

HOUSE BILL REPORT

ESSB 6732

As Reported By House Committee On:
Local Government

Title: An act relating to tourism-related facilities.

Brief Description: Clarifying the definition of "tourism-related facility."

Sponsors: Senate Committee on State & Local Government (originally sponsored by Senators Spanel, Haugen and Sellar).

Brief History:

Committee Activity:

Local Government: 2/23/00, 2/24/00 [DP].

Brief Summary of Engrossed Substitute Bill

- Specifies 1997 changes to eligibility of projects available for use of hotel/motel tax revenue, do not disallow uses or purposes authorized by 1994 legislation if those uses or purposes were proposed by local governments by May 20, 1997 (did not have to be implemented by that date).

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: Do pass. Signed by 8 members: Representatives Mulliken, Republican Co-Chair; Scott, Democratic Co-Chair; Doumit, Democratic Vice Chair; Mielke, Republican Vice Chair; Edwards; Ericksen; Fisher and Fortunato.

Staff: Scott MacColl (786-7106).

Background:

Cities and counties are authorized to impose sales tax on lodging up to the lesser of 4 percent, or a rate that when combined with other hotel/motel, convention center, and state and local sales taxes, equals 12 percent. Some rates are higher than 12 percent, due to exceptions to that rule. The first 2 percent is credited against the state sales tax and the city tax is credited against the county tax. Tax revenue may be used only

for the purpose of paying all or part of the costs of tourism promotion, acquisition of tourism-related facilities, or operation of tourism related facilities.

The 1997 act altered the allowable uses for the tax proceeds, and added a definition of "tourism-related facilities", which means real or tangible personal property with a usable life of three or more years, or constructed with volunteer labor, and used to support tourism, performing arts, or to accommodate tourist activities.

Summary of Bill:

Local governments that had proposed projects using hotel/motel tax revenue that were allowable uses under the 1994 hotel/motel tax proceeds, but had not implemented them prior to May 20, 1997, are permitted to use hotel/motel tax revenues for those projects.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: This bill is to help out Friday Harbor and San Juan Island, and is due to the need for public bathrooms at the docks on the Islands. In early 1997, the State Auditor and the State Attorney General's Office came out with opinions saying that using the hotel/motel tax revenues for sewage and public restrooms was an appropriate use. However, legislation passed in 1997 and 1998 that changed the definition of "tourism related facility" caused the State Auditor to change its opinion. This bill would fix that problem, and is agreed to by the tourism industry, the Attorney General, the Auditor's office, and the local tourism advisory committee.

Testimony Against: None.

Testified: Senator Spanel, prime sponsor; Joe Daniels, San Juan County; and Becky Bogard, Washington State Hotel and Motel Association and Washington Association of Visitor and Convention Bureaus.