

FINAL BILL REPORT

ESSB 6732

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Synopsis as Enacted

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

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

Senate Committee on State & Local Government
House Committee on Local Government

Background: In general, cities and counties may impose taxes on the sale of 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. The first 2 percent is credited against the state sales tax and the city tax is credited against the county tax. Because of exceptions to the general rule, some combined rates exceed 12 percent.

The revenue from the proceeds of the tax may be used only for the purpose of paying all or part of the cost of tourism promotion, acquisition of tourism-related facilities, or operation of tourism-related facilities.

The term tourism-related facilities– is defined in the hotel/motel tax law to mean 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.

The eligibility of projects for funding by the tax was changed in 1997 to its present definition. Conflict has arisen since then between local jurisdictions and state auditors as to precisely what projects may be funded by the tax proceeds. For example, from 1994 until the effective date of the 1997 act, any county made up entirely of islands and any city with a population less than 5,000 could use the proceeds of the tax to provide public restroom facilities available to and intended for use by visitors.

Summary: Uses for the proceeds of the hotel/motel tax that were permitted under the 1994 act are allowed after the changes of the 1997 act as long as the use or purpose was proposed by the local government but not implemented by May 20, 1997.

Votes on Final Passage:

Senate	45	0
House	79	18

Effective: June 8, 2000