

HOUSE BILL REPORT

HB 2961

*As Passed House
February 15, 1992*

Title: An act relating to special excise taxes authorized for aquatic and academy facilities.

Brief Description: Providing for the disposition of proceeds of the Thurston county special excise tax.

Sponsor(s): Representatives Fraser, Bowman, Belcher, Brumsickle and Sheldon.

Brief History:

Reported by House Committee on:
Revenue, February 6, 1992, DP;
Passed House, February 15, 1992, 89-4.

**HOUSE COMMITTEE ON
REVENUE**

Majority Report: *Do pass.* Signed by 10 members:
Representatives Wang, Chair; Fraser, Vice Chair; Brumsickle,
Ranking Minority Member; Appelwick; Belcher; Day; J. Kohl;
Leonard; Morris; and Rust.

Minority Report: *Do not pass.* Signed by 4 members:
Representatives Wynne, Assistant Ranking Minority Member;
Carlson; Morton; and Van Luven.

Staff: Robin Appleford (786-7093).

Background: Cities and counties may levy a 2 percent local option tax on the rental of hotel and motel rooms to pay for the costs of acquiring, constructing, maintaining and operating public stadium, convention center, performing arts, and visual arts facilities. Jurisdictions imposing the tax may credit the rate against the state sales tax rate of 6.5 percent.

In recent years, the Legislature has authorized additional local option hotel/motel taxes that are not credited against the state sales tax rate and has significantly expanded the uses of revenues. Bellevue, Pierce County and its cities, Ocean Shores, and Yakima County and its cities have additional local option authority. Uses of the basic 2

percent have also been expanded to include performing arts, visual arts, and tourism promotion.

The 1988 Legislature authorized Thurston County to levy a 3 percent additional hotel/motel tax to pay for the costs of siting, acquiring, constructing, and operating an Olympic Academy. In 1990, the Thurston County Superior Court declared the tax unconstitutional, and the county subsequently decided not to construct the Olympic Academy. Approximately \$210,000 remains of the taxes collected between imposition and invalidation of the tax.

Summary of Bill: Thurston County is authorized to use proceeds from the 3 percent hotel/motel tax for projects that attract visitors to or promote tourism in Thurston County, arts or cultural activities, historical activities, or park and recreational sites with historical significance.

Fiscal Note: Requested February 6, 1992.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For: The uses in this bill are consistent with the existing hotel/motel tax statutes in that the bill provides funding for arts and tourism. The bill frees up the money, but keeps it at the local level where it belongs.

Testimony Against: Turning the money back to county commissioners rewards unconstitutional behavior. Money should go to the treasurer instead to pay off existing revenue bonds.

Witnesses: (All in favor): Becky Bogard, Washington State Hotel/Motel Association; Tom Fitzsimmons, Thurston County; Kathy Kasnoff, Greater Olympia Visitor and Convention Bureau; David Moberg, Tye Hotel; and James Van Leishout, Puget Sound Theatre. (Opposed): C.L. Gerlach.