt lodging sales if the increase would cause the total combined lodging/sales tax rate to exceed the greater of the 12% cap or the actual combined lodging/sales tax rate in effect on December 1, 2000.

⁴⁷ There is an exception for Seattle, where the convention center lodging tax is higher. The city may impose an “additional” lodging tax up to 4%, and the combined lodging and sales tax rate may not exceed 15.2% under [RCW 67.28.181\(2\)\(c\)](#).

LODGING TAX ADVISORY COMMITTEES AND USE OF FUNDS

Lodging tax revenues are unlike most other local revenue sources in that many cities do not have complete control over how the revenues are spent. The money can be awarded to nonprofits, tourism organizations, and to the city or county for those activities associated with tourism facilities and tourism promotion. All prospective lodging tax recipients must apply for funding.

Any city with a population of 5,000 or more that has imposed lodging taxes – either the basic/state-shared or the additional/special taxes – must establish a lodging tax advisory committee (LTAC) comprised primarily of representatives of the local lodging and tourism industries. All prospective funding recipients must apply to the LTAC for consideration. The LTAC will review the applications and make funding recommendations to the city legislative body for consideration.

Cities with a population of less than 5,000 are not required to establish an LTAC, although they may do so if desired. If the city does not have an LTAC, prospective applicants must apply directly to the city legislative body for consideration and funding. This section will discuss the use of revenues and the LTAC award process.

Use of Revenues

All lodging tax revenues – including both the “basic” and “additional” lodging taxes – must be used for tourism promotion, acquisition of tourism-related facilities, or operation of tourism-related facilities ([RCW 67.28.1815](#) and [RCW 67.28.1816](#)), including:

- Tourism marketing;
- Marketing and operations of special events and festivals designed to attract tourists;
- Operations *and* capital expenditures of tourism-related facilities owned or operated by a municipality or a public facilities district; or
- Operations of tourism-related facilities owned or operated by nonprofit organizations (but *not* capital expenditures).

Cities and towns may use the funds either directly, or indirectly through a convention and visitor’s bureau or destination marketing organization. [Chapter 67.28 RCW](#) demonstrates that it was the state legislative intent to provide local control over the use of lodging tax revenues and to provide for the distribution of this tax back to those organizations and agencies that promote tourism within the city.

Definitions are provided in [RCW 67.28.080](#). Of particular note are the following definitions:

“Tourism promotion” means activities, operations, and expenditures designed to increase tourism, including but not limited to advertising, publicizing, or otherwise distributing information for the purpose of attracting and welcoming tourists; developing strategies to expand tourism; operating tourism promotion agencies; and funding the marketing of or the operation of special events and festivals designed to attract tourists.

“Tourism-related facility” means real or tangible personal property with a usable life of three or more years, or constructed with volunteer labor that is: (a)(i) Owned by a public entity; (ii) owned by a nonprofit organization described under section 501(c)(3) of the federal internal revenue code of 1986, as amended; or (iii) owned by a nonprofit organization described under section 501(c)(6) of the federal internal revenue code of 1986, as amended, a business organization, destination marketing organization, main street

organization, lodging association, or chamber of commerce and (b) used to support tourism, performing arts, or to accommodate tourist activities.



Practice Tip: The guiding principle is that these facilities should be used by tourists. So, for example, a municipal golf course would likely be a permitted lodging tax expenditure in Chelan, while it probably would not be if it were in a residential neighborhood in Spokane. Each situation is unique and requires careful assessment.

After conferring with the State Auditor’s Office, we have also concluded that lodging tax revenues may be used to pay for staff support of the lodging tax advisory committee (LTAC), provided that proper application and reporting requirements are followed. Our conclusion comes from [RCW 67.28.1815](#), which states that the revenues must be used “solely for the purpose of paying all or any part of the cost of tourism promotion...” It is our opinion that the primary function of an LTAC is to promote and market tourism.

To avoid any concerns with Article 8, Section 7 of the state constitution, which prohibits gifts of public funds, a city should enter into a contract with any organization receiving lodging tax funds. The contract should spell out the tourism-related services to be provided in exchange for city funding as well as the required reports that must be filed by the recipient with the city that quantifies the services in terms of the number of tourists generated as a result of the funding.

Cities and counties may use lodging tax funds to repay debt associated with tourism related facilities owned by the municipality, and the 2015 legislation session provided cities with an additional option to use lodging tax revenues to repay general obligation bonds ([RCW 67.28.150](#)) or revenue bonds ([RCW 67.28.160](#)) issued for affordable workforce housing within a half mile of a transit station ([RCW 67.28.180](#)).

King County has a separate mandatory provision that requires at least 75% of the revenues to be used for affordable housing and the arts beginning in 2021. However, these provisions only apply to the county itself and do not apply to any cities within King County.

Application and Award Process

The entities that may apply for lodging tax funding are:

- Convention and visitors’ bureaus;
- Destination marketing organizations;
- Nonprofits, including main street organizations, lodging associations, or chambers of commerce; and
- Municipalities (defined as any city, town, or county).

In cities with a population of 5,000 or more, applications for lodging tax funding must be submitted to a lodging tax advisory committee (LTAC). The LTAC must be appointed by the city council and must contain at least five members, including one elected city official who serves as chair, at least two representatives of businesses that are required to collect the lodging tax, and at least two people who are involved in activities that are authorized to be funded by the lodging tax ([RCW 67.28.1817](#)). The city may optionally appoint one county elected official as

a nonvoting member. The city council must review the committee's membership annually and makes changes as appropriate.

In cities of less than 5,000, applications are submitted to the city legislative body, unless the city voluntarily chooses to establish an LTAC.



Practice Tip: Cities with a population less than 5,000 that voluntarily establish an LTAC do not have to follow the statutory requirements outlined in [RCW 67.28.1816](#) and [.1817](#). If your city chooses to vary from the statutory requirements, it should adopt policies to provide clear direction and guidance.

All applications must include estimates of how funding the activity will result in increases to the number of people staying overnight, traveling 50 miles or more, or coming from another state or country. To ensure that the applicants are compliant with this statutory requirement, this information should be included in the lodging tax application form that will be filed with the city or the LTAC.

There is no requirement that priority for funding be given to applicants expected to generate the largest number of tourists, and lodging tax revenue may still be awarded to recipients who provide services that indirectly increase tourism such as destination marketing organizations.



Practice Tip: The State Auditor's Office interprets the law to mean that all users of lodging tax funds, including municipalities, are considered applicants and must follow the relevant application procedures. So, cities should submit applications for their own projects to the LTAC.

For those cities required to establish an LTAC, the LTAC receives all applications for lodging tax revenue and recommends a list of candidates and funding levels to city council for final determination. The statute says that city council "may choose *only recipients* from the list of candidates and recommended amounts provided by the local lodging tax advisory committee" ([RCW 67.28.1816](#)(2)(b)(ii), emphasis added). The city council may not award funds to any recipient that was not recommended by LTAC.

However, an [informal opinion from the Attorney General's Office](#) in 2016 states that the legislative body may award amounts different from the LTAC's recommended amounts, but only after satisfying the procedural requirements of [RCW 67.28.1817](#)(2). This requires the municipality to submit its proposed change(s) to the LTAC for review and comment at least forty-five days before final action is taken.

The city is not required to fund the full list of recommended recipients and may choose to make awards to only some or even none of the recommended recipients.

The law is silent on the frequency of the awards. Some jurisdictions choose to make the award process a part of their annual budget cycle while others may incorporate a mid-year awards procedure to account for unexpected increases or decreases in lodging tax revenues.

Rate Changes and Exemptions

For those cities required to establish an LTAC, any proposal to impose a new lodging tax, raise the rate of an existing tax, repeal an exemption from the lodging tax, or change the use of the tax proceeds, must be submitted to the lodging tax advisory committee for review and comment ([RCW 67.28.1817\(2\)](#)).

This submission must occur at least 45 days before final action will be taken on the city council's proposal. Even if the committee finishes its work before the 45 days are up, the city council still must wait 45 days.

The committee's comments must include an analysis of the extent to which the proposal will accommodate activities for tourists or increase tourism, and of the extent to which it will affect the long-run stability of the fund to which the hotel-motel taxes are credited. If the advisory committee does not submit comments within the 45-day deadline, city council may proceed with final action.

REPORTING REQUIREMENTS

All cities and towns *receiving* lodging tax revenues must report annually to the Joint Legislative Audit & Review Committee (JLARC) ([RCW 67.28.1816](#)). JLARC has established an [online reporting system](#), and the reporting requirements include:

- All lodging tax revenues received;
- All lodging tax revenues distributed and/or expended;
- All recipients of lodging tax monies, including the city itself, that may have directly used lodging tax funds for qualifying facilities, tourist events, or tourism administration; and
- For all recipients, the actual number of people traveling for business or pleasure on an overnight trip in paid accommodations, traveling 50 or more miles away from their business or place of residence for the day or overnight, or traveling from another country or state.



Practice Tip: The deadline for local governments to submit the annual lodging tax data to JLARC is May 15 for the year ending December 31 of the prior fiscal period. However, the JLARC online filing system can record and store lodging tax activity throughout the calendar year, so as part of your contract with recipients, we recommend that you require the recipient to file the actual number of attendees, overnight stays, and/or other associated tourism data as soon as the event or activity has been completed to assure the city's full compliance with JLARC.

In the event that your city received lodging tax revenues but did not have any distributions or expenses during the calendar year, the JLARC report must still be completed and filed by the deadline indicating no activity.

Lodging taxes

You may need to report the following taxes, in addition to state and local sales tax. To determine which lodging taxes apply to your business location, you may use our Tax rate lookup tool or see lodging sales rates.

- Transient rental tax: Lodging businesses report their total transient rental income on their return, and the tax is deducted from the state portion of the retail sales tax. This is not a consumer tax. No additional tax is paid by the lodging business that reports this information.
- Special hotel/motel tax: Consumers pay this tax on transient lodging in many locations.
- Convention and trade center tax: Consumers pay this tax on transient lodging charges for lodging businesses in King County.
 - For periods **before Jan. 1, 2019**, only businesses with 60 or more units must collect and remit this tax.
 - **Effective Jan. 1, 2019**, this tax is imposed on all lodging, regardless of the number of units.
- Tourism promotion area charges: Consumers pay this special lodging charges within designated tourism promotion areas that municipalities use to fund activities to promote tourism. For more information, please refer to our Lodging change notices.

Charges subject to lodging taxes

Additional charges to guests that are directly related to the room rental are taxed in the same manner as the room. Examples of such charges include, but are not limited to:

- Pet fees.
- Smoking fees.
- Cleaning fees.
- Damage or damage waiver fees.
- Early and late departure fees.
- Attrition fees.

Additional amounts charged for telephone services, parking, laundry, and the use of meeting or banquet rooms are not subject to lodging taxes.

Definitions

Attrition fees: When a block of rooms is reserved for a customer at a special price, but the customer does not use the full block of rooms, the hotel may not honor the price and charge an attrition fee (additional amount) for the rooms which are used. These charges are taxable as lodging.

References

RCW 67.28.180

RCW 36.100.040

WAC 458-20-166

[Printer-friendly version](#)

Lodging taxes

< [Lodging - nontransient \(long-term\)](#)

[Contents](#)

[Lodging - transient \(short-term\)](#) >



[Español](#) | [Русский](#) | [한글](#) | [Tagalog](#) | [Tiếng Việt](#) | [漢語](#)

☒ [Subscribe to receive notifications](#) | [Taxpayer Rights and Responsibilities](#)

[Your Privacy](#) | [Accessibility](#) | [DOR Staff only](#) | © 2022 Washington State Department of Revenue and its licensors. All rights reserved.

Personal home rentals

Property owners who rent out the following places on a short-term basis (less than 30 days in a row) for overnight accommodations may need to register with the department:

- Homes.
- Rooms.
- Condominiums.
- Time shares.
- Cabins.
- Camping sites.
- RV sites.

Property owners must collect and pay retail sales tax on the rental charges. They also need to pay lodging and convention and trade center taxes, depending on the location of the property. They must pay any Retailing B&O tax due after taking the small business B&O tax credit, if applicable. The credit calculates automatically when you file electronically.

The department will assume a property owner is engaged in a taxable business activity when they do any of the following:

- Advertise the property availability for overnight accommodations through online marketplaces, newspapers, or other publications.
- Hire a property manager to handle the rental of the property.
- Engage in any short-term rental contracts (less than 30 days in a row per consumer).

Property owners that choose to use the services of a property manager or an online marketplace for booking and tax collection purposes should refer to the Online marketplaces and property managers section of this guide.

Property owners that offer rentals on a long-term basis (30 days or more) should refer to the Lodging – nontransient (long-term) section of this guide or our Tax Topic article titled Rental vs. license to use real estate.

[Printer-friendly version](#)

Personal home rentals

[< Parking and business improvement area special assessments](#)

[Contents](#)

[Personal property tax >](#)



[Español](#) | [Русский](#) | [한글](#) | [Tagalog](#) | [Tiếng Việt](#) | [漢語](#)

[✉ Subscribe to receive notifications](#) | [Taxpayer Rights and Responsibilities](#)

[Your Privacy](#) | [Accessibility](#) | [DOR Staff only](#) | © 2022 Washington State Department of Revenue and its licensors. All rights reserved.

Lodging - nontransient (long-term)

The law states a person is a nontransient when the rental period is one month or more, or they remain in continuous occupancy for 30 days in a row or more when the rental period does not start on the first of the month.

A guest, resident, or other occupant who purchases lodging is a nontransient on the 30th day, even if they change rooms or lodging units during the continuous thirty-day period.

An occupant who contracts in advance and remains in continuous occupancy for the initial 30 days is considered a nontransient from the time they start occupying the unit. The business does not need to charge tax on charges for nontransient lodging. Additionally, income from nontransient rentals is exempt from B&O tax.

For more information, see our Tax Topic article titled Rental vs. License to Use Real Estate.

References

WAC 458-20-118

WAC 458-20-166(3)

[Printer-friendly version](#)

Lodging - nontransient (long-term)

[< Filing and paying lodging business taxes](#)

[Contents](#)

[Lodging taxes >](#)



[Español](#) | [Русский](#) | [한글](#) | [Tagalog](#) | [Tiếng Việt](#) | [漢語](#)

☒ [Subscribe to receive notifications](#) | [Taxpayer Rights and Responsibilities](#)

[Your Privacy](#) | [Accessibility](#) | [DOR Staff only](#) | © 2022 Washington State Department of Revenue and its licensors. All rights reserved.

Rental vs. license to use real estate

To determine the taxability of various uses of real estate, you need to know the difference between a lease or rental of real estate and a license to use real estate.

Leases or rentals of real estate are not subject to B&O tax or retail sales tax. However, income earned from providing a license to use real property are subject to B&O tax. But how do you tell them apart? Here are some general guidelines:

Rental or Lease

A rental or lease of real estate conveys an interest in a certain designated area of real property. For an activity to be an exempt rental of real estate, five elements must be present:

- There must be a landlord/tenant relationship.
- The lessee must have exclusive use of the rented space.
- The rental period must be 30 days or longer.
- The lessee must have the exclusive right of continuous possession.
- The lessee must have dominion and control of the rented space.

License to use

A license to use real estate merely grants a right to use the real property. It does not confer exclusive dominion or control over the property. Under a license to use real estate, the owner typically controls such things as lighting, heating, cleaning, repairing, and opening and closing the premises.

Some licenses to use real estate are specifically taxed as retail sales (RCW 82.04.050). For example, sales of lodging by a hotel, rooming house, motel, trailer camp, and similar licenses to use real estate are subject to retailing B&O and retail sales tax. (However, if the agreement provides for occupancy of the real property for a continuous period of one month or more, it is presumed to be a nontaxable lease or rental of real estate.)

Also, charges by automobile parking and storage garage businesses are subject to retailing B&O and retail sales tax. (However, an agreement allowing exclusive use of a designated parking space for a continuous period of one month or more is considered a nontaxable lease or rental of real estate.)

Licenses to use real property for purposes other than lodging or automobile parking are subject to B&O tax under the service and other activities classification.

Example: Owners of coin-operated machines sometimes place their machines in business locations owned by others. In exchange, the business owner is typically entitled to a share of the machine's receipts. This arrangement constitutes a license to use real property and the income received by the business owner is subject to B&O tax under the service and other activities classification.

B&O tax under the Service and other activities classification also applies to licenses granting use of a portion of a building owned by another to conduct a separate business.

Example: A barber or beautician might use a portion of a barber shop or beauty salon owned by another. A lawyer might use an office in a building owned by another. A food vendor might operate a lunch counter in a drug store owned by another.

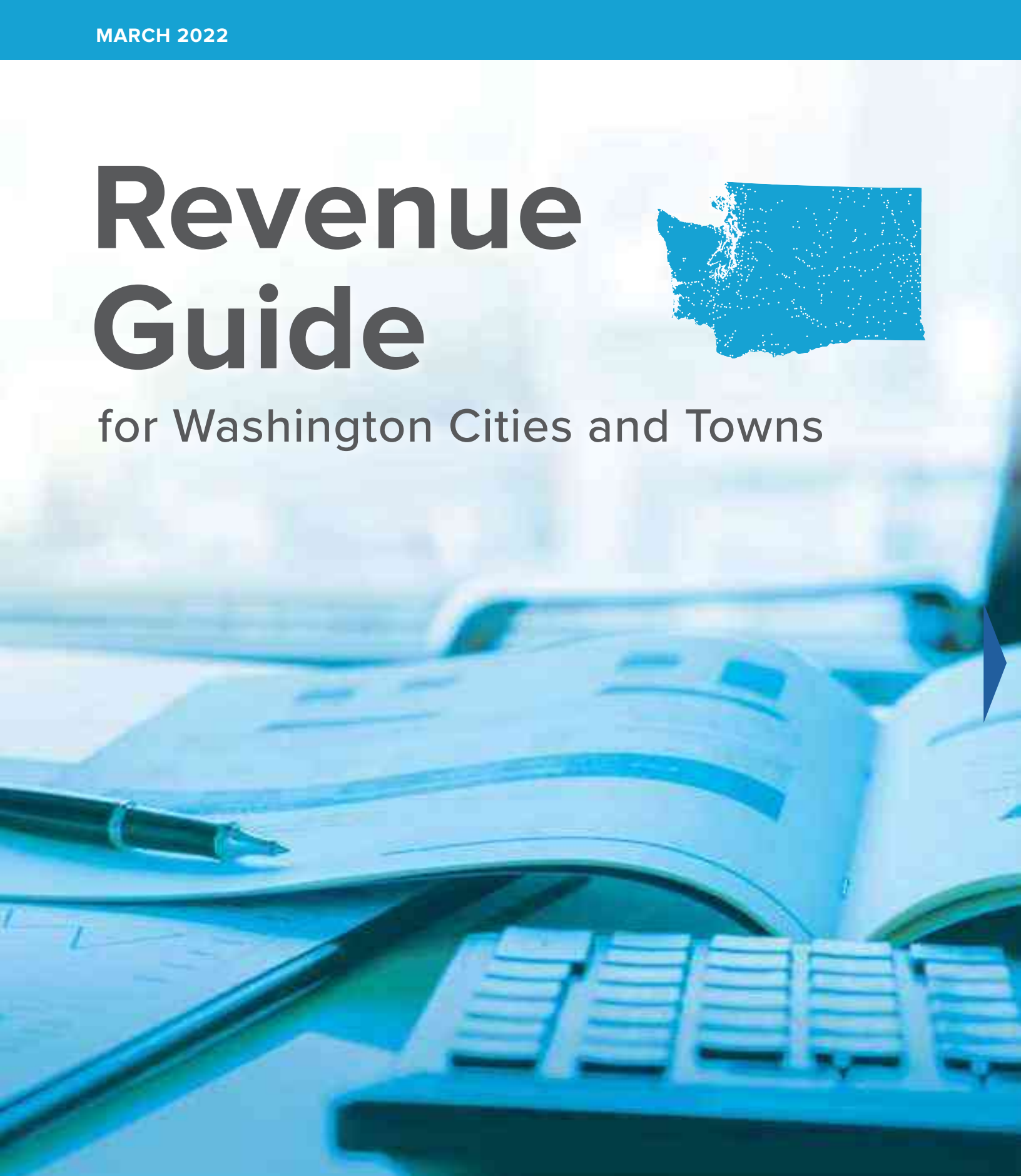
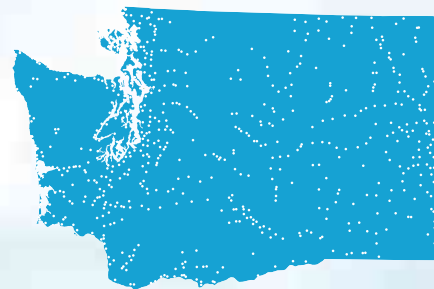
There is no tax if the agreement between the barber, beautician, lawyer, or food vendor and the building owner is a lease or rental of real property as opposed to a mere license to use. In this context, it is a little more difficult to make the distinction between a lease of rental and a license to use. For one thing, the presumption regarding continuous occupancy for a period of one month or longer is inapplicable to these situations. Instead, one must refer to the general guidelines mentioned above.

In one recent case, the Department of Revenue's Administrative Review and Hearings Division decided that the rental of space to a cosmetologist was a license to use real estate subject to B&O tax under the service and other activities classification. The cosmetologist could only use the space to conduct a cosmetology business, and had to allow other cosmetologists and their customers to leave or enter the premises. In other words, the element of exclusive possession and control was lacking.

In another case, the rental of an office in a suite of offices was held to be a non-taxable rental of real estate. Here, the renter met the requirement of exclusive possession and control. The renter had a separate entrance and was not dependent on the landlord for access to the office.

Revenue Guide

for Washington Cities and Towns



TOURISM PROMOTION AREA FEES

Quick Summary

- Any city or town may form a tourism promotion area and impose charges up to \$2 per room per night. Effective June 11, 2020 to July 1, 2027 the city/town may impose an additional fee up to \$3 per room per night.
- Only applies to lodging businesses with 40 or more rooms.
- May establish up to six different lodging classifications, with different rates in each.
- Revenues must be used for tourism promotion to increase the number of tourists to the area.
- Does not require voter approval, but requires support from local lodging businesses and may be repealed if a majority of lodging businesses submit a written petition.

RCW: [Chapter 35.101](#)

The legislative body of any city, town, or county may form a tourism promotion area (TPA) to generate revenue for tourism promotion ([chapter 35.101 RCW](#)). Previously, this authority was limited to counties over 40,000 population and the cities and towns within such counties, but effective June 11, 2020 the state legislature removed the population requirement.

Tourism promotion area fees are different than lodging taxes (see [Lodging Tax \(Hotel/Motel Tax\)](#)) and may be imposed in addition to lodging taxes. Forming a tourism promotion area requires support from the local lodging industry, and the petition to form the TPA must contain the signatures of people who operate lodging taxes within the proposed area and who would pay at least 60% of the proposed charges.

A TPA may include the entire city or only a portion, and multiple jurisdictions may establish a joint TPA through interlocal agreement. In a county with a population of one million or more – currently, only King County – the TPA must be formed by two or more jurisdictions acting under an interlocal agreement, with the exception of Federal Way which is authorized to form a TPA by itself.

Within the tourism promotion area, the legislative body may impose a charge of up to \$2 per room per night on lodging businesses with 40 or more rooms. The legislative body may establish up to six different lodging classifications, sometimes referred to as “zones,” with different rates in each. The classifications must be based on geographic location, number of rooms, or room revenue.

Lodging businesses with less than 40 rooms are exempt and may not be assessed, and some jurisdictions have established other exemptions by policy (typically by creating a separate classification for the exempted businesses and establishing a fee of zero dollars for that classification).

Effective June 11, 2020 the legislative body may impose an additional charge of up to \$3 per room per night if it has secured the signatures of the persons who operate lodging businesses who would pay 60% or more of the proposed charges. This additional \$3 nightly charge expires July 1, 2027. ([ESSB 6592, Section 2.](#))

Any tourism promotion area fee imposed after January 1, 2020 must be repealed if a majority of the lodging businesses assessed the charges petitions to the legislative body in writing to remove the charge. The legislative authority may determine the timing of when to remove the charge so that the effective date of the

expiration will not adversely affect existing contractual obligations, not to exceed 12 months. Any fee in place as of January 1, 2020 is not subject to this provision unless the jurisdiction increases the charge under Section 2 of ESSB 6592.

Use of Revenue

Effective June 11, 2020, the legislature has slightly modified the use of revenues. Previously, the revenues had to be used “to promote tourism,” but the new language requires the revenues to be used “to promote tourism that increases the number of tourists to the area” ([RCW 35.101.130](#)).

[RCW 35.101.010](#)(4) defines “tourism promotion” as “activities and expenditures designed to increase tourism and convention business, including but not limited to advertising, publicizing, or otherwise distributing information for the purpose of attracting and welcoming tourists and operating tourism destination marketing organizations.”

The city council has sole discretion as to how the revenues will be spent to promote tourism – unlike lodging taxes, which for many jurisdictions depend on recommendations from the lodging tax advisory committee (LTAC). However, the city council may appoint an existing advisory board or create a new advisory board to make recommendations on the use of the TPA revenues if desired.

The 2020 legislation also added a definition of “tourist” ([RCW 35.101.010](#)(5)):

[A] person who travels for business or pleasure on a trip:

- (a) Away from the person’s place of residence or business and stays overnight in paid accommodations;
- (b) To a place at least fifty miles away one way by driving distance from the person’s place of residence or business for the day or stays overnight. However, island communities without land access are exempt from the mileage requirement under this subsection (5)(b); or
- (c) To another country or state outside of the person’s place of residence or business.

The legislative authority may contract with tourism destination marketing organizations or other similar organizations to administer the operation of the area.

Timing of Receipts

Lodging businesses collect the charges and remit them to the Department of Revenue, which deposits the revenues into the Local Tourism Promotion Account. The state treasurer distributes money in the account monthly to the legislative authority on whose behalf the money was collected.

City of Bellingham

Short-Term Rental Regulations

The City of Bellingham recently adopted new regulations that define what is allowed as a short-term rental (STR) in [Bellingham Municipal Code Section 20.10.037](#). The regulations are intended to balance the economic opportunity created by STRs with the need to maintain the city's housing supply and protect the rights and safety of owners, guests and neighbors.

An STR is defined as a lodging use, other than a hotel or motel, in which a dwelling unit or portion thereof is provided to guests by an STR operator for a fee for fewer than 30 consecutive nights. STRs are allowed, with some exceptions, in legally-established dwelling units in residential, commercial and urban village zoning districts.

Key regulations include:

- In Residential Zoning Districts:
 - STRs are limited to one per operator.
 - The dwelling unit, including accessory dwelling units, hosting the STR must serve as the primary residence of the owner or long-term renter (with at least a 270-day lease) for at least 270 days/year and the whole unit may be rented no more than 95 days/year.
- In **single-family zones**, STRs are not permitted in detached accessory dwelling units.
- In Commercial and Urban Village Zoning Districts:
 - There is no limit on the number of STRs per operator
 - STRs may be located in primary or nonprimary residences
 - For STRs in nonprimary residences, there is no limit on the number of days/year the unit may be rented
 - For STRs in primary residences, there is no limit on the number of days/year the unit must serve as the primary residence of the applicant or the number of days/year it may be rented
- In all Zoning Districts:
 - STRs are not allowed in the Lake Whatcom Watershed or shoreline areas.
 - STRs are not allowed in units subsidized by the multi-family tax exemption program or other housing subsidy programs.

Permit Types

The new regulations require an STR land use permit for all STRs in the City. The table below summarizes the permit type required in each zoning district. Type I and Type II STR permits are approved administratively by the Planning Director or designee. Please contact the Permit Center (City Hall – 210 Lottie St., 360-778-8300) for more information.

Short-term Rental Type:	Review Process Type for Residential Zoning Areas:	Review Process Type for Commercial and Urban Village Zoning Areas:
Primary Residence – No more than 2 bedrooms in a dwelling unit, including an accessory dwelling unit (when permitted), may be rented to overnight guests. The subject dwelling unit must serve as the primary residence of the applicant (the owner or long-term tenant) for no less than 270 days per year. The whole dwelling unit may be rented for no more than 95 days per year.	Type I	Type I
Primary Residence – No more than 5 bedrooms in a dwelling unit, including an accessory dwelling unit (when permitted), may be rented to overnight guests. The subject dwelling unit must serve as the primary residence of the applicant (the owner or long-term tenant) for no less than 270 days per year. The whole dwelling unit may be rented for no more than 95 days per year.	Type II	Type 1
Non-primary Residence – No more than 5 bedrooms in a dwelling unit, including an accessory dwelling unit (when permitted), may be rented to overnight guests. The subject dwelling unit is not the primary residence of the applicant. There is no limit on the number of days per year the dwelling unit may be rented.	Not Allowed	Type 1

Safety and courtesy requirements include the following:

- One off-street parking space during guest stay in residential zones
- Operations must prevent unreasonable disturbances to nearby residents
- No change in outside appearance of building or premise that indicates the site is hosting a commercial use
- Local contact person must be available 24 hours/day
- Good neighbor guidelines must be posted in the unit and rental agreement
- No events for compensation in residential zones
- Safety requirements and a City inspection per 20.10.037.D.11 (inspection is required prior to application approval)
- Proof of a valid City of Bellingham [business license](#) must be submitted with the application (may take several weeks to receive the license number)
- Liability insurance

Please refer to [Bellingham Municipal Code Section 20.10.037](#) for the complete set of requirements for STRs.

Applying for a Short-term Rental Permit

Prior to submitting an application, please complete these pre-application steps:

- Check in with City staff in the Permit Center (City Hall – 210 Lottie St., 360-778-8300) to obtain guidance on your proposal.

- If you are applying for a Type 1 STR permit, a courtesy notice must be mailed or delivered to residents and property owners adjacent to the STR. See the application for instructions and a sample courtesy notice.

The STR application is available on the City's [Land Use Application webpage](#). After meeting with City staff on your proposal, please fill out the application and submit it to staff in the Permit Center (City Hall – 210 Lottie St.)

An [application fee](#) and a City of Bellingham [business license number](#) for your STR are required to be submitted with the application. Please note that if you do not currently have a City of Bellingham business license for your STR, you will need to apply for one through the [Department of Revenue](#). Once your business license application is submitted to the DOR, it may take up to two weeks to receive your City of Bellingham business license number.

STR permit application fees are as follows:

- Type I: \$370.00
- Type II: \$550.00
- Type III-A: \$847.00
- Renewal (before January 1 of every even-numbered year): \$250.00
 - [STR Renewal Affidavit](#)

Resources

- [Planning & Community Development Department](#)
- [STR Application](#)
- [STR Renewal Affidavit](#)
- [STR Ordinance 2018-11-024](#)
- [Frequently Asked Questions](#)
- [STR Example Scenarios](#)
- [\(Archived\) Legislative Process](#)

Contacts

Permit Center – 360-778-8300

City Business Licenses and Fees

This page provides a basic overview of local business licenses and fees for cities and towns in Washington State, including legal authority, general business licenses and "model ordinance" requirements, regulatory licenses, and revenue-generating licenses sometimes referred to as "head taxes."

For information on business and occupation (B&O) taxes, see our page [City Business and Occupation Taxes](#).

Overview

Most individuals or companies that conduct business in Washington State must obtain a state business license from the Business Licensing Service.

In addition, most cities also require a separate business license in order to legally conduct business within their jurisdiction. For cities, business licenses can serve several different functions, including monitoring business activities operating within the city's jurisdiction, regulating certain types of business activities to ensure public safety and code compliance, and generating revenue.

Businesses that operate in multiple jurisdictions need to obtain licenses from each of these individual jurisdictions. Businesses have complained that this process is too burdensome, so in 2017 the state legislature adopted [EHB 2005](#) (codified at [chapter 35.90 RCW](#)) to address their concerns and simplify the administration of municipal general business licenses. Below is a discussion of key considerations for local governments that adopt or have adopted general business licensing requirements within their jurisdiction.

Legal Authority

The general authority for cities to impose business licenses, fees, and regulations can be found in:

- [RCW 35.22.280\(32\)](#) – **First class cities** may "grant licenses for any lawful purpose, to fix by ordinance the amount to be paid therefor, and to provide for revoking the same..."
- [RCW 35.23.440\(8\)](#) – **Second class cities** may "fix and collect a license tax for the purposes of revenue and regulation, upon all occupations and trades, and all and every kind of business authorized by law..."
- [RCW 35.27.370\(9\)](#) – **Towns** may "license, for the purposes of regulation and revenue, all and every kind of business, authorized by law and transacted and carried on in such town..."
- [RCW 35A.82.020](#) – **Code cities** may "exercise the authority authorized by general law for any class of city to license and revoke the same for cause, to regulate, make inspections and to impose excises for regulation or revenue in regard to all places and kinds of business, production, commerce, entertainment, exhibition, and upon all occupations, trades and professions and any other lawful activity..."

General Business Licenses and Model Ordinance

[RCW 35.90.010\(4\)](#) defines a "general business license" as "a license, not including a regulatory license or a temporary license, that a city requires all or most businesses to obtain to conduct business within that city."

Any city or town may require a general business license for any person or company "engaging in business" within city limits. This includes businesses that are physically located within the city, as well as businesses that are physically located elsewhere but engage in business within the city. However, cities may *not* require licenses for entities that are not "engaging in business" within the jurisdiction ([RCW 35.90.060](#)).

Many cities charge a flat or tiered fee for general business licenses. These fees are generally designed to recover the administrative costs of registering the businesses, such as issuing the licenses and maintaining the files. The fees charged should be fair and bear a reasonable relation to the costs.

Chapter 35.90 RCW requires all cities and towns with **general business licensing requirements** to adopt a uniform "model ordinance" identifying what types of commercial activity are and are not subject to business licensing requirements. The provisions of the model ordinance only address general business licensing; they do not address temporary licenses (such as seasonal businesses or special event permits), regulatory licenses (see below), or local business and occupation (B&O) taxes.

However, it should be noted that this is not a comprehensive model ordinance – rather, it consists of just two provisions that must be incorporated into the rest of the city's business licensing regulations.

The required provisions of the model ordinance were drafted by a committee through the Association of Washington Cities (AWC) and released in June 2018. The committee was comprised of representatives from cities that impose general business license requirements, with input from state and local business associations and chambers of commerce.

The model ordinance has two required components:

- **Cities and towns may only impose licensing requirements upon individuals or companies "engaging in business within the city," as defined in the model ordinance.** The ordinance also sets forth examples of activities that are considered "engaging in business," as well as business activities that do not require licensing. The definition is based on the model ordinance for B&O taxes.
- **For businesses that engage in business within the city but are not physically located within the city, the ordinance establishes a minimum dollar threshold below which the businesses must be partially or fully exempted from licensing requirements.** The minimum threshold of business activity in the ordinance is \$2,000, although cities may adopt a higher threshold if desired. Below this threshold, cities must either:
 - Exempt these businesses from the licensing requirements entirely, or
 - Require licensing, but at no cost to the businesses.

See the complete text of the model ordinance for the exact language. The model ordinance may not be amended more frequently than once every four years, unless changes are required to comply with new state legislation or court decisions.

For examples of how cities and towns have incorporated the model language into their codes, see the examples ordinances further down on the page.

Current BLS partner cities must adopt the language from the model ordinance by October 17, 2018 (RCW 35.90.070) and provide notification to BLS in order to maintain its business licensing program on January 1, 2019. The statute requires that notice be received by BLS a minimum of 75 days prior to effective date for "all changes that affect in any way who must obtain a license, who is exempt from obtaining a license, or the amount or method of determining any fee for the issuance or renewal of the license." Both provisions of the model ordinance will require the 75 day notification to BLS.

All other cities and towns with general business licensing requirements must adopt the language from the model ordinance by January 1, 2019 (RCW 35.90.090).

Any city or town that does not adopt the model ordinance by the deadline is prohibited from enforcing its general business licensing requirements until it adopts the model ordinance provisions.

Aside from the model ordinance provisions, cities and towns may adopt any other business license provisions as they see fit, including, but not limited to:

- Fees and thresholds (provided that they comply with the model ordinance)
- Approval process and conditions
- License terms and expiration dates
- Penalties
- Suspension, revocation, and appeals
- Exemptions (again, provided that they comply with the model ordinance)

Business License Exemptions

Some cities have chosen to exempt certain business types from general business licensing requirements entirely, or else to require a business license but to charge no fee for the license. Examples include, but are not limited to:

- Nonprofit and religious organizations
- Minors engaged in babysitting, newspaper delivery, lemonade stands, lawn mowing, and similar activities
- Private ambulance operators
- Common carrier delivery of goods and services
- Farmers or gardeners selling their own produce, such as at a farmers market or produce stand (see [RCW 36.71.090](#))
- Businesses below a certain income threshold
- Businesses that only do casual or isolated sales

However, these individuals and businesses may still be subject to state business licensing requirements.

In addition, for out-of-town businesses that engage in business within the city below a minimum threshold as discussed above, EHB 2005 requires cities to exempt those businesses from the business licensing and/or business license fees, as discussed earlier.

Business Licensing Portals: BLS and FileLocal

Many cities used to issue their own business licenses directly. However, there are also two "one-stop" licensing portals that serve multiple jurisdictions: the [Business Licensing Service](#) (BLS, part of the state Department of Revenue) and [FileLocal](#) (created by an interlocal agreement between several larger cities in the Puget Sound region).

In an attempt to streamline the licensing process for businesses that operate in more than one city, [chapter 35.90 RCW](#) requires all cities to partner with BLS or FileLocal. Once this legislation is fully implemented, businesses will be able to obtain local business licenses for any city in the state through BLS and/or FileLocal.

The deadline for partnering with FileLocal is July 1, 2020 – meaning that businesses must be able to use FileLocal to renew or apply for their business license in your jurisdiction by that date. All other cities are being gradually brought onboard with BLS between January 1, 2018 and December 31, 2022, in conjunction with the [BLS Local Business Licensing Partnership Plan](#). (The 2027 deadline was moved up to 2022 when the legislature appropriated additional funding to BLS in the 2018 Supplemental Budget [ESSB 6032](#), Section 135.)

However, cities will still retain the ability to set their own business license fees and thresholds with BLS or FileLocal.

Regulatory Business Licenses

Some cities also impose additional regulatory licenses and fees upon certain classes of business that, in their analysis, require additional regulation and oversight for code enforcement or public safety purposes.

[RCW 35.90.010\(6\)](#) defines a "regulatory business license" as "a license, other than a general business license, required for certain types of businesses that a city has determined warrants additional regulation..."

Examples of business types that some cities have chosen to impose regulatory business license requirements upon include, but are not limited to:

- Adult entertainment
- Amusement device operators
- Debt collectors
- Door-to-door salespersons
- Fireworks stands
- Heavy manufacturing
- Home-based businesses
- Live entertainment
- Marijuana-related businesses
- Massage parlors

- Mobile food vendors
- Private ambulance services
- Short-term rentals
- Taxicab and other for-hire vehicle operators
- Towing companies
- Trade show operators

Revenue-Generating Licenses and Head Taxes

Some cities raise revenue by charging business license fees on a sliding scale based on criteria such as number of employees or number of employee hours worked (sometimes known as a "head tax") or the square footage of the business. See the examples later on this page.

Examples of EHB 2005 Business License Ordinances

As noted earlier, cities and towns must update their general business license ordinances to include the model provisions by October 17, 2018 for [current BLS partner cities](#) and by January 1, 2019 for all other cities. As cities and towns begin adopting new ordinances, we will post a few examples here.

- **[Bainbridge Island Ordinance No. 2018-21](#)** (2018) – Updating municipal code references in accordance with BLS business license system requirements; includes section on marijuana businesses.
 - **[Bonney Lake Ordinance No. 1602](#)** (2018) – Exempts out-of-town businesses below \$2,000 threshold
 - **[Burien Ordinance Nos. 696 and 702](#)** (2018) – Requires no cost licenses under \$2,000 threshold
 - **[College Place Ordinance No. 18-022](#)** (2018) – Requires no-cost licenses under \$2,000 threshold
 - **[East Wenatchee Ordinance No. 2018-09](#)** (2018) – Updates general business license requirements to include EHB 2005 model ordinance language (slightly modified). Current BLS partner city; requires no-cost registration for businesses under \$2,000 threshold.
 - **[Gold Bar Ordinance No. 717](#)** (2018) – Simple and straightforward ordinance; requires no-cost registration for businesses under \$2,000 threshold
 - **[Issaquah Ordinance No. 2843](#)** (2018) – Requires no-cost licenses for out-of-town businesses with \$3,000 or less in business activity; also updates requirements for businesses that contract with the city.
 - **[Kirkland Ordinance No. O-4648](#)** (2018) – Updates general business license and revenue-generating license (head tax) requirements to comply with EHB 2005. Assigns BLS to manage business licensing, exempts out-of-city businesses with activity under \$12,000, and makes other changes in addition to model ordinance language.
 - **[SeaTac Ordinance No. 18-1032](#)** (2018) – Requires no-cost licenses for out-of-town businesses below \$2,000 threshold and makes other adjustments to business license requirements
 - **[Shoreline Ordinance No. 831](#)** (2018) – Exempts all businesses below \$2,000 threshold, including businesses with a physical location within the city.
 - **[Tukwila Ordinance No. 2588](#)** (2018) – Requires no-cost licenses for out-of-town businesses below \$2,000 threshold. License fees depend on number of employees; establishes minimum fee for businesses with no employees located physically within the city.
 - **[Woodland Ordinance No. 1423](#)** (2018) – Licenses required for out-of-town businesses with less than \$2,000 of activity, but establishes numerous exceptions including family farmers, garage/rummage sales, and renting/leasing single-family dwellings.
-

Business License Fee Schedules

The vast majority of cities in Washington now partner with BLS. For an overview of the business license fee schedules for all BLS partner cities, see the [BLS City Fee Sheet](#). For more details on a particular jurisdiction, refer to the full interactive BLS list of [City License Endorsements](#).

For information on the 10 cities using the FileLocal system, see the [FileLocal website](#).

Also see the Association of Washington Cities (AWC) [Tax and User Fee Survey](#) for additional summaries.

Examples of Revenue-Generating Business License Fees

- [Bothell 2022 Business License Fee Schedule](#) – Fee depends on number of employees, plus additional fees for special classifications
 - [Ellensburg Requirements and Fee Calculations](#) – Five tiers based on number of FTEs
 - [Lynnwood Municipal Code Table 3.104.050](#) – Variety of business fees, including fees per employee (divided into two tiers: employees working 14 hours or less per week, and employees working 15 hours or more per week)
 - [Mill Creek City License](#) – Seven tiers based on number of employees
 - [Redmond Business Licensing](#) – Sliding fee based on employee hours worked/FTEs
 - [Richland City License](#) – Fee per FTE, with first two employees exempted
 - [Sunnyside City License](#) – Five tiers based on number of FTEs
-

Examples of Business License Webpages

Below are selected examples of city webpages to educate business owners about the local business license requirements.

- [Arlington Business License Information](#)
- [Granger Business License](#)
- [Longview Business License](#)
- [Renton Business License Information](#)
- [Tacoma Business License Fees](#) – Three tiers based on annual gross income of the business; also includes various regulatory license fees

Last Modified: June 09, 2022

Follow us:

© 2022 Municipal Research and Services Center of Washington (MRSC). All rights reserved. [Privacy & Terms](#).

City Business and Occupation Taxes

This page provides a basic overview of city business and occupation (B&O) taxes in Washington State, including tax rates, the model B&O tax ordinance, cities that deviate from the model's nonmandatory provisions, and tax sharing agreements.

For information on business licenses, see our page [City Business Licenses and Fees](#). For information on utility B&O taxes, see our page [Utility Taxes](#).

This information, as well as a wide variety of other city revenue sources, can also be found in our [Revenue Guide for Washington Cities and Towns](#).

Overview

Any city or town may levy a business and occupation (B&O) tax on local businesses, in addition to any state B&O taxes.

B&O taxes have three parts. The taxable *event* can be a sale at wholesale or retail, manufacturing, provision of a service, occupation of a physical space, or employment of a person. The *measure* of the tax can be gross receipts, number of employees, square footage, or some other basis. The *rate* of the tax is the amount paid per measure. It is often calculated on a percent of gross receipts, per person, or per square foot depending on the measure of the tax.

When most agencies talk about a B&O tax, they are usually talking about a “tax imposed on or measured by the value of products, the gross income of the business, or the gross proceeds of sales, as the case may be, and that is the legal liability of the business” ([RCW 35.102.030](#)). (For examples of other calculations based on factors such as square footage or number of employees, see our page on [City Business Licenses and Fees](#).)

To create a certain degree of uniformity for businesses operating within Washington, all cities and towns levying a B&O tax on the value of products, gross income, or gross sale proceeds must adopt the provisions of the statewide model B&O tax ordinance, as described below.

Practice Tip: Cities considering establishing a local B&O tax should consider whether they have the staff time and expertise necessary to administer this tax. Establishing a B&O tax system requires routine audits by city staff to ensure compliance with the regulations and proper collection of B&O tax income.

Statutes

- [RCW 35.22.280\(32\)](#) – Authority for first class cities to levy a B&O tax
- [RCW 35.23.440\(8\)](#) – Authority for second class cities to levy a B&O tax
- [RCW 35.27.370\(9\)](#) – Authority for towns to levy a B&O tax
- [RCW 35A.82.020](#) – Authority for code cities to levy a B&O tax
- [Ch. 35.102 RCW](#) – Municipal business and occupation tax
- [RCW 35.21.706](#) – Referendum procedure. An ordinance that imposes the tax or increases the tax rate must include a provision for a referendum procedure
- [RCW 35.21.710](#) – Maximum B&O tax rates for retail businesses if measured by gross receipts/income, unless higher rate is approved by voters under [RCW 35.21.711](#)

B&O Tax Rates and Use of Revenues

B&O tax revenues are unrestricted and may be used for any lawful governmental purpose.

Businesses are put in different classes such as manufacturing, wholesaling, retailing, and services. Within each class, the tax rate must be the same, but it may differ among classes. (Utility businesses have separate provisions and are not subject to the general B&O tax provisions. For more information, see our page on [Utility Taxes](#).)

All ordinances that impose a B&O tax for the first time or raise rates should provide for a referendum procedure ([RCW 35.21.706](#)), regardless of whether or not the city has otherwise adopted powers of initiative and referendum. While this RCW section is followed by sections specifically discussing retail sales measured by gross receipts, MRSC believes that a conservative analysis of the statute would have the referendum apply to anything that might be defined as a B&O tax regardless of the taxable event or the measure of the tax.

For a list of cities that have established a B&O tax, as well as their respective tax rates, see the [List of Local Business \(B&O\) Tax Rates](#) maintained by the Association of Washington Cities (AWC).

For retail business activities only: [RCW 35.21.710](#) establishes a maximum B&O tax rate upon “business activities consisting of the making of retail sales of tangible personal property which are measured by gross receipts or gross income from such sales.” Note that this statute only applies to retail businesses, and only if the tax is calculated based on gross receipts/income. It does not apply to other business classes, nor does it apply to B&O taxes upon retail businesses that are based on activities other than retail sales, or that are measured by something other than gross receipts.

For retail businesses where the B&O tax is based on gross receipts/income, the maximum tax rate may not exceed 0.2% of gross receipts or gross income unless approved by a simple majority of voters ([RCW 35.21.711](#)).

Seattle is currently the only city with a voter-approved B&O tax higher than 0.2%. However, the law allows cities that had a retail B&O tax rate greater than 0.2% on January 1, 1982 to continue to impose those rates and to increase their rate without voter approval. The increase is limited to a total of 10% of the January 1982 rate, with an annual incremental increase limited to 2% of the current rate.

Model B&O Tax Ordinance

In 2003, the legislature passed a bill that required the Association of Washington Cities (AWC) to convene a committee to develop a model ordinance that must be adopted by all cities imposing a B&O tax upon the value of products, the gross income of the business, or the gross proceeds of sales. The legislature was concerned about the lack of uniformity of the cities' B&O tax ordinances and about allegations that some business income was subject to multiple taxation.

The model ordinance, which had to be adopted by all cities with an existing B&O tax no later than December 31, 2004, exempted gross receipts under \$20,000 per year and provided certain mandatory definitions, penalty and interest provisions, and payment periods. The model ordinance cannot be updated more often than every four years and was last updated in 2019.

Starting January 1, 2008, cities that levy the B&O tax must allow for allocation and apportionment ([RCW 35.102.130](#)) to minimize concerns over multiple taxation. In 2017, HB 2005 required that B&O tax cities form a task force to review service apportionment, which was followed by [HB 1403](#) in 2019 that adopted the recommendations of the task force and requires all B&O tax cities to amend their model ordinance before January 1, 2020 to reflect these changes.

Some of the model ordinance provisions are mandatory, while others are non-mandatory ([RCW 35.102.040](#)). Any city that adopts an ordinance that deviates from the non-mandatory provisions of the model ordinance must make a description of such differences available to the public, in written and electronic form ([RCW 35.102.040\(4\)](#)).

Model Ordinance Documents

- [2019 Revised Model Ordinance](#)
- [2019 Revised Administrative Provisions](#)
- [Summary of 2019 Changes](#)
- [Model Implementation Rules/Guidance](#) – Does not need to be adopted as part of the code changes, but some cities will do a formal rulemaking and others may adopt this as implementation guidance

Cities Deviating from Non-Mandatory Provisions

- [Bellevue](#) (2005)
 - [Bellingham](#) (2004)
 - [Burien](#) (2005)
 - [Des Moines](#) (2012)
 - [Kelso](#) (2004)
 - [Kent](#) (2013)
 - [Longview](#) (2004)
 - [Olympia](#) (2005)
 - [Renton](#) (2017)
 - [Seattle](#) (2004)
 - [Shelton](#) (2004)
 - [Tacoma](#) (2007)
-

Penalties, Interest, and Voluntary Disclosure

Cities with a B&O tax must calculate interest and provide for refunds, assessments for additional taxes, and penalties in accordance with [chapter 82.32 RCW](#). See [RCW 35.102.080-110](#) and the Department of Revenue's [Interest Rates for State Excise Taxes](#) (click on the "interest rates" PDF link).

Some cities have established voluntary disclosure programs to encourage unregistered businesses to comply with local tax laws and pay prior obligations by offering reduced or waived penalties for coming forward voluntarily. See the examples below:

- [Everett Voluntary Disclosure Program Application](#)
 - [Renton Voluntary Disclosure Program](#)
 - [Seattle Voluntary Disclosure Program](#)
 - [Tacoma Voluntary Disclosure Program](#)
-

Tax Sharing Agreement

The City of Seattle is currently the host of a [tax sharing agreement](#) (.docx) that allows participating cities to share tax data without breaching the tax confidentiality provision of the municipal tax ordinances. Any city that obtains tax information from another city is responsible for maintaining the confidentiality and security of that information in accordance with the agreement.

The agreement, along with a current list of participating cities, is required to be posted on the MRSC website. For more information, contact [Joseph A. Cunha](#), the City of Seattle Tax Administrator.

Below is the list of participating cities:

Aberdeen	Kelso	Poulsbo
Auburn	Kent	Renton
Bellevue	Lacey	Seattle
Bellingham	Lake Forest Park	Shelton
Bremerton	Longview	Shoreline
Burien	North Bend	Tacoma
DuPont	Olympia	Westport
Everett	Pacific	Yelm
Issaquah		

David Levitan

From: Russell Wright
Sent: Tuesday, June 21, 2022 10:48 AM
To: Anji Jorstad
Cc: Steve Ewing; Shawn Frederick; David Levitan
Subject: RE: Parking for short-term rentals

My initial thoughts we be to establish parking requirements based on the number of bedrooms rented. The caveat would be is the short term rental unit hosted or unhosted. In a hosted environment, there would be a requirement for the two mandatory residential parking spaces for the owners, plus additional spaces for the rooms rented. If unhosted, the unit would only need to provide one parking space per room rented.

Happy to discuss more. You can call me on my cell 425-583-7321.

REW



Russell Wright, *Community Development Director*

City of Lake Stevens | Planning and Community Development
1812 Main Street | PO Box 257
Lake Stevens, WA 98258
(425) 622-9424
rwright@lakestevenswa.gov

NOTICE: All emails and attachments sent to and from the city of Lake Stevens are public records and may be subject to disclosure pursuant to the Public Records Act (RCW 42.56).

From: Anji Jorstad <ajorstad@lakestevenswa.gov>
Sent: Thursday, June 16, 2022 9:30 PM
To: Russell Wright <rwright@lakestevenswa.gov>
Cc: Steve Ewing <sewing@lakestevenswa.gov>; Shawn Frederick <sfrederick@snohd.org>
Subject: Parking for short-term rentals

Hello Russ – tonight at our subcommittee meeting, we found ourselves a little stuck on the language around parking. Our intent is to be inclusive, and use language that would fit both the lakefront 5 bedroom short-term rental, as well as the modest home with a tiny home ADU short-term rental. In the latter scenario, requiring a 2 or more minimum number of off-street parking spaces would be prohibitive – conversely, not requiring enough parking spaces should 8 individual drivers want to stay in the 5-bedroom lakefront house seems problematic as well.

We ended up liking language that would require that the number of off-street parking spaces available to be linked to the number of vehicles anticipated to being at the rental at any given time, requiring the owner to be judicious in their decision to rent to multiple parties with cars if they aren't able to provide enough off-street parking.

We would love your thoughts around this and any suggested language you might have to capture this intent. Happy to talk through this further – I am best reached on my personal cell if you want to talk this through, or I can schedule time for a meeting.

Thanks so much for your time and consideration.

Anji



Anji Jorstad, *Council Member*

City of Lake Stevens | City Council
1812 Main Street | PO Box 257
Lake Stevens, WA 98258
(425) 407-3147
ajorstad@lakestevenswa.gov

NOTICE: All emails and attachments sent to and from the city of Lake Stevens are public records and may be subject to disclosure pursuant to the Public Records Act (RCW 42.56).

From: [Russell Wright](#)
To: [Steve Ewing](#); [Shawn Frederick](#); [Anji Jorstad](#)
Subject: Council Subcommittee
Date: Wednesday, June 29, 2022 6:46:10 PM
Attachments: [Draft Short-Term Rental Code Subcommittee 6-29-2022.docx](#)
[Subcommittee memo 6-29-2022.pdf](#)

Please find attached a memo that explains proposed changes between the PC recommended short-term rental regulations and proposed revised regulations based on our meeting. As the approach was to provide a more prescriptive code with defined standards the overall length has increased. All of the items that the subcommittee preferred have been included and likewise less preferred elements were removed in the revised regulations. Several elements were restructured for improved flow. Feel free to provide written responses or I am available to meet again if preferred to discuss.

Best regards,

REW



Russell Wright, *Community Development Director*

City of Lake Stevens | Planning and Community Development
1812 Main Street | PO Box 257
Lake Stevens, WA 98258
(425) 622-9424
rwright@lakestevenswa.gov

NOTICE: All emails and attachments sent to and from the city of Lake Stevens are public records and may be subject to disclosure pursuant to the Public Records Act (RCW 42.56).

MEMORANDUM



Planning and Community Development

DATE: June 29, 2022

TO: Short-Term Rental Subcommittee

FROM: Russ Wright, Community Development Director

SUBJECT: Draft Short-term Rental Regulations

Based on our meeting, my understanding is the subcommittee desires to have clear and objective regulations for short-term rentals that balance neighborhood and property rights. The subcommittee provided examples of some code elements that it found desirable and had questions about some distinct topics including parking, enforcement and fees among other items. The subcommittee preferred regulations that would allow for self-certification by applicants. With these items in mind and the citizen comments received, I have drafted revised short-term rental regulations (**Attachment 1**) that would identify prescriptive elements to promote a balance of individual and neighborhood land use rights. The most significant changes were removing the hosted platform and noticing requirements as recommended by the Planning Commission. Other differences between the different draft regulations are described below. Staff has started reviewing fees and has a preliminary recommendation of a \$150 license fee with an annual renewal of \$100. More information will be provided related to a tiered fee structure when available.

Section	PC Draft	Subcommittee Draft	Difference
LSMC 14.44.064(a)	Purpose The purpose statement emphasizes maintaining residential character.	Purpose and Process The purpose statement emphasizes mitigating impacts to residential areas and provides for efficient use of private properties. It also adds process information for permit type, permit authority and an effective date.	The revised section provides a balanced purpose statement that addresses overall community needs and adds a clear permit process to follow.
14.44.064(b)	Applicability and General Requirements This section sets standards, including zoning districts, owner-occupancy, number of	Restrictions This new section adds defined restrictions identified by the subcommittee such as operator structure,	Section (b) was re-written, and some items were moved to different sections for better flow and to capture new elements.

	bedrooms to be rented, party size, business license requirement, life safety inspection, restrictions on other uses, noticing, insurance and taxes.	how many STRs an entity can operate in the city, transfer of licenses. It also maintains restrictions on other uses from the earlier version.	Notable changes are removing owner-occupancy and noticing requirements. Note: most Type I applications do not require notice; this change is consistent with standard code administration.
14.44.064(c)	Development Standards This section provided parking standards, allowance for ADUs, signage, qualitative requirements for neighborhood consistency, and meal service.	Licensing and Registration This new section clearly defines prescriptive elements to be included in the application such as intensity of STR, responsible party contact information, self-certification of health and safety standards and “good neighbor guidelines.”	The new section describes prescriptive elements to be reviewed. Qualitative standards, meal service and signage language are removed from the older version. Parking is moved to the new subsection(d).
14.44.064(d)	Complaints and Enforcement Identified code enforcement process and potential penalties	Applicability and General Requirements This section sets standards for zoning districts, allows hosted and un-hosted STRs, defines party size and parking standards, taxes and compliance with state law.	The new section describes additional prescriptive elements to be reviewed based on subcommittee input. Parking standards have been updated and provide a process to consider off-street parking w/ a parking analysis. Complaints are moved to subsection(e).

14.44.064(e)		Complaints and Enforcement Code enforcement process, specific penalties for significant and repeat violations of STRs, and adds a term for suspension of STR license.	The code references were simplified, and a specific process was added for STR violations
Definitions	Revised Boarding House definition New STR definition	Revised Boarding House definition Revised STR definition Adds definitions for Responsible party, Hosted STR and Un-hosted STR	More explicit definitions provided based on subcommittee input.
Other	Required changes to Table 14.40-I Residential Uses and Table 14.72-I Parking	Required changes to Table 14.40-I Residential Uses Table 14.72-I Parking Reminder added to update Table 14.16A-I Permit Types with the ordinance	Housekeeping non-substantive changes.

Attachment 1

LSMC 14.44.064 – Short-Term Rentals

- (a) Purpose and Process – the purpose of establishing specific standards for short-term rentals is to minimize potential impacts to residential areas, preserve housing stock, and allow property owners to efficiently use their properties.
 - (1) Short-term rentals are a Type I permit per Chapter 14.16B LSMC – Part I. Short-term rentals will require a city business license (“license”) per Chapter 4.04 LSMC along with a supplemental short-term rental permit (“permit”).
 - (2) The Planning and Community Development Director or designee will evaluate the permit for compliance with the requirements of LSMC 14.44.064 and other applicable sections of the Lake Stevens Municipal Code.
 - (3) Permits and licenses shall be issued for a period of one year, with the effective date running from the date of issuance.
 - i. The permit and license must be renewed annually with the department of Planning and Community Development, provided all the approval criteria continue to be met.
 - ii. It is the owner’s / operator’s responsibility to ensure that the short-term rental remains in substantial compliance with all applicable codes and relevant laws.
- (b) Restrictions
 - (1) No more than two short-term rentals may be operated by any individual, married couple, business interest or corporate entity within the city.
 - (2) A short-term rental owner may operate only one short-term rental per parcel, which may be in either the primary dwelling or the accessory dwelling unit but not both.
 - (3) Short-term rental permits are not transferable to another operator or location.
 - (4) Use of the short-term rental for weddings, banquets, parties, charitable fundraising or other gatherings other than transient lodging for direct or indirect compensation is not allowed.
 - (5) Any non-residential activities beyond the short-term rental of rooms shall require approval of a Home Occupation permit and be subject to [LSMC Section 14.44.015](#).
- (c) Licensing and Registration
 - (1) Permit application shall include a Type I land use application, fees, a scaled site and floor plan and written description of the proposed short-term rental identifying the following:
 - i. The name and address of the owner and person or company who will operate the short-term rental (operator);
 - ii. The address of the structure where the short-term rental will occur;
 - iii. If the short-term rental is hosted or un-hosted;
 - iv. The area to be rented, including number of bedrooms, to overnight guests; and
 - v. How the standards of this section are met.
 - (2) The owner / operator must provide valid contact information for a responsible party that will respond to potential issues pertaining to the short-term rental for inclusion on the city’s short-term rental register every day the property is rented. Any changes to the name, address or

telephone number(s) of the responsible party must be submitted to the department of Planning and Community Development within 14 days of the change(s).

- (3) The owner / operator shall attest that the short-term rental provides basic health and safety standards for guests. The short-term rental must be equipped with working fire extinguishers, smoke detectors, carbon monoxide detectors and clearly marked exits within the unit. The city reserves the right to conduct inspections of the short-term rental in response to health and safety complaints, subject to the fees identified in the city's current Fees Resolution.
 - (4) The owner / operator must post "good neighbor guidelines" in a conspicuous place in the short-term rental, which shall include at least the following:
 - i. Contact information for the operator or responsible party;
 - ii. Emergency contact information for police and fire services;
 - iii. Quiet hours are between 10 pm and 7 am.
 - iv. Advise guests to not trespass on neighboring private properties and identify proper routes to public places such as shorelines;
 - v. The location of the rental's designated parking space(s);
 - vi. The location of emergency shut-offs, fire extinguisher(s), fire exits and escape routes;
 - vii. The location of trash, compost and recycling containers; and
 - viii. Guests must follow all applicable local, state and federal regulations and may not constitute a nuisance as defined by Chapter 9.60 LSMC.
- (d) Applicability and General Requirements – the following requirements shall apply to all short-term rentals.
- (1) Short-term rentals are allowed in the zoning districts identified in Table 14.40-I.
 - (2) Short-term rentals may be hosted or un-hosted residences where all or part of the structure is rented for transient lodging. Accessory dwelling units may be utilized as short-term rentals, subject to subsection b()(2).
 - (3) No short-term rental can be rented to more than eight total individuals at any time.
 - (4) A minimum of one off-street parking space shall be provided per rented bedroom per Chapter 14.72 LSMC.
 - i. Hosted short term rentals must also provide separate parking for the primary residence per Chapter 14.72 LSMC.
 - ii. Parking of boat trailers and recreation vehicles is only allowed when adequate off-street parking is provided, and the additional parking does not conflict with required parking.
 - iii. The Planning and Community Development Director may authorize limited street or off-site parking, when the owner / operator provides a parking analysis that identifies the type of road proposed to be parked on, if the road meets current engineering standards, if safe pedestrian access can be provided from the parking area to the short-term rental and if the parking area blocks emergency access on roadways or interfere with nearby driveways.

(5) Applicable lodging taxes must be paid to the State of Washington, and those payments are the responsibility of the property owner.

(6) The short-term rental must comply with Chapter 64.37 RCW.

(e) Complaints and Enforcement

(1) Complaints and enforcement are subject to the processes identified in Chapter 17.20 LSMC including any fines and penalties imposed for substantiated violations.

(2) In addition to the processes defined in Chapter 17.20 LSMC, the short-term rental permit may be suspended, modified, or revoked for significant and repeat violations of local, state or federal regulations found to be injurious to the public health and safety.

(3) A new short-term rental permit will not be issued to the owner / operator of a revoked short-term rental permit and business license until two years from the time of revocation have passed.

14.08.010 Definitions of Basic Terms.

Boarding House. A residential use consisting of at least one dwelling unit together with more than two rooms that are rented or are designed or intended to be rented but which rooms, individually or collectively, do not constitute separate dwelling units. A rooming house or boarding house is distinguished from a short-term rental in that the former is designed to be occupied by longer term residents (at least month-to-month tenants) as opposed to overnight or weekly guests.

Responsible party. is the owner, property management company, or another person who designated by the owner, in writing, to act on their behalf as the main contact for guests and who is responsible for addressing any complaints.

Short-term rental. A residential structure, in which all or part of the structure is rented to a person or group for transient lodging for not more than thirty (30) days to individual guests, subject to the standards identified in LSMC 14.44.064, where the all or part of the structure is rented on a nightly or weekly basis for transient lodging; long term rentals are distinguished as being rented for more than 30 days as permanent or semi-permanent residence. Short-term rentals do not include bed and breakfasts, inns, hotels and motels.

Short-term rental, hosted. A short-term rental unit where the owner / operator or responsible party reside in the residential structure for at least nine months per year and is present at least six hours per day.

Short-term Rental, un-hosted . A short-term rental unit where the owner / operator or responsible party do not reside in the residential structure and rent out all or part of the structure and provide an emergency contact for guests and potential complaints.

Add Short-term rental to Table 14.16A-I under Type permits

Table 14.40-I: Table of Residential Uses by Zones

A blank box indicates a use is not allowed in a specific zone. Note: Reference numbers within matrix indicate special conditions apply. P – Permitted Use; A – Administrative Conditional Use; C – Conditional Use (See Section 14.40.070 for explanation of combinations)															
NAICS Code	Use	R4	WR	R6	R8-12	MFR	LB	MU ¹	PBD ²	BD	CBD	CD	LI	GI	P/SP
MISCELLANEOUS AND ACCESSORY USES															
N/A	Short-Term Rentals ⁸	P	P	P	P	P		P							

TABLE 14.72-I: TABLE OF PARKING REQUIREMENTS

Short-Term Rentals	1 space for each room to be rented in addition to the required spaces for the primary residential use if a hosted short-term rental.
Hotels and motels.	1 space for each room to be rented plus additional space (in accordance with other sections of this table) for restaurant or other facilities.

⁸ Subject to requirements of LSMC 14.44.064.

LSMC 14.44.064 – Short-Term Rentals

- (a) Purpose and Process – the purpose of establishing specific standards for short-term rentals is to minimize potential impacts to residential areas, preserve housing stock, and allow property owners to efficiently use their properties.
 - (1) Short-term rentals are a Type I permit per Chapter 14.16B LSMC – Part I. Short-term rentals will require a city business license (“license”) per Chapter 4.04 LSMC along with a supplemental short-term rental permit (“permit”).
 - (2) The Planning and Community Development Director or designee will evaluate the permit for compliance with the requirements of LSMC 14.44.064 and other applicable sections of the Lake Stevens Municipal Code.
 - (3) Permits and licenses shall be issued for a period of one year, with the effective date running from the date of issuance.
 - i. The permit and license must be renewed annually with the department of Planning and Community Development, provided all the approval criteria continue to be met.
 - ii. It is the owner’s / operator’s responsibility to ensure that the short-term rental remains in substantial compliance with all applicable codes and relevant laws.
- (b) Restrictions
 - (1) No more than two short-term rentals may be operated by any individual, married couple, business interest or corporate entity within the city.
 - (2) A short-term rental owner may operate only one short-term rental per parcel, which may be in either the primary dwelling or the accessory dwelling unit but not both.
 - (3) Short-term rental permits are not transferable to another operator or location.
 - (4) Use of the short-term rental for weddings, banquets, parties, charitable fundraising or other gatherings other than transient lodging for direct or indirect compensation is not allowed.
 - (5) Any non-residential activities beyond the short-term rental of rooms shall require approval of a Home Occupation permit and be subject to [LSMC Section 14.44.015](#).
- (c) Licensing and Registration
 - (1) Permit application shall include a Type I land use application, fees, a scaled site and floor plan and written description of the proposed short-term rental identifying the following:
 - i. The name and address of the owner and person or company who will operate the short-term rental (operator);
 - ii. The address of the structure where the short-term rental will occur;
 - iii. If the short-term rental is hosted or un-hosted;
 - iv. The area to be rented, including number of bedrooms, to overnight guests; and
 - v. How the standards of this section are met.
 - (2) The owner / operator must provide valid contact information for a responsible party that will respond to potential issues pertaining to the short-term rental for inclusion on the city’s short-term rental register every day the property is rented. Any changes to the name, address or

telephone number(s) of the responsible party must be submitted to the department of Planning and Community Development within 14 days of the change(s).

- (3) The owner / operator shall attest that the short-term rental provides basic health and safety standards for guests. The short-term rental must be equipped with working fire extinguishers, smoke detectors, carbon monoxide detectors and clearly marked exits within the unit. The city reserves the right to conduct inspections of the short-term rental in response to health and safety complaints, subject to the fees identified in the city's current Fees Resolution.
 - (4) The owner / operator must post "good neighbor guidelines" in a conspicuous place in the short-term rental, which shall include at least the following:
 - i. Contact information for the operator or responsible party;
 - ii. Emergency contact information for police and fire services;
 - iii. Quiet hours are between 10 pm and 7 am.
 - iv. Advise guests to not trespass on neighboring private properties and identify proper routes to public places such as shorelines;
 - v. The location of the rental's designated parking space(s);
 - vi. The location of emergency shut-offs, fire extinguisher(s), fire exits and escape routes;
 - vii. The location of trash, compost and recycling containers; and
 - viii. Guests must follow all applicable local, state and federal regulations and may not constitute a nuisance as defined by Chapter 9.60 LSMC.
- (d) Applicability and General Requirements – the following requirements shall apply to all short-term rentals.
- (1) Short-term rentals are allowed in the zoning districts identified in Table 14.40-I.
 - (2) Short-term rentals may be hosted or un-hosted residences where all or part of the structure is rented for transient lodging. Accessory dwelling units may be utilized as short-term rentals, subject to subsection b()(2).
 - (3) No short-term rental can be rented to more than eight total individuals at any time.
 - (4) A minimum of one off-street parking space shall be provided per rented bedroom per Chapter 14.72 LSMC.
 - i. Hosted short term rentals must also provide separate parking for the primary residence per Chapter 14.72 LSMC.
 - ii. Parking of boat trailers and recreation vehicles is only allowed when adequate off-street parking is provided, and the additional parking does not conflict with required parking.
 - iii. The Planning and Community Development Director may authorize limited street or off-site parking, when the owner / operator provides a parking analysis that identifies the type of road proposed to be parked on, if the road meets current engineering standards, if safe pedestrian access can be provided from the parking area to the short-term rental and if the parking area blocks emergency access on roadways or interfere with nearby driveways.

(5) Applicable lodging taxes must be paid to the State of Washington, and those payments are the responsibility of the property owner.

(6) The short-term rental must comply with Chapter 64.37 RCW.

(e) Complaints and Enforcement

(1) Complaints and enforcement are subject to the processes identified in Chapter 17.20 LSMC including any fines and penalties imposed for substantiated violations.

(2) In addition to the processes defined in Chapter 17.20 LSMC, the short-term rental permit may be suspended, modified, or revoked for significant and repeat violations of local, state or federal regulations found to be injurious to the public health and safety.

(3) A new short-term rental permit will not be issued to the owner / operator of a revoked short-term rental permit and business license until two years from the time of revocation have passed.

14.08.010 Definitions of Basic Terms.

Boarding House. A residential use consisting of at least one dwelling unit together with more than two rooms that are rented or are designed or intended to be rented but which rooms, individually or collectively, do not constitute separate dwelling units. A rooming house or boarding house is distinguished from a short-term rental in that the former is designed to be occupied by longer term residents (at least month-to-month tenants) as opposed to overnight or weekly guests.

Responsible party. is the owner, property management company, or another person who designated by the owner, in writing, to act on their behalf as the main contact for guests and who is responsible for addressing any complaints.

Short-term rental. A residential structure, in which all or part of the structure is rented to a person or group for transient lodging for not more than thirty (30) days to individual guests, subject to the standards identified in LSMC 14.44.064, where the all or part of the structure is rented on a nightly or weekly basis for transient lodging; long term rentals are distinguished as being rented for more than 30 days as permanent or semi-permanent residence. Short-term rentals do not include bed and breakfasts, inns, hotels and motels.

Short-term rental, hosted. A short-term rental unit where the owner / operator or responsible party reside in the residential structure for at least nine months per year and is present at least six hours per day.

Short-term Rental, un-hosted . A short-term rental unit where the owner / operator or responsible party do not reside in the residential structure and rent out all or part of the structure and provide an emergency contact for guests and potential complaints.

Add Short-term rental to Table 14.16A-I under Type permits

Table 14.40-I: Table of Residential Uses by Zones

A blank box indicates a use is not allowed in a specific zone. Note: Reference numbers within matrix indicate special conditions apply. P – Permitted Use; A – Administrative Conditional Use; C – Conditional Use (See Section 14.40.070 for explanation of combinations)															
NAICS Code	Use	R4	WR	R6	R8-12	MFR	LB	MU ¹	PBD ²	BD	CBD	CD	LI	GI	P/SP
MISCELLANEOUS AND ACCESSORY USES															
N/A	Short-Term Rentals ⁸	P	P	P	P	P		P							

TABLE 14.72-I: TABLE OF PARKING REQUIREMENTS

Short-Term Rentals	1 space for each room to be rented in addition to the required spaces for the primary residential use if a hosted short-term rental.
Hotels and motels.	1 space for each room to be rented plus additional space (in accordance with other sections of this table) for restaurant or other facilities.

⁸ Subject to requirements of LSMC 14.44.064.

From: [Anji Jorstad](#)
To: [Russell Wright](#); [Steve Ewing](#); [Shawn Frederick](#)
Subject: Re: Council Subcommittee
Date: Wednesday, June 29, 2022 9:17:29 PM

Thank you Russ. At first glance, I think this captures all of the elements we discussed. I also greatly appreciate the comparison to the PC recommendation.

I will review fully tomorrow and provide any additional feedback by COB Friday at the latest.

Thank you so much for your guidance during this process.

Anji

From: Russell Wright <rwright@lakestevenswa.gov>
Sent: Wednesday, June 29, 2022 6:46:10 PM
To: Steve Ewing <sewing@lakestevenswa.gov>; Shawn Frederick <sfrederick@lakestevenswa.gov>; Anji Jorstad <ajorstad@lakestevenswa.gov>
Subject: Council Subcommittee

Please find attached a memo that explains proposed changes between the PC recommended short-term rental regulations and proposed revised regulations based on our meeting. As the approach was to provide a more prescriptive code with defined standards the overall length has increased. All of the items that the subcommittee preferred have been included and likewise less preferred elements were removed in the revised regulations. Several elements were restructured for improved flow. Feel free to provide written responses or I am available to meet again if preferred to discuss.

Best regards,

REW



Russell Wright, *Community Development Director*

City of Lake Stevens | Planning and Community Development

1812 Main Street | PO Box 257

Lake Stevens, WA 98258

(425) 622-9424

rwright@lakestevenswa.gov

NOTICE: All emails and attachments sent to and from the city of Lake Stevens are public records and may be subject to disclosure pursuant to the Public Records Act (RCW 42.56).

LSMC 14.44.064 – Short-Term Rentals

- (a) Purpose and Process – the purpose of establishing specific standards for short-term rentals is to minimize potential impacts to residential areas, preserve housing stock, and allow property owners to efficiently use their properties.
- (1) Short-term rentals are a Type I permit per Chapter 14.16B LSMC – Part I. Short-term rentals will require a city business license (“license”) per Chapter 4.04 LSMC along with a supplemental short-term rental permit (“permit”) [under this chapter](#).
 - (2) The Planning and Community Development Director or designee will evaluate the [application for the short-term rental](#) permit for compliance with the requirements of LSMC 14.44.064 and other applicable sections of the Lake Stevens Municipal Code.
 - (3) Permits and licenses shall be issued for a period of one year, with the effective date running from the date of issuance.
 - i. The permit and license must be renewed annually with the department of Planning and Community Development, provided all the approval criteria continue to be met;
 - ii. It is the owner’s / operator’s responsibility to ensure that the short-term rental remains in substantial compliance with all applicable codes and relevant laws.
- (b) Restrictions
- (1) No more than two short-term rentals may be operated by any individual, married couple, business interest or corporate entity within the city.
 - (2) Short-term rental permits are not transferable to another operator or location.
- (c) Licensing and Registration
- (1) Permit application shall include a Type I land use application, fees, and written description of the proposed short-term rental identifying the following:
 - i. The name and address of the owner and person or company who will operate the short-term rental (operator);
 - ii. The address of the structure where the short-term rental will occur;
 - ~~iii.~~ [The area to be rented, including number of bedrooms, to overnight guests.](#)
 - ~~iii-iv.~~ [Short-term rental permit fees shall be established by resolution of the city council.](#)
 - (2) The owner / operator must provide valid contact information for a responsible party that will respond to potential issues pertaining to the short-term rental for inclusion on the city’s short-term rental register every day the property is rented. Any changes to the name, or telephone number(s) of the responsible party must be submitted to the department of Planning and Community Development within 14 days of the change(s).
 - (3) The owner / operator shall attest that the short-term rental provides consumer safety as identified in RCW 64.37.030 health and safety standards for guests.
 - (4) The owner / operator must post “good neighbor guidelines” in a conspicuous place in the short-term rental, which shall include at least the following:
 - i. Contact information for the operator or responsible party;

- ii. Emergency contact information for police, fire, emergency medical services, and contact information for nonemergency police services;
 - iii. Quiet hours are between 10 pm and 7 am;
 - iv. The location of the rental's designated parking space(s);
 - v. The location of emergency shut-offs.
- (d) Applicability and General Requirements – the following requirements shall apply to all short-term rentals.
- (1) Short-term rentals are allowed only in the zoning districts identified in Table 14.40-I.
 - (2) Short-term rentals may be hosted or un-hosted residences where all or part of the structure is rented for transient lodging.
 - (3) No short-term rental can be rented ~~to~~ for residential occupancy by more than eight total individuals at any time.
 - (4) A minimum of one off-street parking space shall be provided per 1-2 rented bedrooms; two off-street parking spaces per 3-4 rented bedrooms; and three off-street parking spaces per 5 or more rented bedrooms.
 - i. Parking of boat trailers and recreation vehicles is allowed when adequate off-street parking is provided, and the additional parking does not conflict with required parking.
 - (5) Applicable sales/use and other related state imposed lodging taxes must be timely paid to the State of Washington, ~~and those~~ Timely payments are the responsibility of the property owner.
 - (6) The short-term rental must comply with Chapter 64.37 RCW.
- (e) Complaints and Enforcement
- (1) Complaints and enforcement are subject to the processes identified in Chapter 17.20 LSMC including any fines and penalties imposed for substantiated violations.
 - (2) Multiple violations of the short-term rental code will result in progressive enforcement as identified in LSMC 17.20.
 - (3) Violations of consumer safety are subject to the provisions in RCW 64.37.030.
 - (4) A new short-term rental permit will not be issued to the owner / operator of a revoked short-term rental permit and business license until two years from the time of revocation have passed.

14.08.010 Definitions of Basic Terms.

Responsible party. is the owner, property management company, or another person who designated by the owner, in writing, to act on their behalf as the main contact for guests and who is responsible for addressing any complaints.

Short-term rental. A residential structure, in which all or part of the structure is rented to a person or group for transient lodging for not more than thirty (30) days to individual guests, subject to the standards identified in LSMC 14.44.064, where the all or part of the structure is rented on a nightly or weekly basis for transient lodging; long term rentals are distinguished as being rented for more than 30 days as

permanent or semi-permanent residence. Short-term rentals do not include bed and breakfasts, inns, hotels and motels.

Add Short-term rental to Table 14.16A-I under Type permits

Table 14.40-I: Table of Residential Uses by Zones

A blank box indicates a use is not allowed in a specific zone. Note: Reference numbers within matrix indicate special conditions apply. P – Permitted Use; A – Administrative Conditional Use; C – Conditional Use (See Section 14.40.070 for explanation of combinations)															
NAICS Code	Use	R4	WR	R6	R8-12	MFR	LB	MU ¹	PBD ²	BD	CBD	CD	LI	GI	P/SP
MISCELLANEOUS AND ACCESSORY USES															
N/A	Short-Term Rentals ⁸	P	P	P	P	P		P							

TABLE 14.72-I: TABLE OF PARKING REQUIREMENTS

Short-Term Rentals	1 space for 1-2 bedrooms to be rented; 2 spaces for 3-4 bedrooms to be rented; 3 spaces for 5 or more bedrooms to be rented in addition to the required spaces for the primary residential use if a hosted short-term rental.
Hotels and motels.	1 space for each room to be rented plus additional space (in accordance with other sections of this table) for restaurant or other facilities.

⁸ Subject to requirements of LSMC 14.44.064.

David Levitan

From: Kelly Chelin
Sent: Tuesday, September 20, 2022 10:34 AM
To: David Levitan
Subject: FW: Short Term Rental - Please consider the impact of short term rentals on affordable housing and the Lake Stevens Police force

FYI. We sent this to Council but I noticed that you might not have seen it.



Kelly Chelin, *City Clerk*

City of Lake Stevens | Administration
1812 Main Street | PO Box 257
Lake Stevens, WA 98258
(425) 622-9412
kchelin@lakestevenswa.gov

NOTICE: All emails and attachments sent to and from the city of Lake Stevens are public records and may be subject to disclosure pursuant to the Public Records Act (RCW 42.56).

From: jennifer soler <jennifersoler125@hotmail.com>
Sent: Monday, September 19, 2022 6:07 PM
To: DeputyClerk <deputyclerk@lakestevenswa.gov>; Russell Wright <rwright@lakestevenswa.gov>; gbrazil@lakestevenswa.gov
Subject: Short Term Rental - Please consider the impact of short term rentals on affordable housing and the Lake Stevens Police force

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Dear City Council,

I am writing about my experience with VRBO which may help provide some insight on how disruptive a VRBO can be in a neighborhood and to a community. This experience is one example how short-term rentals could add to the shortage of affordable housing for families in the Lake Stevens area and could increase the Lake Stevens Law Enforcement work load.

This summer I was part of a group of women attending a regatta who rented a house through VRBO. Ten minutes after check in, the host alerted us that she was going to have a unknown male stay in the bottom half of the house and we could only use the top half of the house. There were only 3 beds upstairs and no secure door between the two areas. We did not stay and were threatened that we would not get our money back.

We called VRBO who was not helpful in addressing the conflict. After being on hold for an hour we were disconnected. The second time we asked if VRBO could call us back as they took our phone number. The answer was no and again we were disconnected. We had to drive 2 hours to find a place to stay as the rates in the area of the VRBO were incredibly high for last minute check in. The credit card company returned our money. VRBO 8 weeks later would agree not to charge us if we did not claim any damages. We were unable to charge VRBO for extra gas or expenses incurred as a result not going comfortable with the VRBOs host demands that we stay / share the house with an unknown male. VRBO does not stand by its product.

We found out from the neighbor that the host has done this to many people and that the police are at the property on a fairly frequent basis. This particular host intimidates people and double books her property. VRBO was not helpful managing the situation.

The part of this experience that I want to bring to your attention is that, the neighbor of the property informed us that the host does not own the rental property. The host is making money by renting several properties that are listed on VRBO and other short-term rentals. The neighbor also stated the community is trying to work with their city council to take care of the situation. They are tired of the Police and people being stranded outside the rental property. This one story may be helpful when you are thinking about how the regulations could be written to lessen the impact on affordable housing and the Police Force in Lake Stevens.

Jennifer Soler
Lake Stevens, WA



Budget 2023 – Staffing & Wages

1. Strategic Staffing Plan
2. Salary Survey Update
3. Cost of Living
4. Comparable Forecasts

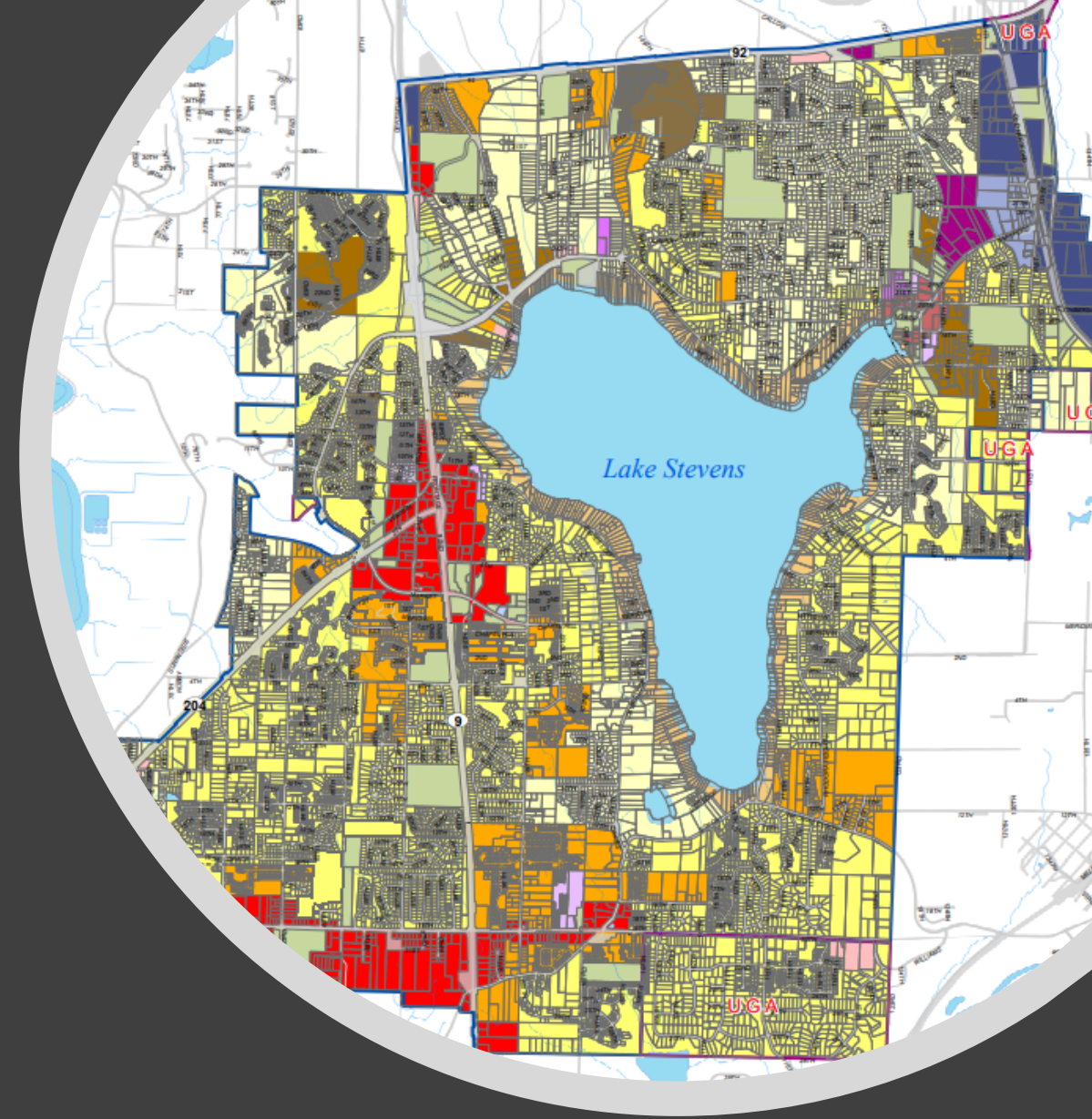


City of Lake Stevens Strategic Staffing Plan

2023-2027

Background

- The City of Lake Stevens is growing and is outpacing the rest of Snohomish County. Following the recent annexation, the city population has grown to over 40,000. The overall population is expected to grow to approximately 50,000 over the next 20 years.
- During the Council Retreat in February 2020, Council requested a strategic staffing plan be conducted to assess the following:
 - What are we not getting done that we need to?
 - What are we not getting done that we want to?
- At the mini-City Council Retreat in September each year since, staff has presented an updated staffing plan to City Council. Today's presentation is an update to the staffing plan for 2023-2027 and beyond.
- Moving forward the staffing plan will continue to be updated annually and presented to City Council.



Existing Staff as of September 28, 2022

Department	# of current FTEs	# of vacant funded positions	Comments
Executive	3	0	
Finance	7	1	
HR	4	0	
IT	4	2	
Parks	10	0	+2 Seasonals
Community Development & Planning	14.6	0	
Police	46	6	
Public Works	32	2	+ 2 Seasonals
Total	120.6	11	

Police Department – Staffing Needs

2023

- ***Addition of Records Specialist to handle PRRs for body cameras due to complexity-Full Deployment started 10/1/2022.***

2024

- Addition of 2 additional Patrol Officer due to increase calls for service and moving to a 4-officer minimum to meet demands of city growth, legislation requirements and mandated training.
- Addition of a Traffic Officer to respond to increased traffic/parking issues, increased collisions and citizen concerns

2025-2026

- Establishment of Proact Sergeant due to span of control and reducing oversight of supervision for Support Services Sergeant (other duties: facilities, department training, marine/SRO programs, and fleet)
- Addition of 2 additional Patrol Officers to meet city growth and implementing a mid-shift patrol because of calls for services during peak period.

2027

- Establishment of Task Force Detective due to request from participating regional task forces (SNOCAT, VOTF and SCRDTF) to assist with cases occurring in and around City Limits and provide additional specialized training for employee's professional development.
- Establishment of Administrative Supervisor due to span of control of current Records Unit and establish a combined public disclosure and evidence unit.
- Reclassification of Records Specialist to Crime Video Analyst to establish a combined public disclosure and evidence unit.

Public Works Department – Staffing Needs

2023

- ***Reclassify all Crew Worker I and II positions to Crew Workers with incentive pay based on training/certifications/licenses – negotiations in progress.***
- ***Establishment of Public Works Analyst -will lead or support special projects including APWA accreditation, VueWorks redeployment/management, sewer assumption support, PW budget tracking and analysis and public outreach. Develop policies and metrics to measure efficiency, service levels, safety and LEAN process improvements.***
- ***Establishment of Shop Quartermaster to provide tool control and general inventory/asset management.***
- ***Reclassify Administrative Assistant to Sr. Administrative Assistant to provide supervision to Office Assistant and perform higher level admin work.***

2024

- Establishment of Fleet Manager/Lead Equipment Mechanic for increased workload and centralized fleet management.
- Establishment of Field Supervisor – Facilities due to increase of maintenance needs of city buildings and to balance span of control for Streets Field Supervisor.
- Establishment of Crew Worker I for facilities to have designated employee proving facility needs to city buildings.

2025-2026

- Establishment of Senior Engineer to address increasing workload of the City Engineer and support growth of LS

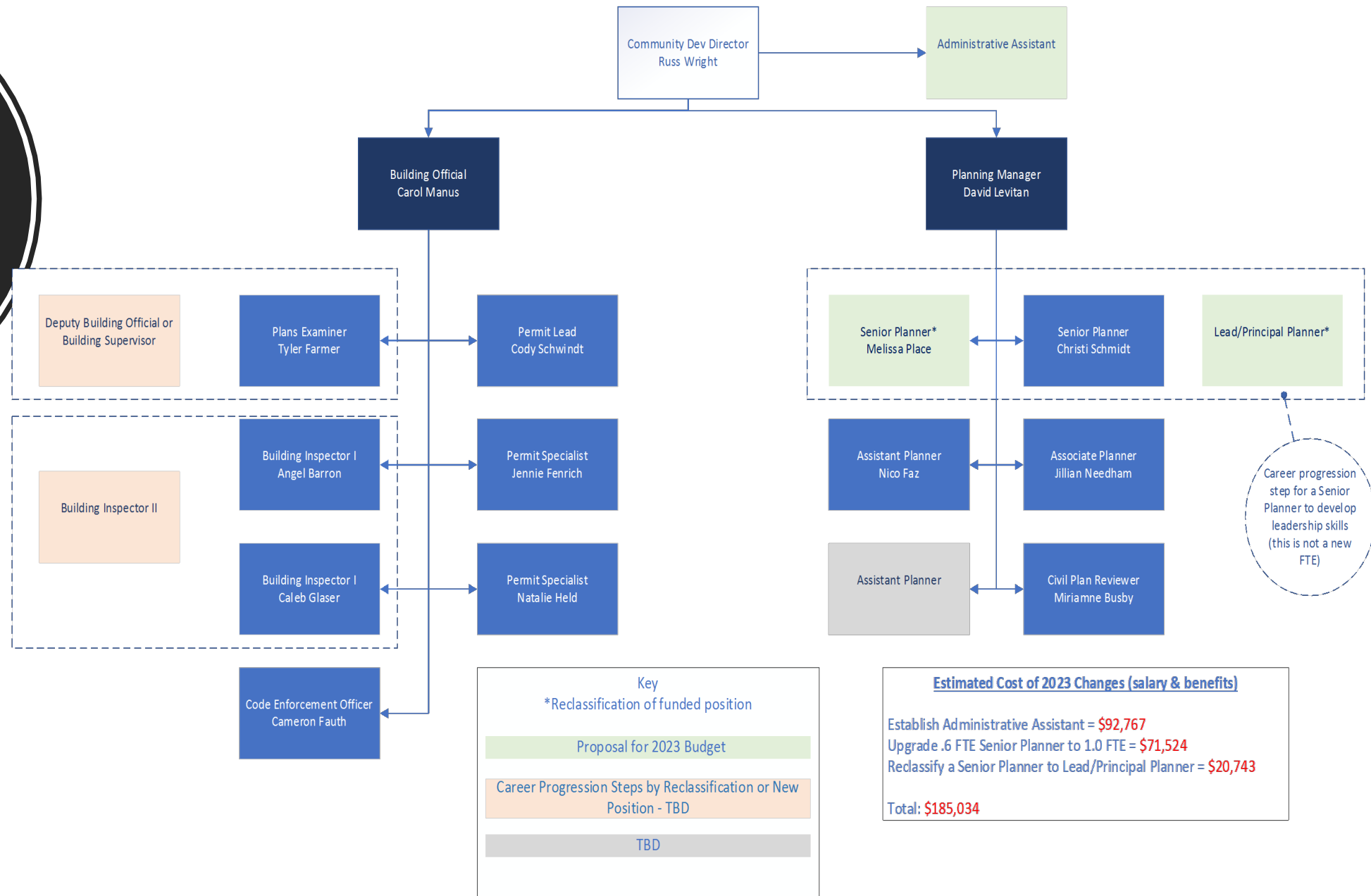
2027-2028

- Establishment of Traffic Engineer/Signal Technician. Required by RCW once population reaches 50,000.

TBD:

- Establishment of PW Deputy Director for operational oversight of Capital Projects, Engineering, Surface Water Management, accreditation and safety.

Community Development Proposed Org Chart



Community Development Department – Staffing Needs

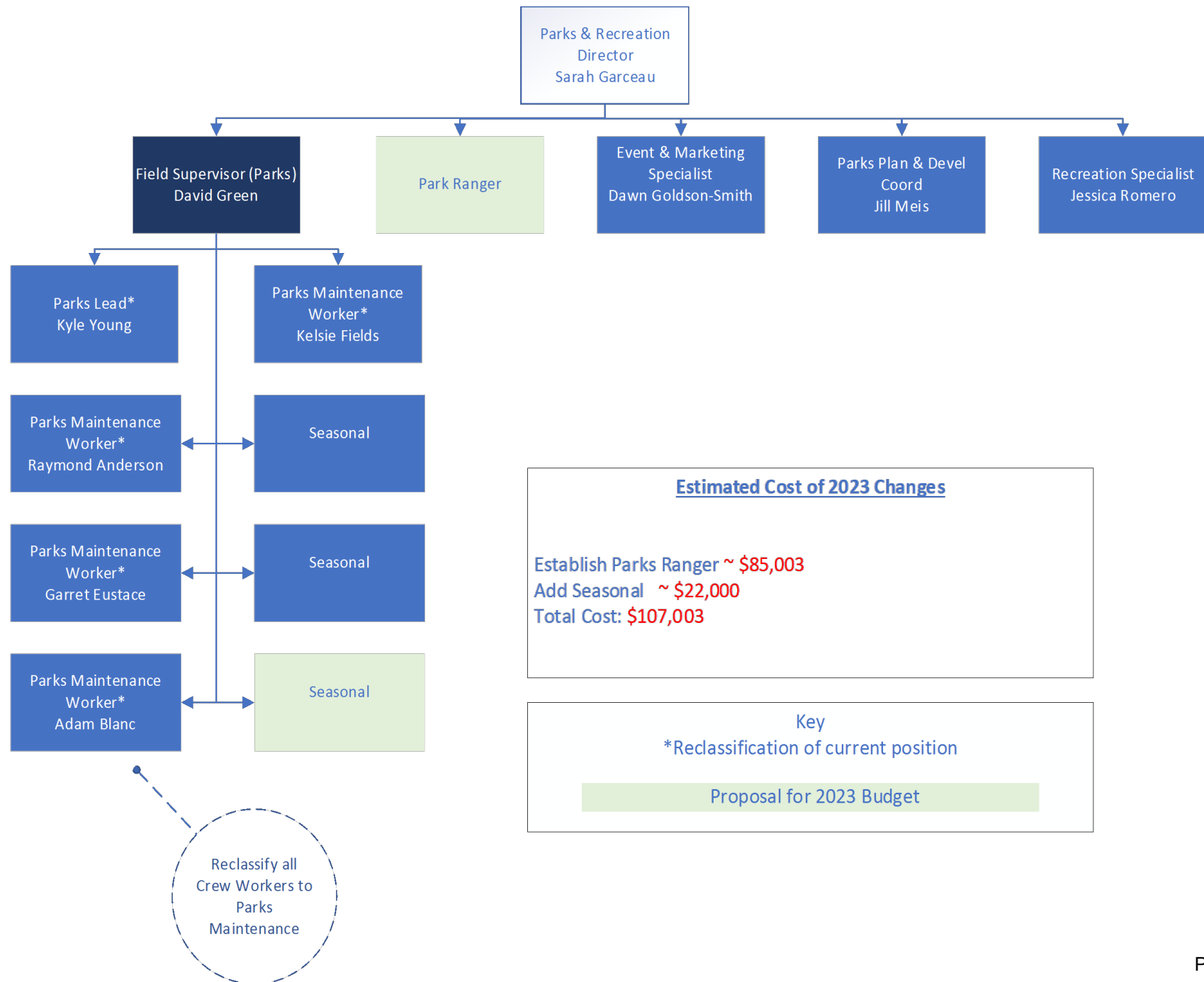
2023

- Establish CD Administrative Assistant to provide administrative support to the CD Director and department and acts as the department records officer
- Reclassify a Senior Planner to Lead/Principal Planner to allow career progression and employee to develop leadership skills, provide mentor to junior planning staff, and assist Planning Manager with task/project delegation and coordination.
- Reclassify .6 FTE Senior Planner to 1.0 FTE Senior Planner. This would assist in balancing senior level work and steady overall workload of junior planners.

TBD

- Establishment of additional Assistant Planner due to annexations
- Create career progression steps for Building Inspector I positions to become a level II with experience, training and certifications
- Create a career progression for the Plans Examiner as the city grows to be the Deputy Building Official or Building Supervisor to gain leadership and delegation experience.

Parks Proposed Org Chart



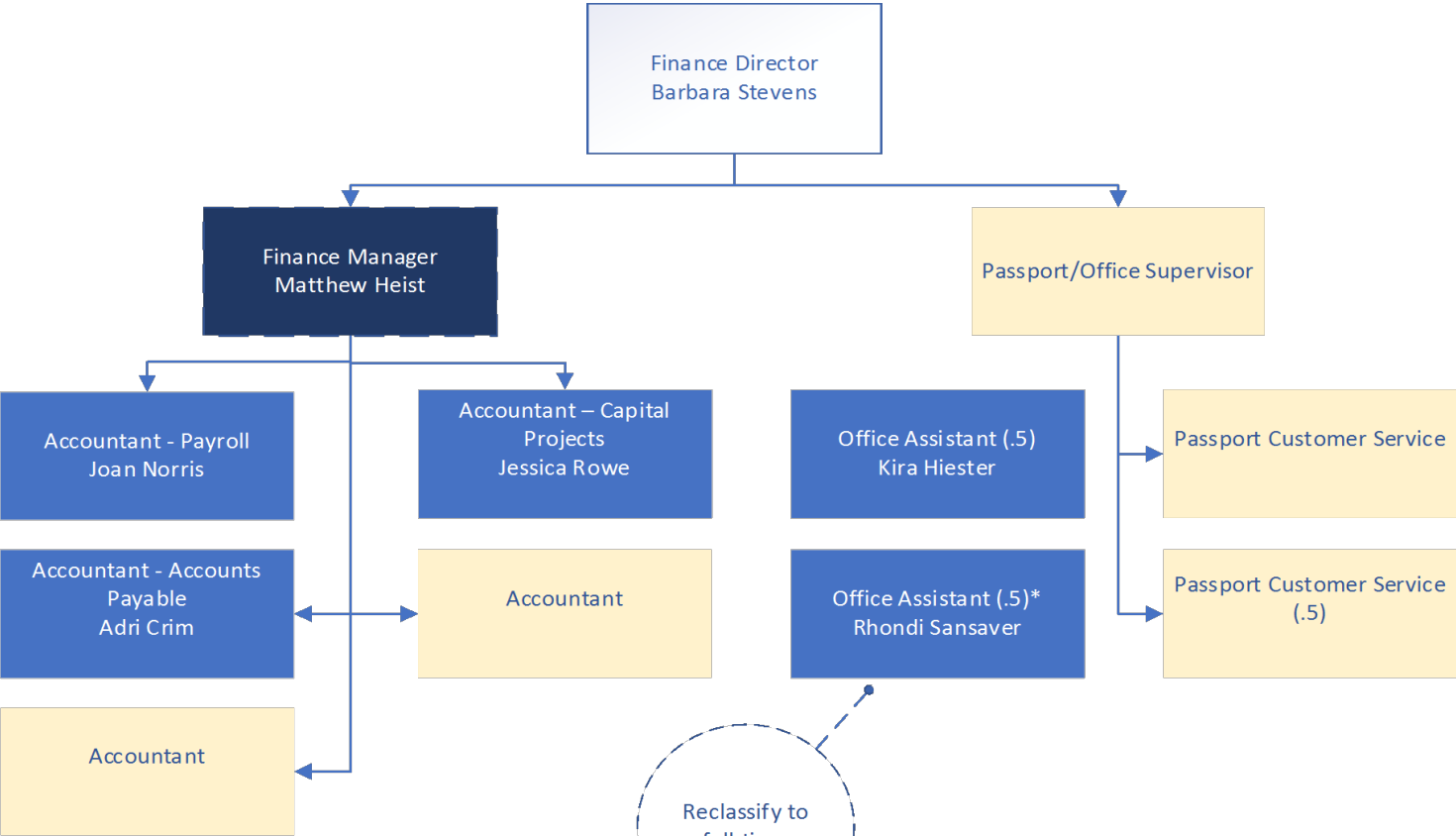
Parks Department – Staffing Scenarios



2023

- Establish Park Ranger to remind citizens of rules and regulations, write tickets, and provide education/outreach.
- Addition of a Seasonal Parks worker to assist during peak season.
- Reclassification of Crew Worker I

Finance Proposed Org Chart



Estimated Cost of 2023 Changes (salary & benefits)

Total Cost: **\$0**

Key

*Reclassification of funded position

Proposal for 2024-2026 Budget

Finance Department – Staffing Needs

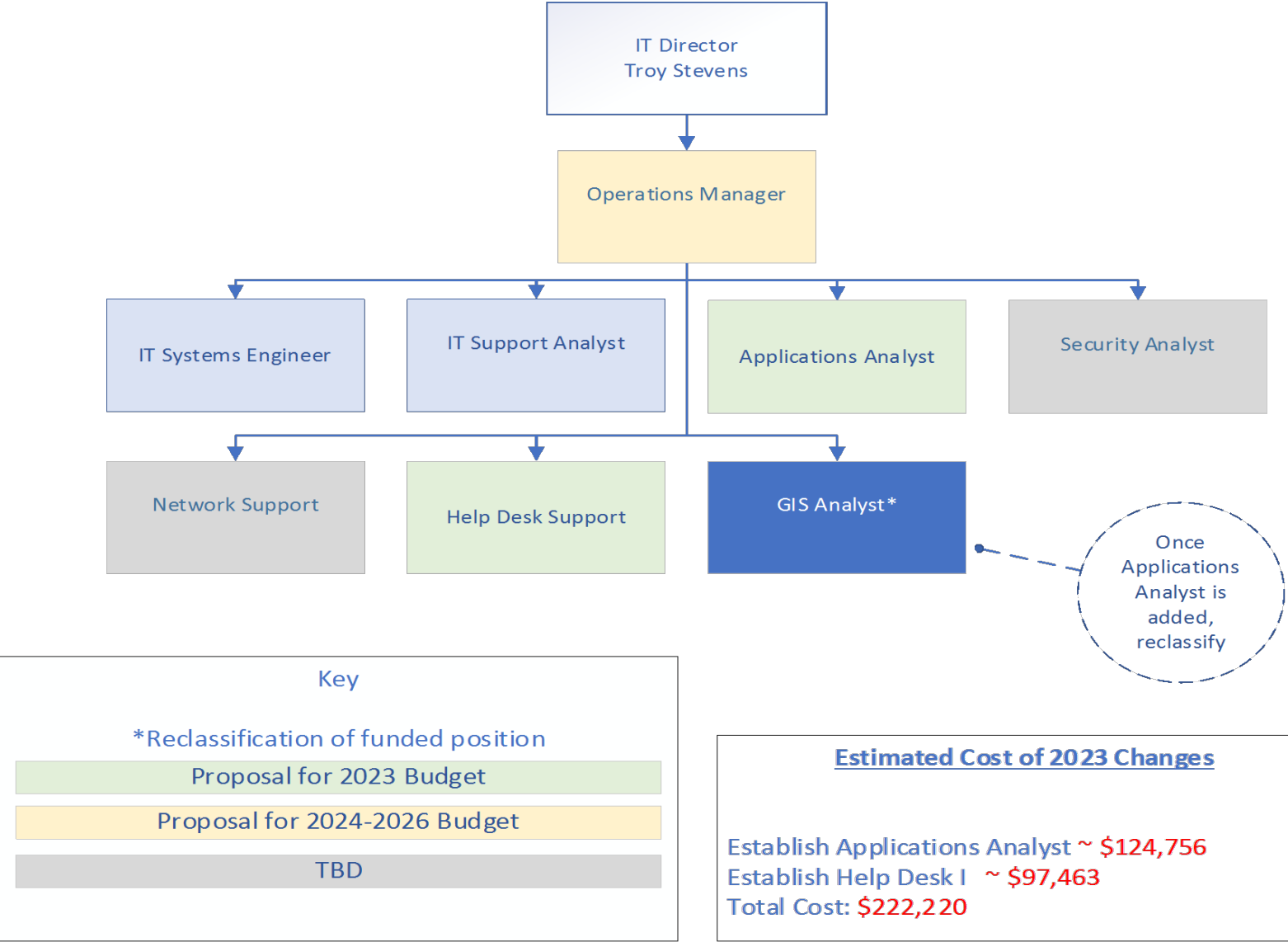
2024-2026

- Addition of (2) Accountants
- Establishment of Office Supervisor to oversee office staff and passport program – this also assists with span of control for Finance Director
- Establishment of Passport Customer Service positions as the program grows/based on citizen demand

Summary of Additional Accounting Duties:

- Budget Analysis
- Treasury Management (debt/investments)
- Capital Project Accounting
- Procurement/Purchasing
- Inventory Control/Asset Management
- Grant Management
- SWM Billing for private ponds LID Accounting (sidewalks)

IT Proposed Org Chart



IT Department – Staffing Needs

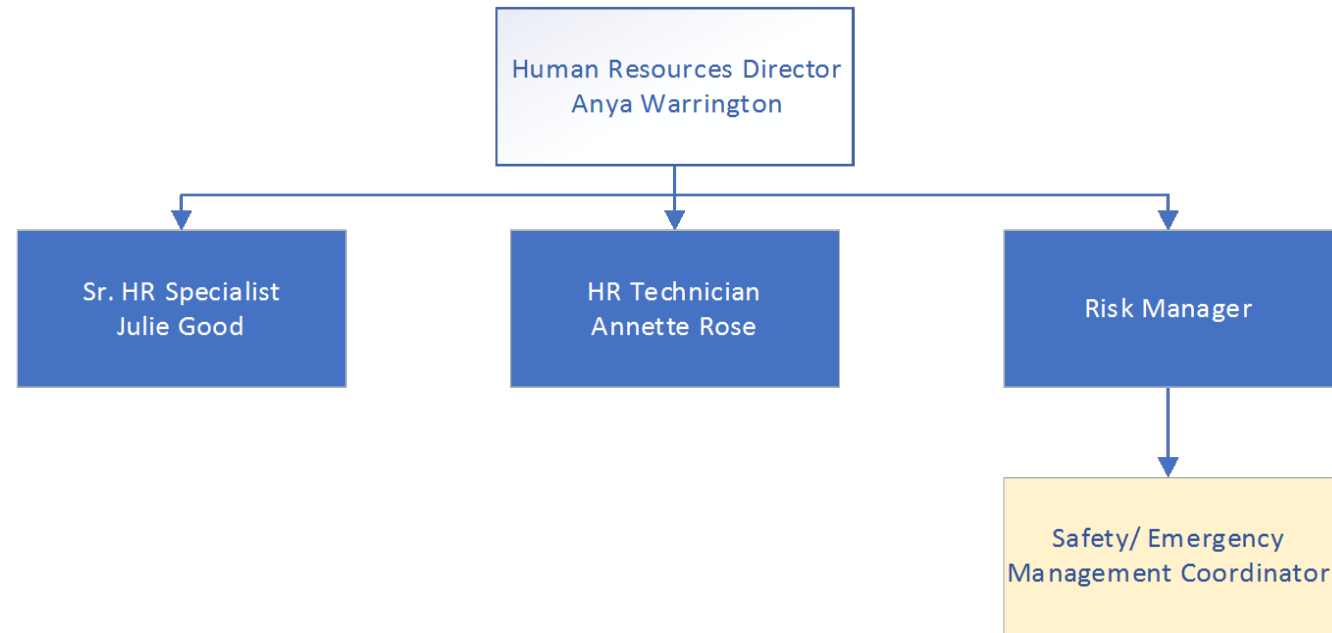
2023

- Establish and hire a Help Desk I position for increased workload and to separate duties. There is a need for lower-level support role to handle tier 1 duties freeing support analyst to work on more complex issues and projects.
- Establish Applications Analyst and reclassify existing position (GIS/Application Analyst) to separate duties better suited to their specialties.
- Application Analyst will be responsible for the administration, maintenance and support of current, and future enterprise systems and databases (except GIS Infrastructure).

2024-26

- Establish and hire an Operations Manager to oversee each division work assignments, capacity planning, budgeting and procurement oversight, and project management.

HR Proposed Org Chart



Key

Proposal for 2024-2026 Budget

HR Department – Staffing Needs

2023

- Internship Program for up to 4 interns funded through salary savings or unpaid. This would be for all city departments

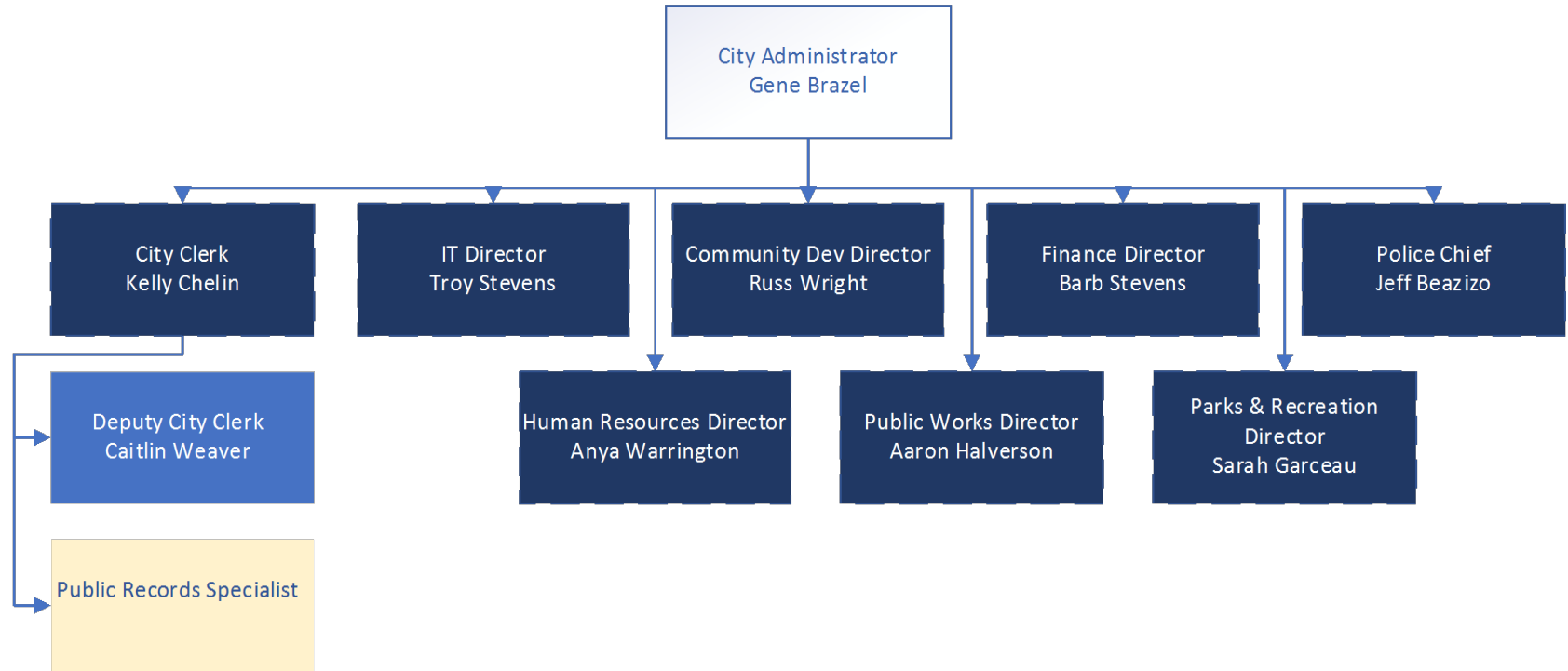
2024-2026

- Establish Safety/Emergency Management Coordinator to provide focus to one of these areas, provide training in-house, and allow Risk Manager to focus on higher level Risk consultation, policy oversight and strategies.

Safety/Emergency Management Summary of Duties

- Develop and administer the accident prevention programs along with compliance related to occupational safety and health regulations, policies and procedures.
- Conduct job hazard analysis; field inspection of work places for possible hazards and exposures; coordinate, schedule and track employee training and certification requirements related to safety; develop and implement written safety policies and procedures.
- Develop and administer the city's emergency management program in accordance with federal, state, and local laws, regulations, policies, and procedures.
- Coordinate disaster response/crisis management activities; develop and administer emergency management training and preparedness

Executive Proposed Org Chart



Estimated Cost of 2023 Changes (salary & benefits)

Total Cost: \$0

Key

Proposal for 2024 Budget

Executive Department – Staffing Needs

2024

- Establish Public Records Specialist

2021 JLARC Report

- 1351 requests
- 168 requests took more than 5 days to complete indicating complexity, need for clarification, extensive searches or in need of legal review.
- 590 requests were redacted or partially denied
- 848 hours of staff time (recorded)
- Estimated total cost \$138,522

Public Records Specialist Summary of Duties

- Processes public disclosure requests for records; clarifies and prioritizes elements of requests; prepares response letters; schedules appointments to review records.
- Collaborates with other City departments on the production of records in response to requests; establishes timeframes for responses; coordinates the assembly of multi-departmental responses and records.
- Maintains public disclosure tracking, documentation, and statistics to substantiate compliance with State regulations and rules and internal policies

Staffing Breakdown if Plan is Adopted

Department	# of current FTEs	# of future FTEs based on 2023 Requests	# of future FTEs through 2027
Executive	3	3	4
Finance	7	7	11.5
HR	4	4	5
IT	4	6	9
Community Development & Planning	14.6	16	17
Parks	10	11	11
Police	46	47	56
Public Works	32	34	40
Total	120.6	128	153.5



Future State

FTE Count if entire staffing plan were adopted

Department	Position Title	Total Cost	% General Fund				% \$ General Fund			
			Fund	% SWM	% Streets	Permits	Fund	\$ SWM	\$ Streets	\$ Permits
Community Development	Administrative Assistant	\$ 92,767.21	75%			25%	\$ 69,575.40			\$ 23,191.80
Community Development	Senior Plannner to Full-Time	\$ 71,523.65	10%			90%	\$ 7,152.36			\$ 64,371.28
Community Development	Lead/Principal Planner	\$ 20,743.46	35%			65%	\$ 7,260.21			\$ 13,483.25
Information Technology	Help Desk I (50k + 20k benes)	\$ 97,463.72	77%	11%	12%		\$ 75,047.07	\$ 10,721.01	\$ 11,695.65	
Information Technology	Applications Analyst	\$ 124,756.42	77%	11%	12%		\$ 96,062.44	\$ 13,723.21	\$ 14,970.77	
Information Technology	GIS Analyst*	\$ -	20%	40%	40%					
Parks	Park Ranger	\$ 92,364.67	100%	-	-	-	\$ 92,364.67			
Parks	Seasonal	\$ 22,000.00	100%				\$ 22,000.00			
Police	Records Specialist	\$ 93,421.33	100%				\$ 93,421.33			
Public Works	Senior Administrative Assistant	\$ 19,857.15	20%	40%	40%		\$ 3,971.43	\$ 7,942.86	\$ 7,942.86	
Public Works	Public Works Analyst	\$ 136,617.06	20%	40%	40%		\$ 27,323.41	\$ 54,646.82	\$ 54,646.82	
Public Works	Shop Quartermaster (Crew Worker I)	\$ 78,139.22	20%	40%	40%		\$ 15,627.84	\$ 31,255.69	\$ 31,255.69	
	Totals:	\$ 849,653.90					\$ 509,806.18	\$ 118,289.59	\$ 120,511.79	\$ 101,046.33
							General Fund	SWM	Streets	Permits



Future State

Cost if entire staffing plan were adopted



2022 Non-Represented Salary Survey

Presentation 2

Updates

- Evaluated internal equity to include:
 - Compression between supervisors, managers and line staff
 - Similar job class analysis and matching
- Addressed and corrected any outlier data
- Reviewed matching data and performed additional custom research
- Performed salary schedule structure analysis
- Added new staff hired since July

Average of Current Grade to Market by Department

Row Labels	Average of Current Grade to Market 60th	Average of Current Grade to Market 75th
Administration	87.7%	82.4%
Finance	91.3%	86.5%
Human Resources	93.1%	86.9%
IT	93.8%	87.4%
Parks & Recreation	90.8%	85.0%
Planning & Community Development	91.5%	86.1%
Police	87.3%	83.5%
Public Works	90.1%	84.5%
Grand Total	90.8%	85.4%

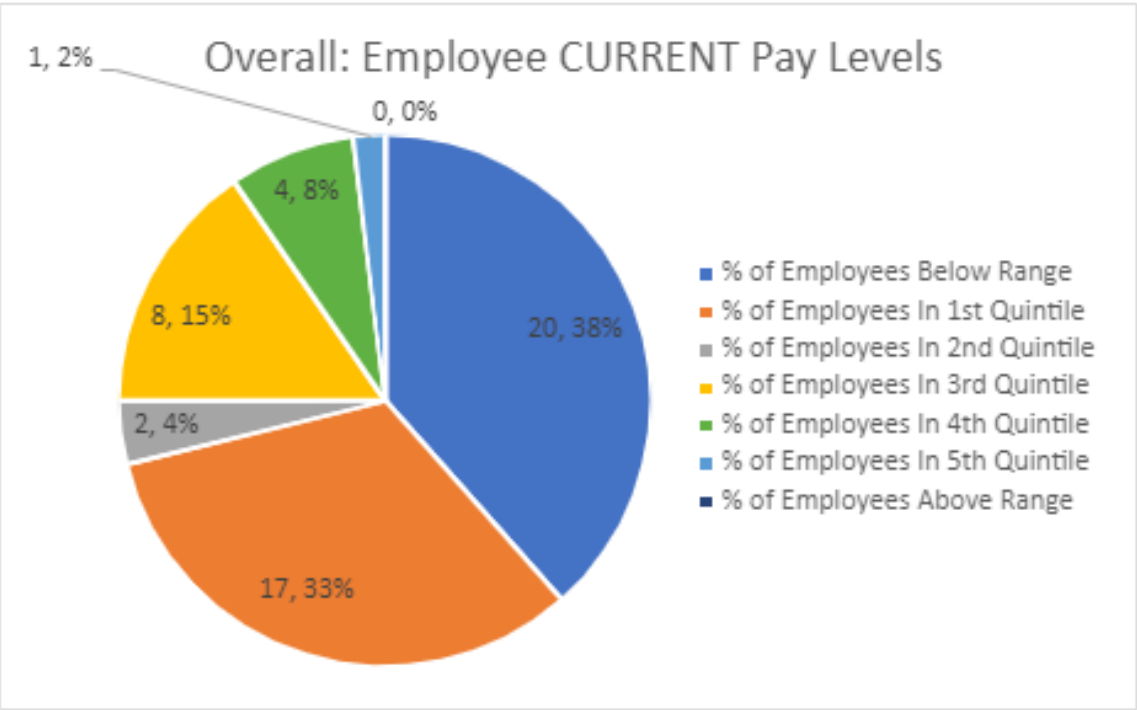
Job Classes Included in Survey by Department

City Administrator	Administration
City Clerk	Administration
Deputy Clerk	Administration
Accountant	Finance
Accountant - AP	Finance
Accountant-Grants/Cap	Finance
Finance Director	Finance
Finance Manager	Finance
Office Assistant	Finance
Risk Manager	Human Resources
HR Technician	Human Resources
Human Resources Director	Human Resources
Senior HR Specialist	Human Resources
Applications/GIS Analyst	IT
IT Director	IT
IT Support Analyst	IT
IT Systems Engineer	IT
Event and Marketing Spec	Parks & Recreation
Parks Plan & Devel Coord	Parks & Recreation
Recreation Specialist	Parks & Recreation
Parks and Recreation Director	Parks & Recreation

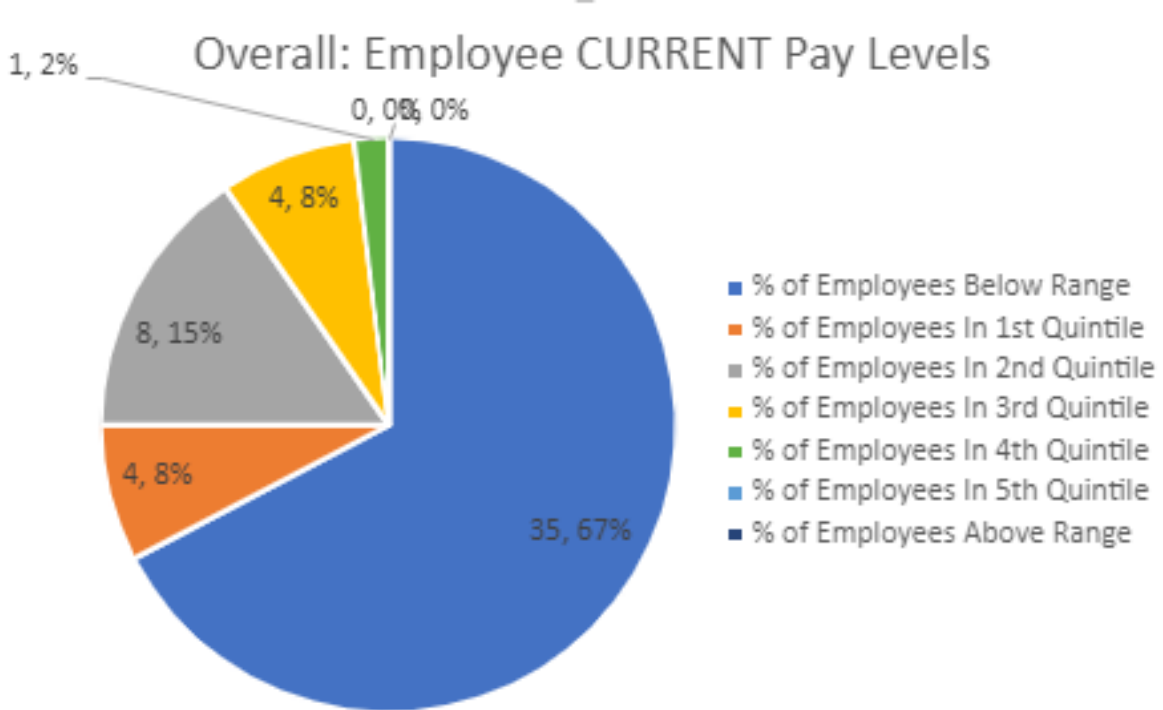
Assistant Planner	Planning & Community Development
Associate Planner	Planning & Community Development
Building Inspector I	Planning & Community Development
Building Official	Planning & Community Development
Code Enforcement Officer	Planning & Community Development
Community Dev Director	Planning & Community Development
Permit Specialist	Planning & Community Development
Permit Specialist Lead	Planning & Community Development
Planning Manager	Planning & Community Development
Plans Examiner	Planning & Community Development
Senior Planner	Planning & Community Development
Building Inspector II	Planning & Community Development
Civil Plans Reviewer	Planning & Community Development
Deputy Police Chief	Police
Police Admin Asst	Police
Police Admin Manager	Police
Police Chief	Police
Police Commander	Police
Capital Projects Manager	Public Works
City Engineer	Public Works
Public Works Admin Asst	Public Works
PW Director	Public Works
PW Inspector/Eng Tech	Public Works
PW Office Assistant	Public Works
PW Operations Manager	Public Works
Surface Water Mgr	Public Works
Surface Water Specialist	Public Works
Engineer Tech-Development	Public Works
Surface Water Field Technician	Public Works
Surface Water Coordinator	Public Works

Overall: Employee Current Pay Levels compared to Market

60th Percentile of Market



75th Percentile of Market



Cost of Salary Survey by Department – 60th Percentile

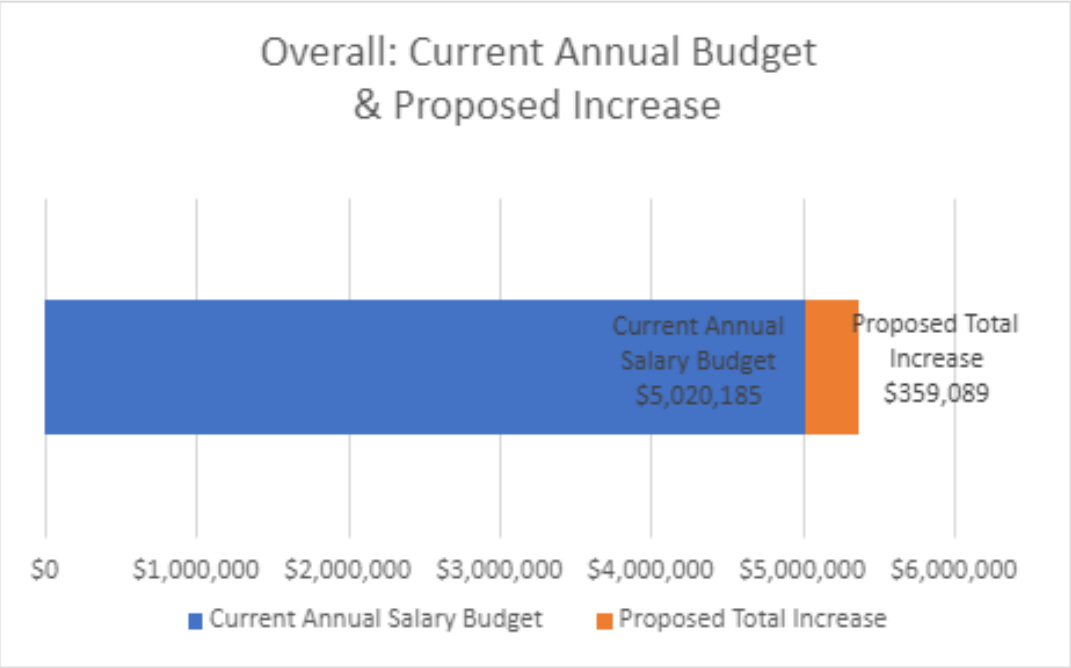
Department	Sum of ANNUAL Pay	Sum of Dollars to Range MIN	Sum of Dollars to Next Closest Step	Sum of Dollars to Current Step	Sum of Dollars to Years in Position	Dollars to Range MIN %	Dollars to Next Closest Step %	Dollars to Current Step %	Dollars to Years in Position %	# of Employees
Administration	\$387,857	\$17,791	\$18,047	\$40,701	\$18,047	4.6%	4.7%	10.5%	4.7%	3
Finance	\$519,953	\$8,103	\$10,706	\$50,861	\$35,442	1.6%	2.1%	9.8%	6.8%	7
Human Resources	\$447,215	\$8,441	\$12,995	\$43,337	\$12,995	1.9%	2.9%	9.7%	2.9%	4
IT	\$234,273	\$3,003	\$3,380	\$26,104	\$3,380	1.3%	1.4%	11.1%	1.4%	2
Parks & Recreation	\$233,737	\$583	\$6,811	\$22,427	\$9,636	0.2%	2.9%	9.6%	4.1%	4
Planning & Community Development	\$1,318,989	\$40,386	\$56,833	\$194,375	\$93,691	3.1%	4.3%	14.7%	7.1%	15
Police	\$621,356	\$0	\$15,982	\$91,130	\$35,173	0.0%	2.6%	14.7%	5.7%	5
Public Works	\$1,256,805	\$124,656	\$136,637	\$235,310	\$150,725	9.9%	10.9%	18.7%	12.0%	12
Grand Total	\$5,020,185	\$202,961	\$261,390	\$704,242	\$359,089	4.0%	5.2%	14.0%	7.2%	52

Cost of Salary Survey by Department – 75th Percentile

Department	Sum of ANNUAL Pay	Sum of Dollars to Range MIN	Sum of Dollars to Next Closest Step	Sum of Dollars to Current Step	Sum of Dollars to Years in Position	Dollars to Range MIN %	Dollars to Next Closest Step %	Dollars to Current Step %	Dollars to Years in Position %	# of Employees
Administration	\$387,857	\$35,569	\$38,054	\$66,310	\$38,054	9.2%	9.8%	17.1%	9.8%	3
Finance	\$519,953	\$21,825	\$29,800	\$86,518	\$66,648	4.2%	5.7%	16.6%	12.8%	7
Human Resources	\$447,215	\$18,848	\$21,762	\$72,776	\$28,123	4.2%	4.9%	16.3%	6.3%	4
IT	\$234,273	\$10,832	\$10,832	\$41,289	\$17,194	4.6%	4.6%	17.6%	7.3%	2
Parks & Recreation	\$233,737	\$6,614	\$7,405	\$37,515	\$10,448	2.8%	3.2%	16.1%	4.5%	4
Planning & Community Development	\$1,318,989	\$84,705	\$93,470	\$282,075	\$148,690	6.4%	7.1%	21.4%	11.3%	15
Police	\$621,356	\$15,402	\$16,741	\$134,394	\$41,737	2.5%	2.7%	21.6%	6.7%	5
Public Works	\$1,256,805	\$181,153	\$187,792	\$330,456	\$212,752	14.4%	14.9%	26.3%	16.9%	12
Grand Total	\$5,020,185	\$374,948	\$405,856	\$1,051,333	\$563,646	7.5%	8.1%	20.9%	11.2%	52

Implementation Method: Years in Position

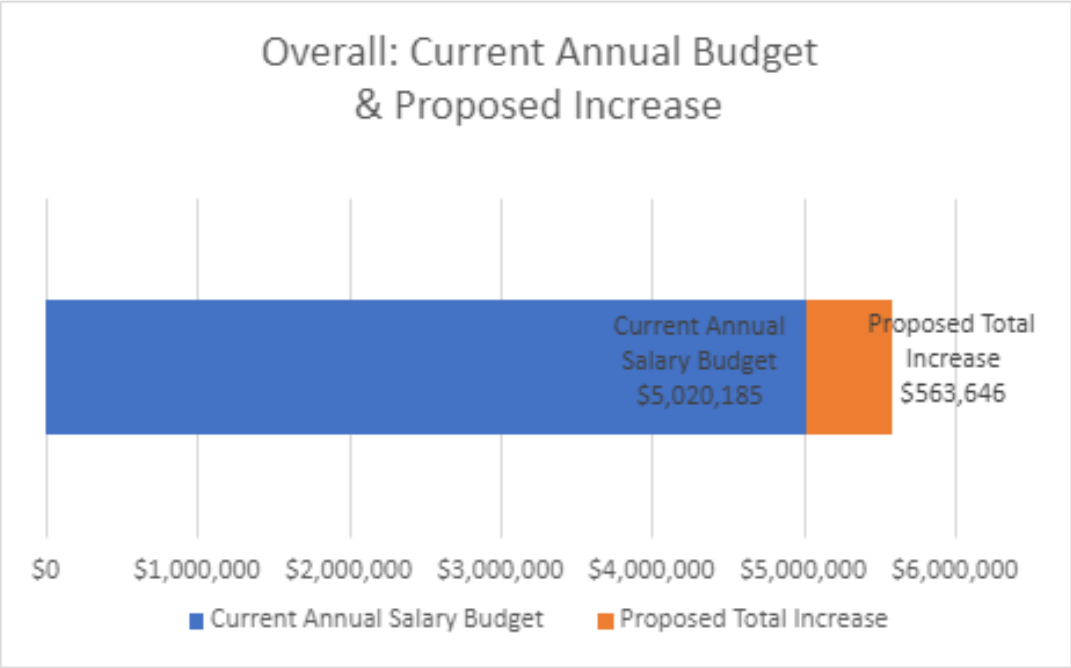
60th Percentile of Market



Proposed Increase: 7.2%

General Fund	Streets \$	Surface Water \$	Permits \$
\$211,450	\$28,140	\$44,031	\$75,467
32.2%	4.3%	6.7%	11.5%

75th Percentile of Market

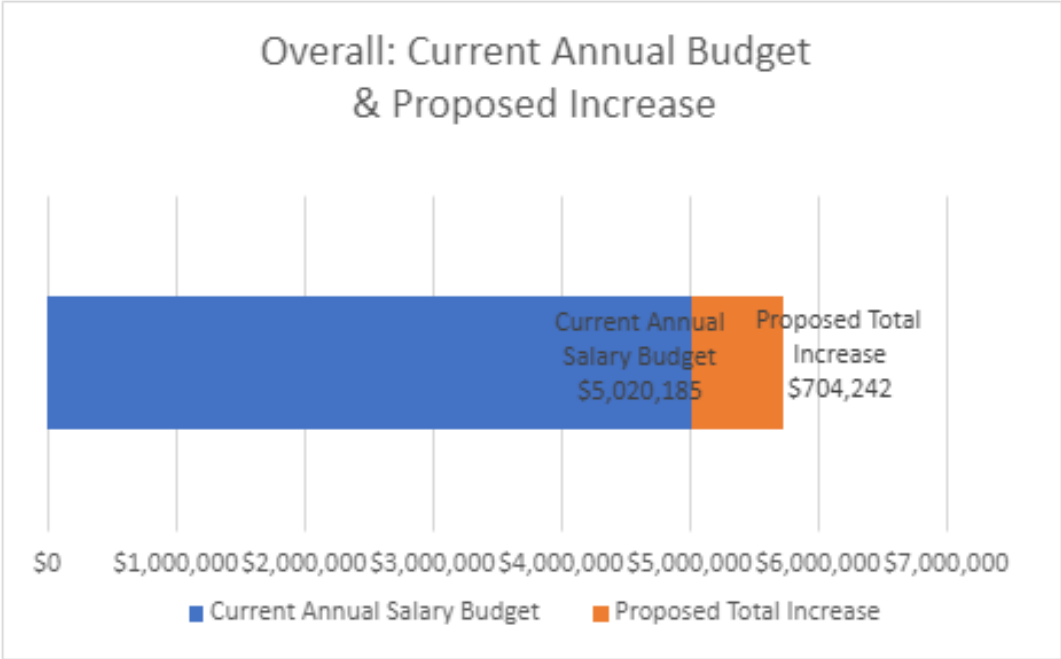


Proposed Increase: 11.2%

General Fund	Streets \$	Surface Water \$	Permits \$
\$328,647	\$51,598	\$79,997	\$103,404
31.31%	4.9%	7.6%	9.9%

Implementation Method: Bring to Current Step

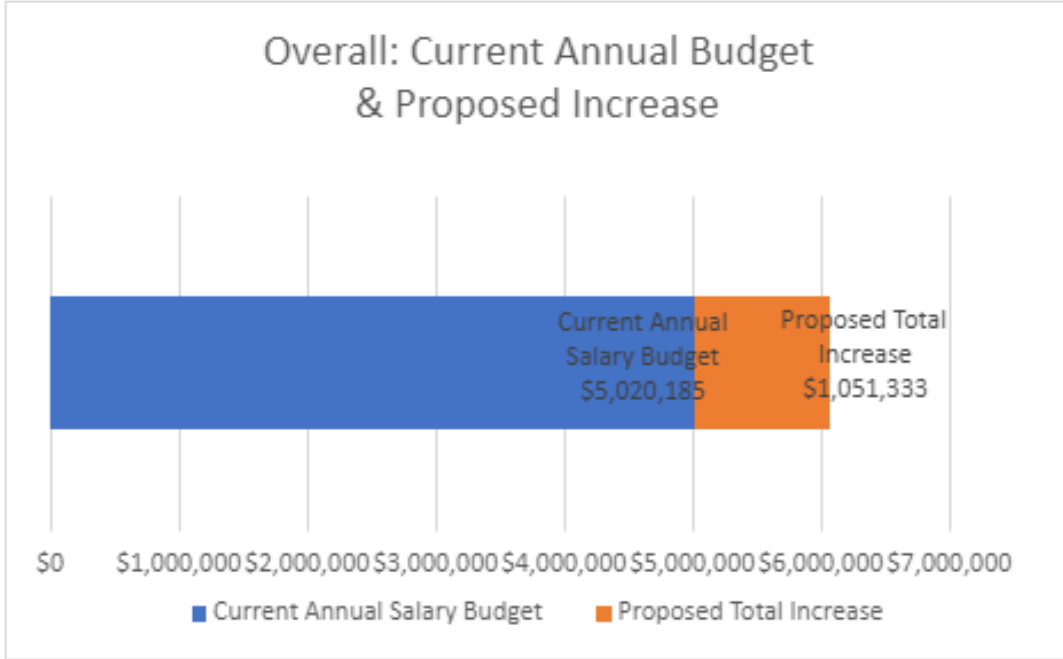
60th Percentile of Market



Proposed Increase: 14%

General Fund	Streets \$	Surface Water \$	Permits \$
\$408,684	\$60,229	\$90,200	\$145,130
31.4%	4.6%	6.9%	11.1%

75th Percentile of Market

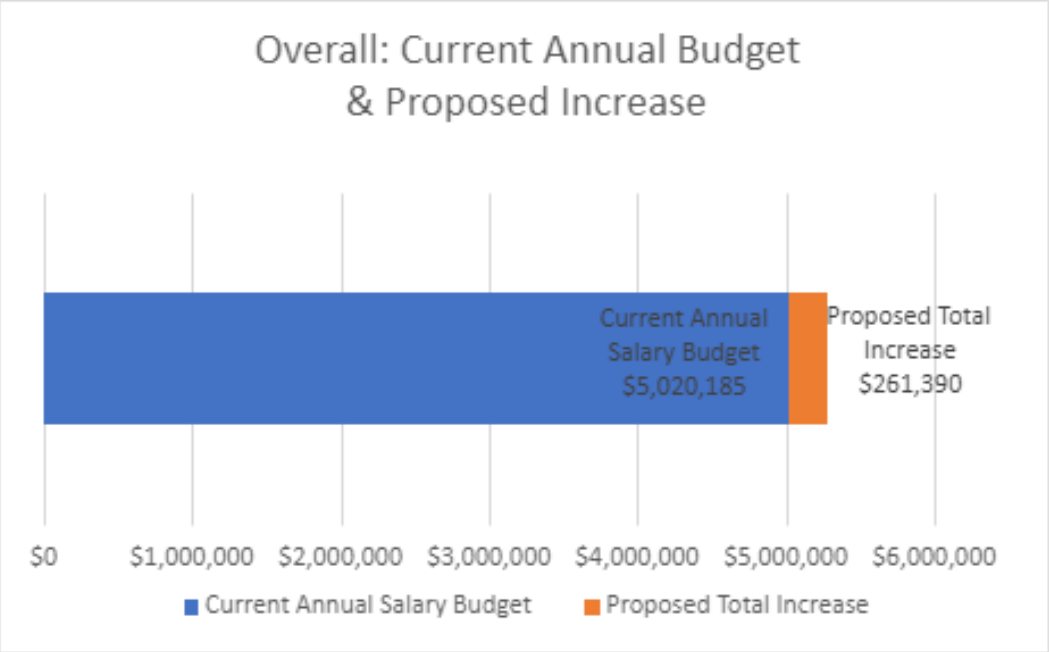


Proposed Increase: 20.9%

General Fund	Streets \$	Surface Water \$	Permits \$
\$605,141	\$93,976	\$146,898	\$205,317
31.13%	4.8%	7.6%	10.6%

Implementation Method: Next Higher Step

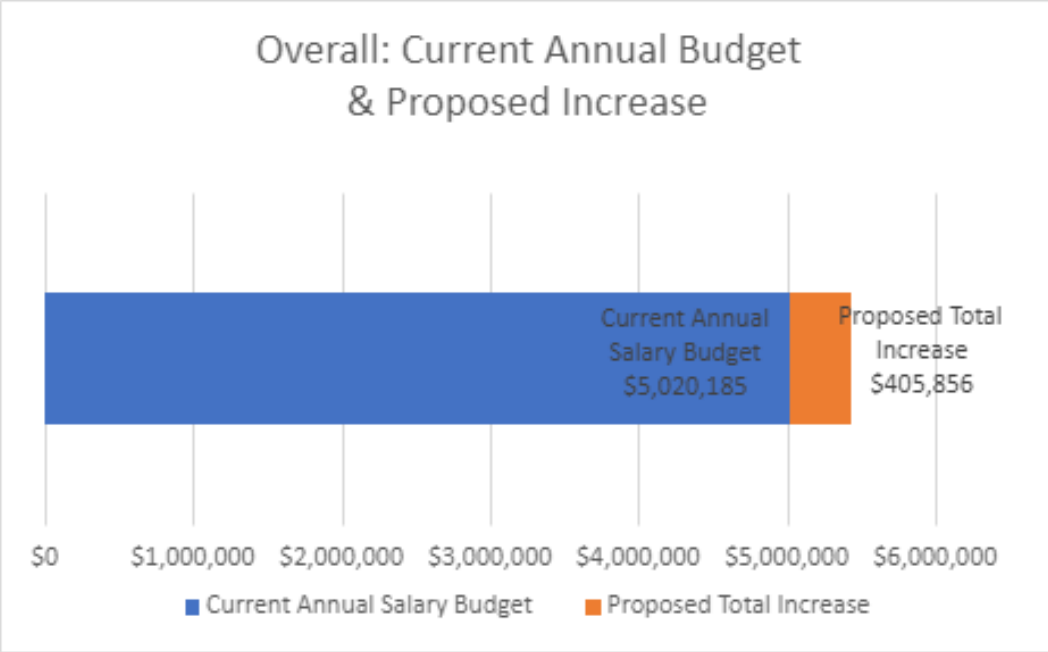
60th Percentile of Market



Proposed Increase: 5.2%

General Fund	Streets \$	Surface Water \$	Permits \$
\$155,036	\$22,438	\$34,966	\$48,950
33.6%	4.9%	7.6%	10.6%

75th Percentile of Market

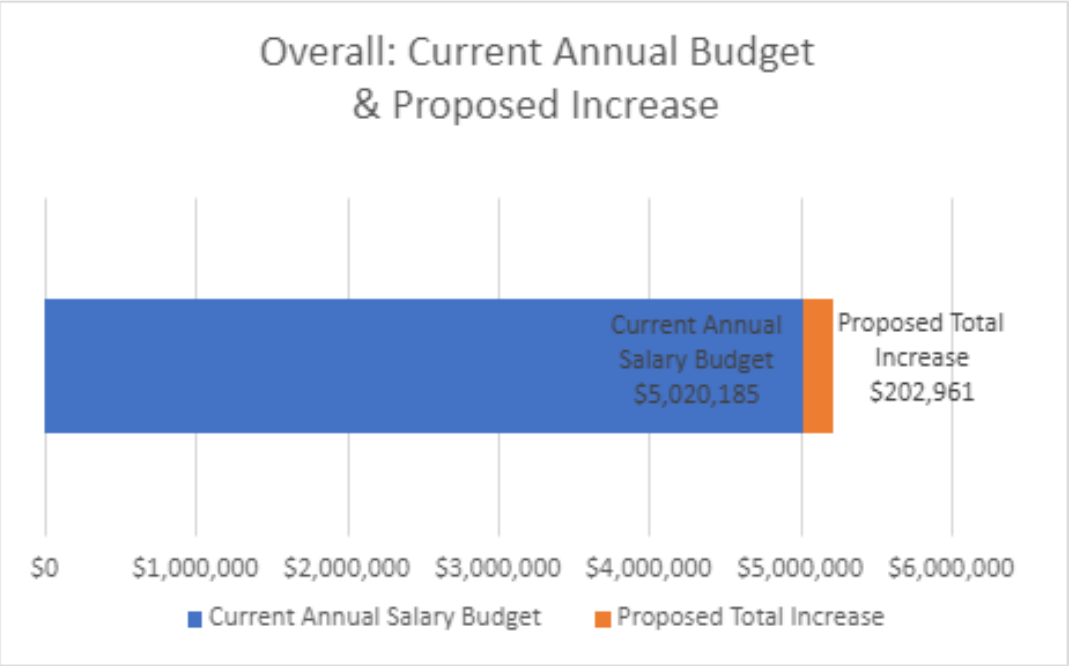


Proposed Increase: 8.1%

General Fund	Streets \$	Surface Water \$	Permits \$
\$242,321	\$40,528	\$58,489	\$64,518
33.01%	5.5%	8.0%	8.8%

Implementation Method: Bring to Range Minimum

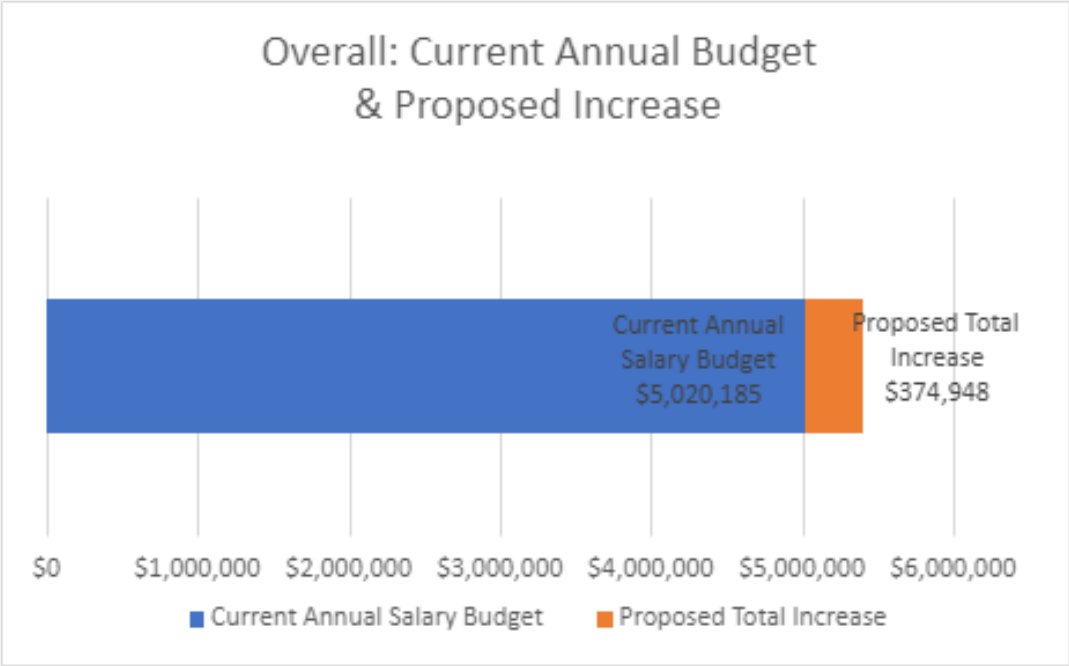
60th Percentile of Market



Proposed Increase: 4.0%

General Fund	Streets \$	Surface Water \$	Permits \$
\$123,919	\$19,114	\$27,214	\$32,713
34.8%	5.4%	7.6%	9.2%

75th Percentile of Market



Proposed Increase: 7.5%

General Fund	Streets \$	Surface Water \$	Permits \$
\$225,583	\$36,810	\$52,665	\$59,890
33.43%	5.5%	7.8%	8.9%

Cost of Living Adjustment

Rationale

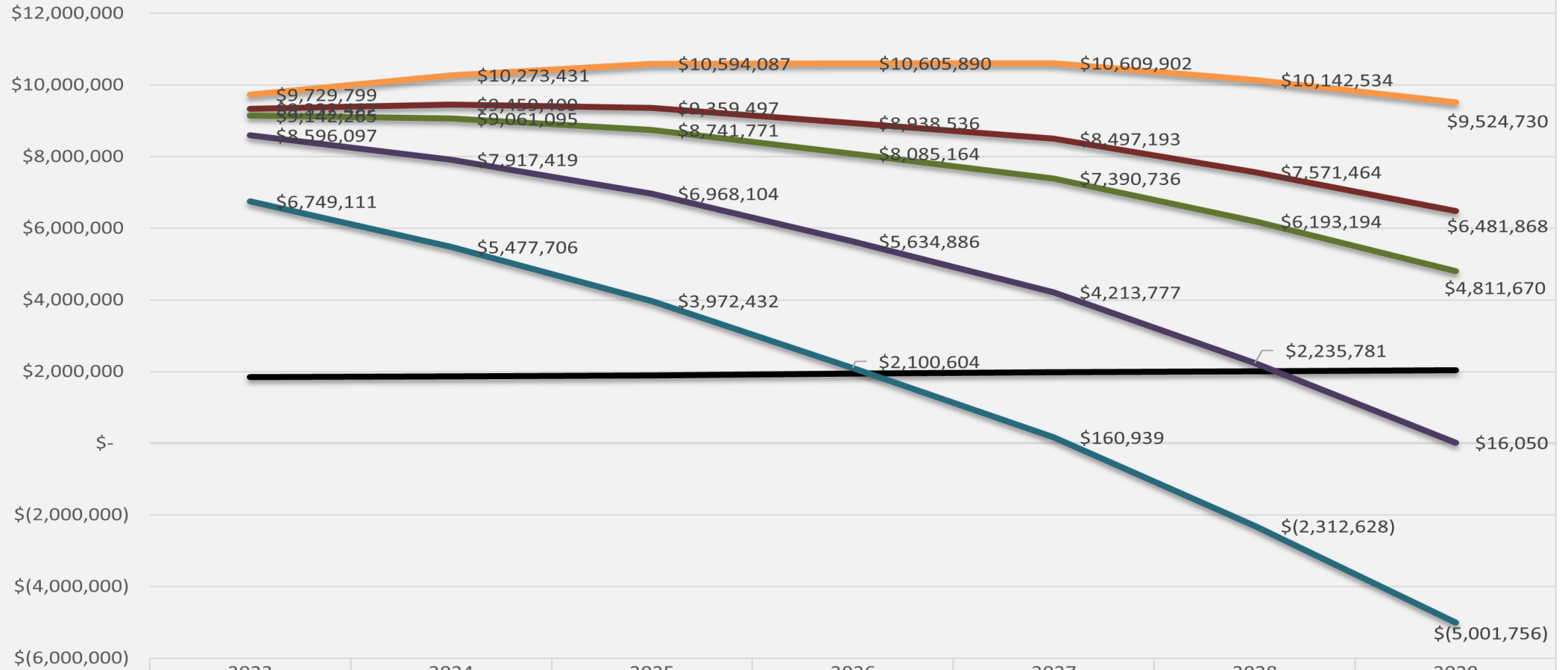
- The city has a history of doing 90% of CPI-W
- History of keeping up with CPI avg since 2009
- Union-represented job classes typically receive regular market analysis increases in addition to COLA
- Retention & Recruiting
- Some comparable cities providing full CPI, but varies by group
- Current CPI-W is 9.5%
 - 90% equates to 8.6%

Total COLA at 8.6% for Non-represented - \$514,072

- General Fund Allocation - \$386,163
- Street Fund Allocation - \$52,486
- Stormwater Fund Allocation - \$75,422

General Fund - 2023 Budget - Comparisons

Ending Fund Balances for Combined General & Contingency Fund



	2023	2024	2025	2026	2027	2028	2029
10% Reserve	\$1,851,243	\$1,870,299	\$1,893,982	\$1,946,331	\$1,980,562	\$2,010,277	\$2,044,000
Base Budget	\$9,729,799	\$10,273,431	\$10,594,087	\$10,605,890	\$10,609,902	\$10,142,534	\$9,524,730
Base w/8.6% COLA	\$9,332,482	\$9,459,409	\$9,359,497	\$8,938,536	\$8,497,193	\$7,571,464	\$6,481,868
Base w/8.6% COLA w/60% YIP	\$9,142,265	\$9,061,095	\$8,741,771	\$8,085,164	\$7,390,736	\$6,193,194	\$4,811,670
Base w/8.6% COLA w/60% YIP w/FTES	\$8,596,097	\$7,917,419	\$6,968,104	\$5,634,886	\$4,213,777	\$2,235,781	\$16,050
All Requests	\$6,749,111	\$5,477,706	\$3,972,432	\$2,100,604	\$160,939	\$(2,312,628)	\$(5,001,756)