

SENATE BILL REPORT

SB 6118

As of February 3, 2010

Title: An act relating to lodging taxes for, and certain transfers from, the state convention and trade center account.

Brief Description: Concerning lodging taxes for, and certain transfers from, the state convention and trade center account.

Sponsors: Senator Tom.

Brief History:

Committee Activity: Ways & Means: 3/18/09, 2/04/10.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Richard Ramsey (786-7412)

Background: The Washington State Convention and Trade Center (WSCTC) is a public nonprofit organization. The WSCTC receives revenue from three sources: operations of the convention and trade center; receipts from the transient rental tax, also known as hotel/motel tax; and a credit against the state retail sales tax for hotel/motel stays.

The transient rental tax applies to hotels and motels with at least 60 rooms in King County; the rate is 7 percent in Seattle and 2.8 percent in King County, outside of Seattle. Proceeds are distributed to the WSCTC Capital (85.7 percent) and Operations (14.3 percent) Accounts. A local hotel/motel tax of 2 percent in Seattle only is a credit against the state retail sales tax; the proceeds are deposited in WSCTC Capital Account. The tax credit was enacted in 1995.

In 2007, via HB 1276, the Legislature authorized annual transfers from the Convention and Trade Center Account to support tourism activities, including \$4 million per year to the Tourism Enterprise Account and \$500,000 per year to the Tourism Development and Promotion Account. The bill also directed the establishment of a capital reserve in the Convention and Trade Center Account for capital maintenance, facility enhancements, unanticipated replacements, and operating reserves for convention center operation. This reserve started at \$6.12 million in fiscal year 2008 and grows at 9 percent per year.

Summary of Bill: The bill as referred to committee not considered.

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.

Summary of Bill (Proposed Substitute): The 2 percent credit against the state portion of the sales tax on lodging is repealed. The city of Seattle may impose a 2 percent sales tax on the charge for lodging. This is an additional tax paid by the consumer. Both the sales tax credit and the local sales tax apply to lodging with 60 rooms or more.

Unless the local sales tax is imposed, the tourism-related transfers from the Convention and Trade Center Account may not occur. The capital reserve in the Convention and Trade Center Account for capital maintenance, facility enhancements, unanticipated replacements, and operating reserves for convention center operation is repealed.

Other technical changes are made.

Appropriation: None.

Fiscal Note: Requested on February 3, 2010.

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains an emergency clause and takes effect July 1, 2010.