

HOUSE BILL REPORT

HB 1612

As Reported By House Committee On:

Trade & Economic Development

Title: An act relating to permitting special excise taxes on lodgings to be used for festival purposes.

Brief Description: Permitting special excise taxes on lodgings to be used for festival purposes.

Sponsors: Representatives Goldsmith, Kremen, Hymes, Quall, Scott, Costa, Radcliff and Romero.

Brief History:

Committee Activity:

Trade & Economic Development: 2/15/95, 3/1/95 [DPS].

HOUSE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Van Luven, Chairman; Radcliff, Vice Chairman; D. Schmidt, Vice Chairman; Sheldon, Ranking Minority Member; Veloria, Assistant Ranking Minority Member; Backlund; Hatfield; Hickel; Mason and Valle.

Minority Report: Do not pass. Signed by 3 members: Representatives Ballasiotes; Sherstad and Skinner.

Staff: Kenny Pittman (786-7392).

Background: Cities and counties may impose a local option tax of 2 percent on the charges for lodging at hotels, motels and similar facilities for continuous periods of less than one month. This tax is not paid in addition to other state and local taxes. Instead it is credited against the state's retail sales tax of 6.5 percent. Cities can impose the hotel/motel tax within their corporate limits and counties can impose the tax in unincorporated areas.

The hotel/motel tax is used to pay for tourism promotion and for the costs of acquiring, constructing, maintaining and operating public stadiums, convention

centers, performing art centers, and visual art facilities. Some cities and counties use the tax to provide public restroom facilities.

Summary of Substitute Bill: The use of the hotel/motel tax is expanded to include civic festivals, provided the event is community-wide, not held more than once a year, is suitable for a broad segment of the community, and is sponsored by a tax-exempt, nonprofit organization. The local government is required to hold a public hearing on the event prior to the use of the tax proceeds. The tax proceeds may be used only for advertising, promotional materials, and costs necessary for a safe, clean, and secure atmosphere.

Substitute Bill Compared to Original Bill: The substitute bill requires the local government to hold a public hearing on the event prior to the use of the tax proceeds. The substitute further defines the event to be suitable to a broad segment of the community, including families with children.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: Community-wide festivals are tourism events that bring people to the state. A large number of people who visit the state come here in response to a community-wide festival, such as SeaFair or Bumbershoot. These events generate hotel/motel taxes and sales tax revenue for the state and local government. We should let the local governments decide what events to fund with the hotel/motel tax proceeds.

Testimony Against: None.

Testified: (Pro) Michael Brennan, Bellingham Chamber of Commerce; Marion Pope, Everett Salty Sea Days Association; Norm Langill, Bumbershoot; and Kate Hastings, SeaFair. (Neutral) Becky Bogard, Washington State Hotel and Motel Association.