

# SENATE BILL REPORT

## SB 5116

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As Reported By Senate Committee On:  
Economic Development, Trade & Management, February 21, 2007  
Ways & Means, March 5, 2007

**Title:** An act relating to creating a public-private tourism partnership.

**Brief Description:** Creating a public-private tourism partnership.

**Sponsors:** Senators Kastama, Kilmer, Kauffman, McAuliffe, Shin, Parlette, Kohl-Welles, Rasmussen and Regala; by request of Governor Gregoire.

**Brief History:**

**Committee Activity:** Economic Development, Trade & Management: 1/23/07, 2/21/07 [DPS-WM].

Ways & Means: 2/28/07, 3/05/07 [DPS(EDTM)].

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### SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & MANAGEMENT

**Majority Report:** That Substitute Senate Bill No. 5116 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Kastama, Chair; Kilmer, Vice Chair; Zarelli, Ranking Minority Member; Clements, Kauffman and Shin.

**Staff:** Jack Brummel (786-7428)

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 5116 as recommended by Committee on Economic Development, Trade & Management be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Pridemore, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Carrell, Hatfield, Hewitt, Hobbs, Honeyford, Keiser, Kohl-Welles, Oemig, Parlette, Rasmussen, Regala, Roach, Rockefeller, Schoesler and Tom.

**Staff:** Richard Ramsey (786-7412)

**Background:** Washington's travel-related spending in inflation adjusted-dollars has grown at about 2 percent per year over the past 15 years, approaching \$13 billion in 2005. Travel

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*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.*

generated employment in Washington during 2005 totaled 143,700 jobs, which is 3.9 percent of all jobs in the state, at an average salary of \$26,400 per year.

The state convention and trade center account was created in 1982 to manage the funds related to the construction and operation of the State Convention and Trade Center in Seattle.

The tourism development and promotion account was created by referendum in 1997. Funds in the account, raised by the Department of Community Trade and Economic Development (CTED) or from international games at the Seahawks Stadium, are to be used by CTED to expand and promote tourism.

Washington's Tourism Development Advisory Committee was created in 1998 to review and comment on CTED's tourism development plan and the performance of its other tourism development activities.

**Summary of Bill:** The Washington Tourism Development Advisory Committee is to be replaced by the Washington Tourism Commission. The commission is to have 19 members: 13 appointed by the Governor; four legislators; and two ex-officio members, the Chairman of the Washington Convention and Trade Center and the Director of CTED. The Director of CTED is to appoint the Executive Director of the commission. Staff supporting the commission is to be provided by CTED but report to the Executive Director of the commission.

The commission is to develop and update a six-year strategic plan that includes: 1) promoting Washington as a destination; 2) providing information on tourism opportunities; 3) assisting with local tourism partnerships and tourism plans; and 4) coordinating the development of a statewide tourism marketing plan. In addition, the commission may solicit revenue for tourism, host meetings related to eco-tourism, conduct studies, and provide technical assistance.

The commission is to administer a tourism competitive grant program to enhance local tourism-related activities and is to report annually to the Legislature on its activities and the return on the state's investment.

The tourism enterprise account is created. Funds in the account are raised by the commission or transferred from the state convention and trade center account.

Starting in Fiscal Year (FY) 2008, up to \$4 million per FY may be transferred to the tourism enterprise account and up to \$500,000 per FY may be transferred to the tourism development and promotion account from the convention and trade center account. Expenditures from the state convention and trade center account may be used on the museum of history and industry, or other approved expansions of the convention center.

CTED's current tourism related statutory duties are eliminated.

**EFFECT OF CHANGES MADE BY RECOMMENDED SUBSTITUTE AS PASSED COMMITTEE (Economic Development, Trade & Management):** The Governor is to consider demographic diversity in appointing members to the commission and the grant awards are to reflect demographic diversity. The Governor is to consider nominations from recognized organizations representing entities or interests to be represented on the

commission. The Governor is to appoint at least two members of the commission from nominee lists submitted by the state's largest lodging industry trade association.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** Yes.

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

**Staff Summary of Public Testimony (Economic Development, Trade & Management):**

PRO: Tourism is a key industry for the state. Using the Convention Center account to increase tourism funding makes sense. This bill improves tourism for all industries representing tourism in the state. This can leverage private dollars.

**Persons Testifying (Economic Development, Trade & Management):** PRO: Marc Baldwin, Governor's Office; Larry Williams, Department of Community, Trade and Economic Development; Chris Watkins, Washington Tourism Advisory Committee; Tom Keogh, Best Western International; Sandra Miller, Washington State Hotel and Lodging Association; Shawn Walker, Hampton Inn & Suites; Beck Bogard, Don Welsh, Washington Association Convention & Visitors Bureaus.

**Staff Summary of Public Testimony (Ways & Means):** PRO: The new funding for tourism will make a positive impact on the state's economy. The financing mechanism uses tourism funding from Seattle and King County. For investments in state agency spending on tourism promotion, there is a demonstrated positive return that grows larger at higher levels of state investment. The State Convention Center sees the value of tourism and supports the bill. The bill keeps the Convention Center whole and able to grow. If you're buying an airplane, you talk to Boeing or their competitors; if you're buying coffee you talk to Starbucks or their competitors; if you're buying travel, the possibilities are endless. With the investments envisioned in this bill, Washington can take the tourism market share from others.

**Persons Testifying (Ways & Means):** PRO: Kris Watkins, Tri-Cities Convention and Visitors Bureau (CVB); Kim Bennett, Southwest Washington CVB; John Christison, Washington State Convention Center; Ruthie Reinert, Tacoma Regional CVB.