

SENATE BILL REPORT

SB 6033

**AS REPORTED BY COMMITTEE ON GOVERNMENT OPERATIONS,
JANUARY 26, 1994**

Brief Description: Lowering the city size limit for special excise taxes for special events, festivals, or promotional infrastructures.

SPONSORS: Senators Snyder, Winsley and McAuliffe

SENATE COMMITTEE ON GOVERNMENT OPERATIONS

Majority Report: That Substitute Senate Bill No. 6033 be substituted therefor, and the substitute bill do pass.

Signed by Senators Haugen, Chairman; Drew, Vice Chairman; Loveland, McCaslin, Oke, Owen and Winsley.

Staff: Diane Smith (786-7410)

Hearing Dates: January 20, 1994; January 26, 1994

BACKGROUND:

Cities and counties may levy a 2 percent local option tax on the rental of hotel and motel rooms to pay for tourism promotion and 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. Bellevue, Pierce County and its cities, certain cities and counties bordering the Pacific Ocean, and Yakima County and its cities have additional authority for a variety of purposes.

In 1992, the uses of the basic 2 percent local option hotel/motel tax were expanded to include funding of: 1) special events or festivals; or 2) promotional infrastructures, such as ocean beach boardwalks. This provision applies only to cities bordering on the Pacific Ocean with a population greater than 1,000, and for counties in which such cities are located.

SUMMARY:

The population floor of 1,000 for cities bordering on the Pacific Ocean is lowered to 800 population. Cities which meet this requirement may use the proceeds of the hotel/motel special excise tax for the funding of special events, festivals or promotional infrastructures.

EFFECT OF PROPOSED SUBSTITUTE:

The option of using the hotel/motel tax for funding special events, festivals or promotional infrastructures is extended to any city bordering on Baker Bay with a population of at least 800.

Appropriation: none

Revenue: none

Fiscal Note: none requested

TESTIMONY FOR:

Tourist towns of populations of 800 or more bordering the Pacific Ocean or Baker Bay sponsor festivals and special events which would benefit from the revenue provided by the motel/hotel tax.

TESTIMONY AGAINST: None

TESTIFIED: Senator Snyder, prime sponsor; Becky Bogard, Washington State Hotel/Motel Association; Sarah Gudgell, City of Ilwaco