

SHB 1253 - H AMD 289

By Representative Springer

ADOPTED AS AMENDED 03/13/2013

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** (1) The legislature finds that in 2007 the
4 legislature passed Substitute Senate Bill No. 5647, which expanded the
5 allowable uses of lodging tax revenues for tourism promotion. The
6 legislature further finds that the 2007 legislation was temporary but
7 required the analysis of the economic impact of the expanded uses of
8 lodging tax revenues. The legislature further finds that hoteliers are
9 the cornerstone of the tourism industry and are the entities that
10 generate lodging tax revenues that benefit the local jurisdictions
11 throughout the state. The legislature further finds that lodging tax
12 revenues stimulate economic activity when the use of revenues is
13 specific and targeted based on the differing needs of local
14 jurisdictions.

15 (2) Because of the diverging needs of local jurisdictions, the
16 legislature intends to continue to allow the expanded uses of lodging
17 tax revenues to promote tourism and increase economic activity for
18 local jurisdictions. The legislature further intends to subject the
19 use of lodging tax revenues to a periodic review to ensure that the
20 incremental economic benefit is measured and that the use of lodging
21 tax revenues continues to increase tourism and generate revenue for
22 local jurisdictions.

23 **Sec. 2.** RCW 67.28.1816 and 2008 c 28 s 1 are each amended to read
24 as follows:

25 (1) Lodging tax revenues under this chapter may be used, directly
26 by local jurisdictions or indirectly through a convention and visitors
27 bureau or destination marketing organization, for the marketing and
28 operations of special events and festivals designed to attract tourists
29 and local travelers and to support the operations and capital

1 expenditures of tourism-related facilities, designed to attract
2 tourists and local travelers, owned or operated by public entities, or
3 nonprofit organizations described under section 501(c)(3) and section
4 501(c)(6) of the internal revenue code of 1986, as amended.

5 ~~(2) (Local jurisdictions that use the lodging tax revenues under~~
6 ~~this section must submit an annual economic impact report to the~~
7 ~~department of community, trade, and economic development for~~
8 ~~expenditures made beginning January 1, 2008. These reports must~~
9 ~~include the expenditures by the local jurisdiction for tourism~~
10 ~~promotion purposes and what is used by a nonprofit organization exempt~~
11 ~~from taxation under 26 U.S.C. Sec. 501(c)(3) or 501(c)(6). This~~
12 ~~economic impact report, at a minimum, must include: (a) The total~~
13 ~~revenue received under this chapter for each year; (b) the list of~~
14 ~~festivals, special events, or nonprofit 501(c)(3) or 501(c)(6)~~
15 ~~organizations that received funds under this chapter; (c) the list of~~
16 ~~festivals, special events, or tourism facilities sponsored or owned by~~
17 ~~the local jurisdiction that received funds under this chapter; (d) the~~
18 ~~amount of revenue expended on each festival, special event, or~~
19 ~~tourism-related facility owned or sponsored by a nonprofit 501(c)(3) or~~
20 ~~501(c)(6) organization or local jurisdiction; (e) the estimated number~~
21 ~~of tourists, persons traveling over fifty miles to the destination,~~
22 ~~persons remaining at the destination overnight, and lodging stays~~
23 ~~generated per festival, special event, or tourism-related facility~~
24 ~~owned or sponsored by a nonprofit 501(c)(3) or 501(c)(6) organization~~
25 ~~or local jurisdiction; and (f) any other measurements the local~~
26 ~~government finds that demonstrate the impact of the increased tourism~~
27 ~~attributable to the festival, special event, or tourism-related~~
28 ~~facility owned or sponsored by a nonprofit 501(c)(3) or 501(c)(6)~~
29 ~~organization or local jurisdiction.~~

30 ~~(3) The joint legislative audit and review committee must report to~~
31 ~~the legislature and the governor on the use and economic impact of~~
32 ~~lodging tax revenues by local jurisdictions since January 1, 2008, to~~
33 ~~support festivals, special events, and tourism-related facilities owned~~
34 ~~or sponsored by a nonprofit organization under section 501(c)(3) or~~
35 ~~501(c)(6) of the internal revenue code of 1986, as amended, or a local~~
36 ~~jurisdiction, and the economic impact generated by these festivals,~~
37 ~~events, and facilities. This report shall be due September 1, 2012.~~

1 ~~(4) Reporting under this section must begin with calendar year~~
2 ~~2008.~~

3 ~~(5) This section expires June 30, 2013.)~~ (a) Except as provided in
4 (b) of this subsection, applicants applying for use of revenues in this
5 chapter must provide the legislative body of the municipality to which
6 they are applying estimates of how any moneys received will result in
7 increases in:

8 (i) The number of tourists and local travelers visiting the
9 municipality including anticipated overnight stays; and

10 (ii) Tourism-related and local traveler-related economic activity
11 benefiting the municipality.

12 (b) In a municipality with a population of five thousand or more,
13 applicants applying for use of revenues in this chapter must submit
14 their applications and estimates described under (a) of this subsection
15 to the local lodging tax advisory committee.

16 (c)(i) All recipients must submit a report to the legislative body
17 of the municipality reporting pertinent data evaluating tourism and
18 local visitor benefits resulting from the use of the funds as compared
19 with the estimates contained in the application. The legislative body
20 of the municipality receiving a report must: Make such report
21 available to the public and furnish copies of the report to the joint
22 legislative audit and review committee and members of the local lodging
23 tax advisory committee by December 31st each year.

24 (ii) On a biennial basis, and in compliance with RCW 43.01.036, the
25 joint legislative audit and review committee must submit a report to
26 the economic development committees of the legislature that details the
27 use and economic impact of lodging tax revenues by local jurisdictions
28 based on the reports furnished to the joint legislative audit and
29 review committee under (c)(i) of this subsection. Reporting under this
30 subsection must begin in calendar year 2015.

31 (d) This section does not apply to the revenues of any lodging tax
32 authorized under this chapter imposed by a county with a population of
33 one million five hundred thousand or more.

34 **Sec. 3.** RCW 67.28.080 and 2007 c 497 s 1 are each reenacted and
35 amended to read as follows:

36 The definitions in this section apply throughout this chapter
37 unless the context clearly requires otherwise.

1 (1) "Acquisition" includes, but is not limited to, siting,
2 acquisition, design, construction, refurbishing, expansion, repair, and
3 improvement, including paying or securing the payment of all or any
4 portion of general obligation bonds, leases, revenue bonds, or other
5 obligations issued or incurred for such purpose or purposes under this
6 chapter.

7 (2) "Local traveler" means a person who travels less than fifty
8 miles from their residence or business, or a person who travels by
9 ferry, to attend a special event or festival.

10 (3) "Local traveler economic impacts" means economic activity
11 resulting from local travelers which may include meals, admissions
12 fees, souvenirs, tours, and gifts.

13 (4) "Municipality" means any county, city or town of the state of
14 Washington.

15 ((+3)) (5) "Operation" includes, but is not limited to, operation,
16 management, and marketing.

17 ((+4)) (6) "Person" means the federal government or any agency
18 thereof, the state or any agency, subdivision, taxing district or
19 municipal corporation thereof other than county, city or town, any
20 private corporation, partnership, association, or individual.

21 ((+5)) (7) "Tourism" means economic activity resulting from
22 tourists, which may include sales of overnight lodging, meals, tours,
23 gifts, or souvenirs.

24 ((+6)) (8) "Tourism promotion" means activities, operations, and
25 expenditures designed to increase tourism, including but not limited to
26 advertising, publicizing, or otherwise distributing information for the
27 purpose of attracting and welcoming tourists; developing strategies to
28 expand tourism; operating tourism promotion agencies; and funding the
29 marketing of or the operation of special events and festivals designed
30 to attract tourists.

31 ((+7)) (9) "Tourism-related facility" means real or tangible
32 personal property with a usable life of three or more years, or
33 constructed with volunteer labor that is: (a)(i) Owned by a public
34 entity; (ii) owned by a nonprofit organization described under section
35 501(c)(3) of the federal internal revenue code of 1986, as amended; or
36 (iii) owned by a nonprofit organization described under section
37 501(c)(6) of the federal internal revenue code of 1986, as amended, a
38 business organization, destination marketing organization, main street

1 organization, lodging association, or chamber of commerce and (b) used
2 to support tourism, performing arts, or to accommodate tourist
3 activities.

4 ~~((+8))~~ (10) "Tourist" means a person who travels ~~((from a place of~~
5 ~~residence to a different town, city, county, state, or country, for~~
6 ~~purposes of business, pleasure, recreation, education, arts, heritage,~~
7 ~~or culture.~~

8 ~~(9) Amendments made in section 1, chapter 497, Laws of 2007 expire~~
9 ~~June 30, 2013))~~ for business or pleasure on a trip: Away from their
10 place of residence or business and stays overnight in paid
11 accommodations; to a place fifty miles or more one way from their place
12 of residence or their business for the day or stays overnight; or from
13 another country or state outside of their place of residence or their
14 business.

15 **Sec. 4.** RCW 67.28.1817 and 1998 c 35 s 3 are each amended to read
16 as follows:

17 ~~(1) ((Before proposing imposition of a new tax under this chapter,~~
18 ~~an increase in the rate of a tax imposed under this chapter, repeal of~~
19 ~~an exemption from a tax imposed under this chapter, or a change in the~~
20 ~~use of revenue received under this chapter, a municipality with a~~
21 ~~population of five thousand or more shall establish a lodging tax~~
22 ~~advisory committee under this section))~~ (a) A municipality with a
23 population of five thousand or more must establish a lodging tax
24 advisory committee under this section before either:

25 (i) Proposing imposition of a new tax under this chapter, an
26 increase in the rate of a tax imposed under this chapter, or a repeal
27 of an exemption from a tax imposed under this chapter; or

28 (ii) Approving an application for use of revenue received under
29 this chapter.

30 (b)(i) A lodging tax advisory committee ~~((shall))~~ must consist of
31 at least five members, appointed by the legislative body of the
32 municipality, unless the municipality has a charter providing for a
33 different appointment authority.

34 (ii) The committee membership ~~((shall))~~ must include:

35 ~~((+a))~~ (A) At least two members who are representatives of
36 businesses required to collect tax under this chapter; and

1 ~~((b))~~ (B) At least two members who are persons involved in
2 activities authorized to be funded by revenue received under this
3 chapter. Persons who are eligible for appointment under ~~((a))~~
4 (b)(ii)(A) of this subsection are not eligible for appointment under
5 (b)(ii)(B) of this subsection. Persons who are eligible for
6 appointment under (b)(ii)(B) of this subsection are not eligible for
7 appointment under ~~((a))~~ (b)(ii)(A) of this subsection.

8 (c) Organizations representing businesses required to collect tax
9 under this chapter, organizations involved in activities authorized to
10 be funded by revenue received under this chapter, and local agencies
11 involved in tourism promotion may submit recommendations for membership
12 on the committee. The number of members who are representatives of
13 businesses required to collect tax under this chapter ~~((shall))~~ must
14 equal the number of members who are involved in activities authorized
15 to be funded by revenue received under this chapter. One member
16 ~~((shall))~~ must be an elected official of the municipality who ~~((shall))~~
17 must serve as chair of the committee. An advisory committee for a
18 county may include one nonvoting member who is an elected official of
19 a city or town in the county. An advisory committee for a city or town
20 may include one nonvoting member who is an elected official of the
21 county in which the city or town is located. The appointing authority
22 ~~((shall))~~ must review the membership of the advisory committee annually
23 and make changes as appropriate.

24 (2)(a) Any municipality that: (i) Proposes imposition of a tax
25 under this chapter, an increase in the rate of a tax imposed under this
26 chapter, or a repeal of an exemption from a tax imposed under this
27 chapter~~((, or a change in the));~~ or (ii) approves an application for
28 use of revenue received under this chapter ((shall)), must submit ~~((the~~
29 ~~proposal))~~ all proposals and applications received pursuant to RCW
30 67.28.1816(2) to the lodging tax advisory committee for review ~~((and~~
31 ~~comment))~~. The submissions ~~((shall))~~ must occur at least forty-five
32 days before final action on or passage of the proposal by the
33 municipality.

34 (b)(i) The advisory committee ~~((shall))~~ must submit comments on
35 ~~((the))~~ any proposal ~~((in a timely manner through generally applicable~~
36 ~~public comment procedures. The comments shall include an analysis of~~
37 ~~the extent to which the proposal will accommodate activities for~~
38 ~~tourists or increase tourism, and the extent to which the proposal will~~

1 ~~affect the long-term stability of the fund created under RCW~~
2 ~~67.28.1815. Failure of the advisory committee to submit comments~~
3 ~~before final action on or passage of the proposal shall not prevent the~~
4 ~~municipality from acting on the proposal. A municipality is not~~
5 ~~required to submit an amended proposal to an advisory committee under~~
6 ~~this section)) for imposition of a tax under this chapter, an increase~~
7 ~~in the rate of a tax imposed under this chapter, repeal of an exemption~~
8 ~~from a tax imposed under this chapter, or an approval of an application~~
9 ~~for use of revenue received under this chapter in a timely manner~~
10 ~~through generally applicable public comment procedures.~~

11 (ii) The lodging tax advisory committee must prioritize all
12 applications for use of revenue in this chapter and submit the
13 prioritized list and funding levels to the legislative body of the
14 municipality for final determination.

15 (iii) The lodging tax advisory committee must consider the extent
16 to which the proposed use of the funds will affect the long-term
17 stability of the fund created under RCW 67.28.1815.

18 (iv) The legislative body of the municipality may only choose
19 recipients from the prioritized list of applications and funding levels
20 provided by the local lodging tax advisory committee. The legislative
21 body of the municipality may only change the funding level after the
22 lodging tax advisory committee has been given the opportunity to review
23 the proposed change.

24 (v) Failure of the advisory committee to submit comments and a
25 prioritized list before final action on a proposal or approval of
26 applicants for use of the funds does not prevent the municipality from
27 acting.

28 (c) The legislative body of the municipality is not required to
29 submit an amended proposal to an advisory committee under this section.

30 (d) This section does not apply to any lodging tax authorized under
31 this chapter imposed by a county with a population of one million five
32 hundred thousand or more.

33 NEW SECTION. Sec. 5. This act is necessary for the immediate
34 preservation of the public peace, health, or safety, or support of the
35 state government and its existing public institutions, and takes effect
36 July 1, 2013."

1 Correct the title.

EFFECT: Provides the legislative intent for the continued expanded uses of lodging tax revenues. Allows tourism related facilities owned by nonprofit organizations to use lodging tax revenues for capital expenditures. Includes a specific due date for the required report provided to the joint legislative audit and review committee by local jurisdictions using lodging tax revenues. Clarifies that King county is not required to submit applications for the use of lodging tax revenues to a lodging tax advisory committee.

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