

FINAL BILL REPORT

2SHB 1290

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Synopsis as Enacted

Brief Description: Concerning local tourism promotion areas.

Sponsors: House Committee on Finance (originally sponsored by Representatives Maxwell, Rodne, Kenney, Green, Clibborn, Liias, Anderson and Hunter).

House Committee on Community & Economic Development & Trade
House Committee on Finance
Senate Committee on Economic Development, Trade & Innovation
Senate Committee on Ways & Means

Background:

Establishment of local tourism promotion areas was first authorized in 2003 for counties with populations between 40,000 and one million. The process begins when an initiation petition is presented to the legislative authority having jurisdiction over the location of the proposed tourism promotion area. The initiation petition must describe the area's boundaries, the proposed uses and projects to which revenues from a lodging charge will be put, and the total estimated costs. The initiation petition must also estimate the rate for the charge, propose a breakdown by class of lodging businesses, and provide signatures of persons who operate lodging businesses in the proposed area who would pay 60 percent or more of the charges.

After receiving a valid initiation petition, the legislative authority must adopt a resolution stating its intention to establish an area. It must hold a public hearing. The legislative authority may then adopt an ordinance to establish a tourism promotion area. The legislative authority may impose a charge not to exceed \$2 per night on persons who are taxable under the retail sales tax. The legislative authority may create up to six different classifications for lodging businesses, depending upon the number of rooms, room revenue, and location. The charge applies only at lodging businesses having at least 40 rooms.

The lodging businesses collect the charges and remit them to the Department of Revenue (Department) which deposits the revenues into the Local Tourism Promotion Account (Account) in the State Treasury. The State Treasurer distributes money in the Account monthly to the legislative authority on whose behalf the money was collected.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

According to the Department, as of January 2009, areas within Benton, Chelan, Clark, Franklin, Spokane and Yakima counties were imposing tourism promotion area charges ranging from 50 cents to \$2.

There is no provision for establishing a tourism promotion area in a county with a population greater than one million or smaller than 40,000. According to the Office of Financial Management, as of April 2008, there is one county whose population exceeds one million and 15 counties with populations less than 40,000.

"Tourism promotion" is defined to mean activities and expenditures designed to increase tourism and convention business. Activities include advertising, publicizing or distributing information in order to attract tourists, and operating tourism destination marketing organizations.

Summary:

The restriction on forming a tourism promotion area in a county with a population above one million is removed. The legislative authority for such a county is comprised of two or more jurisdictions acting under an interlocal agreement to jointly establish and operate a tourism promotion area. The legislative authority must contract with the Department prior to the effective date of the ordinance for administration and collection of the lodging charge.

The Department may retain a portion of charge collections to offset its administrative costs.

Votes on Final Passage:

House	83	13
Senate	36	12

Effective: July 26, 2009