

SENATE BILL REPORT

ESHB 1862

AS REPORTED BY COMMITTEE ON WAYS & MEANS, MARCH 22, 1993

Brief Description: Permitting a special excise tax on hotel, motel, roominghouse, and trailer camp charges for a trade recreation agricultural center in Pasco.

SPONSORS: House Committee on Revenue (originally sponsored by Representatives Mastin, Grant, Ludwig, Bray and Jacobsen)

HOUSE COMMITTEE ON REVENUE

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.

Signed by Senators Rinehart, Chairman; Spanel, Vice Chairman; Bauer, Jesernig, McDonald, Moyer, Pelz, Quigley, Snyder, Sutherland, Talmadge, West, and Wojahn.

Staff: Terry Wilson (786-7715)

Hearing Dates: March 22, 1993

BACKGROUND:

Cities and counties are authorized to levy a special excise tax of up to 2 percent on the furnishing of lodging by hotels and motels to help finance stadium facilities, convention center facilities, performing arts center facilities, and visual arts center facilities or to secure the payment of bonds issued for these purposes. City taxes are credited against county taxes, and city and county taxes are credited against the state sales tax on the furnishing of lodging.

In addition to the general tax authorization, specific taxes are authorized for various cities and counties for various purposes. These taxes are in addition to state and local sales taxes.

SUMMARY:

The legislative body of a city with a population of over 10,000 in a county that is the smallest county in a metropolitan statistical area that has a population of between 38,000 and 50,000 may levy an additional excise tax up to 2 percent on the furnishing of lodging. This tax is in addition to state and local sales taxes. This class appears to include only Pasco.

Moneys collected from this tax may only be used for a siting, acquisition, construction, operation, and maintenance of a trade recreation agricultural center which includes an exhibition hall, a meeting and convention center, and an

agricultural arena. The tax may not start before completion of all funding arrangements for the facility. The tax ends when all obligations for which the taxes have been pledged are satisfied.

The special hotel/motel tax for the Yakima area is increased from 2 percent to 3 percent.

SUMMARY OF PROPOSED SENATE AMENDMENT:

The increase in the additional tax for the Yakima area is deleted.

Appropriation: none

Revenue: none

Fiscal Note: available

TESTIMONY FOR:

The state has authorized \$1.8 million in the capital budget for this project. The House language requiring financing arrangements to be completed is burdensome.

TESTIMONY AGAINST:

This tax has significant impacts on the lodging community in Pasco. It mostly affects one hotel. Other hotels in the area do not have to pay the tax. The moneys should not be used for another project if this project falls through.

TESTIFIED: Senator Loveland, sponsor (pro); Becky Bogard, Washington State Hotel/Motel Association (con)