

HOUSE BILL REPORT

SB 6541

As Passed House - Amended:

March 4, 1998

Title: An act relating to funding for tourism development.

Brief Description: Funding tourism development.

Sponsors: Senators Sellar, Snyder, Schow, Hale, Haugen and Kohl; by request of Department of Community, Trade, and Economic Development.

Brief History:

Committee Activity:

Appropriations: 2/28/98 [DPA].

Floor Activity:

Passed House - Amended: 3/4/98, 97-0.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass as amended. Signed by 31 members: Representatives Huff, Chairman; Alexander, Vice Chairman; Clements, Vice Chairman; Wensman, Vice Chairman; H. Sommers, Ranking Minority Member; Doumit, Assistant Ranking Minority Member; Gombosky, Assistant Ranking Minority Member; Benson; Carlson; Chopp; Cody; Cooke; Crouse; Dyer; Grant; Keiser; Kenney; Kessler; Lambert; Linville; Lisk; Mastin; McMorris; Parlette; Poulsen; Regala; D. Schmidt; Sehlin; Sheahan; Talcott and Tokuda.

Staff: Joe Hauth (786-7271).

Background: The Department of Community, Trade and Economic Development, through the Tourism Development Division, works with the travel industry to increase tourism in the state. The state's core strategy is to increase off-season travel and travel to under-visited, largely rural areas of the state by stimulating demand and helping businesses and communities take advantage of that increased demand.

The tourism and travel-related services provided by the Tourism Development Division include an advertising campaign designed to stimulate consumer demand and new spending, a tourism public relations program designed to promote off-season travel opportunities, a travel trade marketing program to help tour operators develop and

market the state, and a product development program to give tourism businesses in targeted rural communities assistance in marketing their area.

Summary of Bill: A tourism development advisory committee is created within the Department of Community, Trade and Economic Development (DCTED). The 15-member committee consists of: (1) two members of the House of Representatives, one from each political caucus appointed by the Speaker of the House; (2) two members of the Senate, one from each political caucus, appointed by the President of the Senate; and (3) 11 members appointed by the director of the DCTED from representatives of the travel industry throughout the state. The advisory committee must review and comment on the DCTED's tourism development plan and advise the director of DCTED on tourism activities.

The DCTED must establish a tourism budget development for the Tourism Development Division's biennial budget request. When the director prepares the Tourism Development Division's budget request for consideration by the Office of Financial Management and the Legislature, the director must use the following formula:

- Beginning with the 1999-01 biennial budget, calculate the difference in sales tax revenue for the calendar year four and two years, respectively, before the beginning of the biennium. The taxable sales is the sum of state retail sales tax revenues for businesses in the following industries: eating and drinking establishments, lodging, auto rental, and recreation;
- If the difference in sales tax revenue between the two years exceeds eight percent, then calculate the amount in excess of eight percent. The growth component is the total increase divided by two, or \$2 million, whichever is less; and
- For the biennial request, the base amount equals the prior biennial budget, including supplemental increases and prior growth components, plus the new growth component. The growth component may not exceed 10 percent of the base amount.

The tourism advisory committee and the tourism budget development process both expire on June 30, 2008.

The DCTED must annually report to the appropriate policy and fiscal committees of the Legislature on the tourism development program for the previous year. The report must contain information on targeted markets, benefits to different areas of the state, return on the state's investment, and other information on tourism development.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on July 1, 1998.

Testimony For: Tourism benefits all sectors of the state and provides a tremendous source of revenue. The bill provides a performance-based formula, based on tourism-related sales tax revenue, for developing the tourism division budget within the Department of Community, Trade and Economic Development. Increased funding will help small businesses compete against other states for tourism dollars. The advisory committee provides the Legislature with an opportunity to provide feedback to the department.

Testimony Against: None.

Testified: Senator Sellar, prime sponsor; Senator Kohl; John Savich and Robin Pollard, Department of Community, Trade, and Economic Development (CTED); Becky Bogard, Washington State Hotel & Motel Association; and Nancy Watkins, Tacoma-Pierce County Convention & Visitor Bureau.