

SENATE BILL REPORT

SB 5568

As Reported By Senate Committee On:
Agriculture & Rural Economic Development, February 15, 2007
Ways & Means, March 5, 2007

Title: An act relating to extending the date when counties which have authorized facilities for agriculture promotion must allow a credit for city lodging taxes.

Brief Description: Extending the date when counties which have authorized facilities for agriculture promotion must allow a credit for city lodging taxes.

Sponsors: Senators Rasmussen, Clements, Shin, Schoesler, Jacobsen, Morton, Holmquist and Honeyford.

Brief History:

Committee Activity: Agriculture & Rural Economic Development: 2/13/07, 2/15/07 [DPS-WM].

Ways & Means: 3/05/07 [DPS(ARED)].

SENATE COMMITTEE ON AGRICULTURE & RURAL ECONOMIC DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 5568 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Rasmussen, Chair; Hatfield, Vice Chair; Schoesler, Ranking Minority Member; Morton and Shin.

Staff: Sam Thompson (786-7413)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5568 as recommended by Committee on Agriculture & Rural Economic Development 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, Hobbs, Honeyford, Keiser, Kohl-Welles, Parlette, Rasmussen, Regala, Roach, Rockefeller and Schoesler.

Staff: Dean Carlson (786-7305)

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.

Background: Both cities and counties may impose a hotel-motel tax, but a county imposing a hotel-motel tax must allow a credit for any hotel-motel tax imposed by a city. Accordingly, both city and county hotel-motel taxes may not be imposed in the same lodging transaction. An exemption effectively permits Yakima County to impose a hotel-motel tax simultaneously with the City of Yakima in the same lodging transaction. This exemption ends January 1, 2013.

The City of Yakima and Yakima County used revenue from hotel-motel taxes they imposed to finance an arena, the SunDome, at the Central Washington State Fair. Yakima County now proposes to use hotel-motel tax revenue to finance a fair multipurpose facility and renovate aging fair buildings. To do so, advocates request legislation extending the exemption to the hotel-motel tax credit requirement to 2021.

Summary of Bill: The exemption to the requirement that a city hotel-motel tax be credited against a county hotel-motel tax in counties that have financed and developed facilities for agricultural promotion (i.e., Yakima County) is extended from January 1, 2013, to January 1, 2021.

EFFECT OF CHANGES MADE BY RECOMMENDED SUBSTITUTE AS PASSED COMMITTEE (Agriculture & Rural Economic Development): The recommended substitute bill: (1) clarifies that the bill applies only to Yakima County; (2) provides that Yakima County may only use the funds for constructing or improving authorized facilities (i.e., the funds must be used for capital projects); and (3) requires Yakima County to perform an annual financial audit of organizations receiving funding on the use of the funds.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony (Agriculture & Rural Economic Development): The Central Washington State Fair needs the multipurpose facility and improvements to existing structures facilitated by this bill. While the fair will have to "stand in line" with other potential funding recipients, it is confident that it has good standing with the Yakima County Commission, which will dispense funds. The fair is an economic driver for the region, a "Seattle Center East," and previous state investment has boosted the local economy and created many jobs.

Persons Testifying (Agriculture & Rural Economic Development): PRO: Greg Stewart, Ron Newbry, Central Washington State Fair Association.

Staff Summary of Public Testimony (Ways & Means): PRO: Yakima has used this to build the Sundome and attract tourist dollars. This has made a big impact on the Central Washington economy as well as more than paid for itself. There are still needs in the fairgrounds for more capital improvements.

Persons Testifying (Ways & Means): PRO: Ron Newby, Central Washington State Fair Association.