

SENATE BILL REPORT

SB 5916

As Reported by Senate Committee On:
Trade & Economic Development, February 18, 2015

Title: An act relating to tourism marketing.

Brief Description: Enacting the tourism marketing act.

Sponsors: Senators Brown, Chase, Angel, Kohl-Welles, Hatfield, Benton and McAuliffe.

Brief History:

Committee Activity: Trade & Economic Development: 2/18/15 [DPS-WM, DNP, w/oRec].

SENATE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 5916 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Brown, Chair; Chase, Ranking Minority Member; Angel, Frockt and McCoy.

Minority Report: Do not pass.

Signed by Senator Ericksen.

Minority Report: That it be referred without recommendation.

Signed by Senator Braun, Vice Chair.

Staff: Jeff Olsen (786-7428)

Background: The State Tourism Commission (Commission) was created in 2007 to direct the state tourism program administered through the Department of Commerce. The Commission was comprised of public and private industry representatives, and was directed to promote and expand the state tourism industry. The Legislature terminated the State Tourism Program and the Commission at the end of the 2009-11 biennium. In the same year, the Washington Tourism Alliance (WTA) was formed to assume official state tourism marketing and promotion activities. WTA is a private nonprofit organization comprised of members of the state tourism industry. Among its activities, WTA operates a state tourism website, publishes the Official State Tourism Guide, and holds an annual tourism summit. In 2014 the Legislature directed WTA to propose a private funding mechanism for a state tourism marketing program, including how revenues would be allocated and collected from each tourism industry sector.

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: The bill as referred to committee not considered.

Summary of Bill (Recommended Substitute): The Washington Tourism Marketing Authority (Authority) is established as a public entity to manage state revenues and contract for statewide tourism marketing services. The Authority is governed by a board of directors (Board) comprised of 13 members representing tourism-related sectors, including the following:

- lodging – four members;
- food service – three members;
- retail – two members;
- attractions and entertainment – one member;
- transportation – one member; and
- regional destination marketing organizations – two members.

The Secretary of State (Secretary) and the Director of the Department of Revenue (DOR) serve as ex-officio members of the authority. The Secretary and Director of DOR must jointly appoint members to the Board from nominations. The Authority is responsible for maintaining a database of businesses identified within each tourism industry sector, and notifying each business of the fees imposed within each sector.

Revenues are generated from fees assessed upon identified businesses within certain tourism-related sectors. Fees on the lodging sector are separately levied on each business through a charge of \$0.15 on each occupied room per night. The fee amount for all other businesses is set on a scale established for each industry, based on a business's annual adjusted gross revenue. The fee schedule ranges for each sector are as follows:

- food service: \$25 to \$3,500 per business;
- attractions and entertainment: \$100 to \$2,500 per business;
- retail: \$100 to \$2,500 per business; and
- transportation: \$125 to \$2,500 per business.

DOR must send a list of all businesses in each sector to the Secretary for the collection of fees. The Secretary collects the fee from each business on the list through its corporation and limited liability company registration system. The fee is due from each business on its licensing or registration renewal deadline. The fee assessed on lodging businesses is collected by DOR in a manner similar to the state excise taxes. All fees collected are deposited in the Statewide Tourism Marketing Account and may only be used for the sole purpose of funding a statewide tourism marketing program.

Appropriation: None.

Fiscal Note: Available.

[OFM requested ten-year cost projection pursuant to I-960.]

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2015.

Staff Summary of Public Testimony: PRO: Washington closed its tourism office in 2011, and there is currently state bridge funding for the Washington Tourism Alliance to maintain some tourism activities. Support for the current tourism efforts expire in June of this year, and Washington would be the only state without a state tourism program if this bill is not enacted. This proposal contains an industry plan, that is industry funded, with a dedicated and protected fund. The proposal contains a modest program compared to surrounding states and regions, and is based on allocating fees to sectors benefitting from tourism. The proposal contains fees based on gross revenues and does not unduly burden those that cannot pay. Washington needs a statewide program to compete with other states and attract international tourists. Washington has significant natural resources and outdoor recreation activities and provides significant economic impacts to the state.

OTHER: Retailers have worked over the interim on the proposal to narrow the types of businesses included. There are some members in support, while others have concerns, but on the whole the retail association is neutral on the proposal.

Persons Testifying: PRO: Becky Bogard, WA Tourism Alliance; Andy Olsen, Columbia Hospitality; Doug Levy, WA Recreation and Park Assn., Recreational Boating Assn. of WA, city of Issaquah; Kris Watkins, Visit TRI-CITIES; George Sharp, Olympia Lacey Tumwater Visitor and Convention Bureau.

OTHER: Mark Johnson, WA Retail Assn.