

FINAL BILL REPORT

SSB 5647

C 497 L 07

Synopsis as Enacted

Brief Description: Clarifying the use of existing lodging tax revenues for tourism promotion.

Sponsors: Senate Committee on Economic Development, Trade & Management (originally sponsored by Senators Fraser, Morton, McAuliffe, Fairley, Swecker, Regala, Hatfield, Spanel, Rockefeller, Kohl-Welles and Rasmussen).

Senate Committee on Economic Development, Trade & Management
House Committee on Community & Economic Development & Trade

Background: Lodging tax revenues can be used for activities and expenditures designed to increase tourism, including tourism related facilities. Tourism related facilities are defined as 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.

In 2006, the Attorney General's Office (AGO) released an opinion entitled "AGO 2006 No. 4" that concluded: there must be some governmental interest in facilities receiving lodging tax funds; the lodging statute expressly limits the use of lodging taxes on special events and festivals designed to attract tourists to marketing activities only; and advance payment of lodging tax revenues to tourist promotion agencies for tourist promotion activities is prohibited.

Summary: The definition of "tourism promotion" includes operations. This allows lodging tax revenues to be used for operations expenditures for tourism promotion as well as to fund and operate special events and festivals. Lodging tax funds may go towards the marketing or the operation of special events and festivals designed to attract tourists.

The definition of "tourism-related facility" includes property that is owned by a public entity or a nonprofit organization. This authorizes local lodging tax revenues to be used for tourism-related facilities owned by a public entity or a nonprofit organization, including 501 (c)(6) organizations such as business organizations, destination marketing organizations, main street organizations, lodging associations, and chambers of commerce.

Annual accountability reports on the use of funds for festivals, special events, and tourism-related facilities owned by a 501(c)(3) or 501(c)(6) nonprofit are required.

A report by the Joint Legislative Audit and Review Committee to the Legislature and Governor by September 1, 2012, regarding the expenditures and economic impact of the festivals, special events, and tourism-related facilities owned by a 501(c)(3) or 501(c)(6) nonprofit organization are required.

This bill expires on June 30, 2013.

Votes on Final Passage:

Senate	35	12	
House	73	25	(House amended)
Senate	41	8	(Senate concurred)

Effective: July 22, 2007