

# HOUSE BILL REPORT

## HB 1581

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**As Reported by House Committee On:**

Finance

**Title:** An act relating to parking and business improvement areas.

**Brief Description:** Modifying parking and business improvement area provisions.

**Sponsors:** Representatives Gombosky, Wood, Ahern and Sullivan.

**Brief History:**

**Committee Activity:**

Finance: 3/7/03, 3/10/03 [DPS].

**Brief Summary of Substitute Bill**

- Authorizes parking and business improvement areas (PBIA's) to promote tourism in counties of population greater than 400,000 but less than one million.
- Allows PBIA's to levy a special assessment of \$2 on the sale of lodging to fund tourism promotion activities.

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### HOUSE COMMITTEE ON FINANCE

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Gombosky, Chair; McIntire, Vice Chair; Cairnes, Ranking Minority Member; Ahern, Conway, Morris and Santos.

**Minority Report:** Do not pass. Signed by 2 members: Representatives Orcutt, Assistant Ranking Minority Member; and Roach.

**Staff:** Mark Matteson (786-7145).

**Background:**

Under state law, all counties, cities, and towns (local governments) may create parking and business improvement areas that are designed to aid general economic development and to facilitate merchant and business cooperation. A parking and business improvement area may be established by either having: (1) the owners of property located within the

geographic boundaries of the proposed parking and business improvement area submit an initiation petition to the legislative authority of the local government having jurisdiction over the area; or (2) the legislative authority of the local government passes an initiation resolution to create the parking and business improvement area.

The initiation petition or resolution must contain: (1) a description of the boundaries of the proposed area; (2) the proposed uses and projects to which the proposed special assessment revenues shall be put and total estimated cost thereof; and (3) the estimated rate of levy of special assessment with a proposed breakdown by class of business and multifamily residential or mixed-use project if such classification is to be used. The petition must be signed by the business and residential operators in the proposed area which would pay 50 percent of the proposed special assessment.

The legislative authority of the local government, after receiving a valid initiation petition from the property owners or after passage of an initiation resolution, must adopt a resolution of intention to establish a parking and business improvement area. During the public hearing process for the establishment of a parking and business improvement area, the legislative authority of the local government may change the geographic boundaries of the proposed area. The legislative authority of the local government must provide notice and give the public at least 15 days, after the proposed boundary change, for the public input.

The activities in a parking and business improvement area are financed through a special assessment that is imposed on businesses, multifamily residential developments, and mixed-use developments located within the geographic boundaries of the area. The assessments can be used to finance: (1) construction, acquisition, or maintenance of parking facilities in the area; (2) decoration of public areas; (3) promotion of public events in public places in the area; (4) furnishing of music in any public place in the area; (5) provision of maintenance and security of common public areas; or (6) management, planning, and promotion of the area, including the promotion of retail trade activities in the area.

Parking and business improvement areas are not explicitly authorized to promote tourism.

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### **Summary of Substitute Bill:**

Parking and business improvement areas (PBIAs) are authorized to levy an additional special assessment of \$2 on each sale of lodging within the area, for the purpose of convention and tourism promotion. Convention and tourism promotion includes activities to promote tourism, such as advertising, publicizing, and distributing informational materials for the purpose of attracting visitors. It also includes developing tourism strategies, operating tourism promotion agencies, and funding special events and festivals.

An initiation petition that seeks to create a PBIA must contain the estimated special assessment rate to be assessed on sales of lodging. After receiving the petition, the legislative authority of the local jurisdiction must pass a resolution that, in addition to other requirements, includes costs of projects to be funded by special assessments, as well as a classification of assessment rates if one is to be used. Notice of a hearing concerning a PBIA must be mailed to all lodging businesses in the area in addition to other businesses, and any potential change to the assessment rate must be mailed to lodging businesses.

An assessment on lodging to be imposed in a PBIA must reflect the location of the lodging businesses, the likely benefit that the businesses would receive, and other factors the legislative authority deems to be a measure of benefits received.

The Department of Revenue is required to administer the new assessment at no cost to the local jurisdiction. Retail lodging establishments are required to remit assessment revenues with their excise tax returns.

No PBIA may be disestablished before businesses have received the special benefits for which special assessments were imposed.

**Substitute Bill Compared to Original Bill:**

Restores the original statutory language regarding the petition submission by the businesses and multifamily and mixed-use project operators. Allows a PBIA to promote tourism. Authorizes a PBIA to levy an additional special assessment on the sale of or charge for lodging to fund the promotion of conventions and tourism. Requires the levy to reflect the location and the revenue the lodging business will receive from the convention and trade promotion. Requires the initiation resolution to include a proposed graduated assessment rate based on the location and revenue that the lodging businesses will receive from the convention and trade promotion. Requires the special assessment to be collected at the same time and in the same manner as the local sales and use taxes. Requires the Department of Revenue to administer the collection at no additional cost to the local entity.

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**Appropriation:** None.

**Fiscal Note:** Requested March 11, 2003.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Testimony For:** None.

**Testimony Against:** None.

**Testified:** No testimony.