

# FINAL BILL REPORT

## ESSB 5943

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Synopsis as Enacted

**Brief Description:** Financing convention and trade centers.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Rinehart, Prince, Sheldon, Deccio and Kohl).

**Senate Committee on Ways & Means**

**House Committee on Trade & Economic Development**

**Background:** The Washington State Convention and Trade Center (WSCTC) is a public nonprofit corporation created by the Washington State Legislature in 1982. Construction of the WSCTC facility was financed by general obligation bonds. Total bonds authorized for the WSCTC are \$160,765,000. Construction was completed in 1988, when WSCTC held its first event. The mission of WSCTC is to operate a nationally competitive convention and trade facility in the city of Seattle. WSCTC is currently operating at capacity and ranks near the bottom when compared to other convention centers in terms of prime exhibition space.

The state imposes a sales tax on lodging in King County to finance the WSCTC. The tax is imposed in Seattle at a rate of 7 percent and in the remainder of King County at a rate of 2.8 percent. The rate is to be reduced to 6 percent in Seattle and to 2.4 percent in the remainder of King county on October 1 following the first fiscal year after fiscal year 1998 that revenues for that fiscal year exceed debt service by \$2 million. This tax only applies to premises with 60 or more lodging units.

The sales tax is imposed on each retail sale of most articles of tangible personal property and certain services. Taxable services include construction, repair, telephone, lodging of less than 30 days, physical fitness, and some recreation and amusement services. The use tax is imposed on the use of articles of tangible personal property when the sale or acquisition has not been subject to the sales tax. The use tax commonly applies to purchases made from out-of-state firms.

The state tax rate is 6.5 percent of the selling price. Local governments may levy additional sales taxes. The average local sales tax rate is 1.5 percent. The sales tax is paid by the purchaser and collected by the seller.

**Summary:** State Convention and Trade Center. Beginning January 1, 2000, the city of Seattle may levy an excise tax of 2 percent on the furnishing of lodging on premises with 60 or more lodging units. The tax is credited against the state sales tax. The moneys collected from the tax are deposited into the state convention and trade center account. Funds must be used to expand the State Convention and Trade Center. The state sales tax on construction of the facility is also deposited into the convention and trade center account.

The reduction in the state lodging tax rate in King County is delayed until all debt is retired.

Convention Facilities. Counties with a population between 500,000 and one million, and cities within these counties, may impose a 5 percent hotel/motel tax. At least 2 percent is to be used for visitor and convention promotion and development. At least 3 percent is to be used for acquisition, construction, expansion, marketing, management, and financing of convention facilities and facilities to support major tourism destination attractions that serve one million or more visitors a year. Based on current population, this applies to Pierce County.

The cities of Bellevue and Yakima may continue to levy the basic 2 percent hotel/motel tax through 2012, as long as bonds issued at any time are outstanding.

Yakima city and county may impose the additional 3 percent while imposing the basic 2 percent.

The Kingdome may be operated or managed by a private entity.

**Votes on Final Passage:**

Senate	38	11	
House	54	42	(House amended)
Senate	26	17	(Senate concurred)

**Effective:** May 16, 1995