
**Community & Economic
Development & Trade Committee**

HB 3206

Brief Description: Concerning the information required to be reported in the annual economic impact report on lodging tax revenues.

Sponsors: Representatives Kenney, Haler, Rolfes and Santos.

Brief Summary of Bill

- Requires that annual economic impact reports on the expenditure of lodging tax revenues for tourism promotion purposes include those expenditures made by local jurisdictions as well as those made by tax exempt organizations.
- Eliminates the requirement that the impact report include data showing the estimated increase in sales and use tax revenues attributable to special events, festivals, or tourism related facilities.
- Requires reporting to begin with calendar year 2008.

Hearing Date: 1/30/08

Staff: Meg Van Schoorl (786-7105).

Background:

Lodging Tax

The lodging tax, also known as the local hotel-motel tax, is applied to charges for lodging at hotels, motels, rooming houses, private campgrounds, recreational vehicle parks, and similar facilities for continuous periods of less than one month. The tax rate is up to 2.0 percent and all cities and counties that levy the tax have adopted the maximum rate. The tax is credited against the state retail sales tax of 6.5 percent in order to prevent the customer from incurring an additional tax.

Initially authorized in 1967 to provide King County with a funding source for the building of the Kingdome, the lodging tax was incrementally expanded over the years to cover additional cities

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

and counties and fund uses. In 1997, the Legislature repealed the assortment of multiple uses for the lodging tax and instead required the future revenues to be used for tourism-related purposes.

Tourism Promotion Expenditures

SSB 5647, enacted during the 2007 legislative session, expanded the definition of "tourism promotion" so that lodging tax revenues could be used to make operating expenditures for tourism promotion and for special events and festivals designed to attract tourists. The definition of "tourism-related facility" also was modified to include property that is owned by a public entity or a nonprofit organization including 501 (c)(6) organizations such as chambers of commerce, destination marketing organizations, and main street organizations.

SSB 5647 also required that local governments that use the lodging tax revenues submit an annual economic impact report to the Department of Community, Trade and Economic Development beginning January 1, 2008. Included in the information that must be reported is the amount of revenue spent on each tourism-related activity or facility owned by a nonprofit organization, and the estimated number of tourists, other persons, and lodging stays generated by the activity or facility owned by a nonprofit organization.

Summary of Bill:

Local jurisdictions that use lodging tax revenues for tourism-related activities and facilities are required to submit an annual economic impact report including information on revenues spent by the local jurisdiction for tourism promotion purposes and revenues spent by tax exempt nonprofit organizations. Specific information must be included on the amount of revenue spent on tourism-related facilities owned by a local jurisdiction and the estimated number of tourists, other persons, and lodging stays generated by a tourism-related facility owned by a local jurisdiction. The current requirement to report information on the estimated increase in sales and use tax revenues attributable to the special event, festival or tourism related facility is eliminated. Reporting must begin with calendar year 2008.

Appropriation: None.

Fiscal Note: Requested on January 28, 2008.

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