

# SENATE BILL REPORT

## SB 5251

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As Reported by Senate Committee On:  
Agriculture, Water, Trade & Economic Development, February 14, 2017

**Title:** An act relating to tourism marketing.

**Brief Description:** Concerning tourism marketing.

**Sponsors:** Senators Takko, Warnick, Rolfes, McCoy, Zeiger and Chase.

**Brief History:**

**Committee Activity:** Agriculture, Water, Trade & Economic Development: 2/09/17, 2/14/17 [DPS-WM].

**Brief Summary of Substitute Bill**

- Creates the Washington Tourism Marketing Authority to manage financial resources for the development of a statewide tourism marketing plan.
- Directs a percentage of retail sales taxes collected on lodging, car rentals, and restaurants to fund the implementation of the statewide tourism marketing plan.

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### SENATE COMMITTEE ON AGRICULTURE, WATER, TRADE & ECONOMIC DEVELOPMENT

**Majority Report:** That Substitute Senate Bill No. 5251 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Warnick, Chair; Hawkins, Vice Chair; Chase, Ranking Minority Member; Wellman, Assistant Ranking Minority Member; Brown, Honeyford, McCoy, Pearson, Short, Takko and Van De Wege.

**Staff:** Greg Vogel (786-7413)

**Background:** The State Tourism Commission (Commission) was created in 2007 to direct the state tourism program administered through the Department of Commerce (Commerce). The Commission was comprised of public and private industry representatives and was directed to promote and expand the state tourism industry. The Commission could raise funds and owned an account.

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*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.*

The Legislature terminated the state tourism program and the Commission at the end of the 2009-2011 biennium. In the same year, the Washington Tourism Alliance (WTA) was formed to assume official state tourism marketing and promotion activities. The WTA is a private nonprofit organization comprised of members of the state tourism industry. The WTA receives funding from its members. Among its activities, the WTA operates a state tourism website, publishes the official state tourism guide, and holds an annual tourism summit.

In 2014, the Legislature directed the 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.

**Summary of Bill (First Substitute):** The Washington Tourism Marketing Authority (Authority). The 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 voting members:

- one member from each of the two major caucuses of the House of Representatives and the Senate; and
- nine representatives from the tourism industry and related businesses.

A nonvoting advisory committee to the board is also established. The advisory committee consists of:

- one ex-officio member from Commerce, Department of Revenue, State Parks and Recreation Commission, and Department of Transportation; and
- one member from a federally recognized Indian tribe.

Statewide Tourism Marketing Account (Account). The Account is created and expenditures from the account may only be made for allowable expenses related to implementation of the statewide tourism program. Allowable expenses include:

- entering into a contract for a multiple-year statewide tourism marketing plan with an existing statewide nonprofit organization, which must include focuses on:
  - rural tourism-dependent counties,
  - natural wonders and outdoor recreation opportunities of the state,
  - attraction of international tourists,
  - identification of local offerings for tourists, and
  - assistance for tourism areas adversely impacted by natural disasters;
- contracting for the evaluation of the impact of the statewide tourism marketing program; and
- administrative expenses of the Authority.

Expenditures may only be made when a two-to-one nonstate to state match has been provided. At the end of the 2017-2019 biennium, all revenues that remain in the Account that are not matched by nonstate funds will revert back to the General Fund.

Sales and Use Tax. Beginning July 1, 2017, 0.1 percent of taxes collected on retail sales of lodging, car rental, and restaurants must be deposited into the Account, up to \$5 million per biennium.

Joint Legislative Audit and Review Committee (JLARC). JLARC must evaluate the performance of the Authority and report back to the Governor and economic development committees of the Legislature by December 1, 2020, to determine the extent to which the Authority contributed to the growth of the tourism industry and economic development of the state. The Authority must provide an interim report to the Governor and economic development committees of the Legislature by December 1, 2018, on its progress in implementing a statewide tourism marketing program.

**EFFECT OF CHANGES MADE BY AGRICULTURE, WATER, TRADE & ECONOMIC DEVELOPMENT COMMITTEE (First Substitute):**

- Changes private to nonstate when referring to matching funds in the Statewide Tourism Marketing Account.
- Changes State Parks Department to State Parks and Recreation Commission when referring to the advisory committee.
- Makes technical changes.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** Yes.

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

**Staff Summary of Public Testimony on Original Bill:** *The committee recommended a different version of the bill than what was heard.* PRO: Washington is a state to be proud of and should be showed off to the world. To not spend anything on a statewide basis to promote the state's tourist destinations is a missed opportunity. Additionally, this bill is a good compromise between stakeholders and the tourism industry.

Beyond traditional tourism sectors, the program also focuses on rural tourism, natural wonders, and areas impacted by natural disasters. Lake Chelan was hit by a devastating wildfire in 2015, and without a robust message to send back out to the world, the disaster can be the community's lasting image for a significant amount of time.

If this bill is passed, the state's return on investment would be substantial. Similar programs in other states have led to all-time highs in visitor rates and spending in the tourism sector. Investing in tourism benefits local communities, increases jobs, and creates additional state revenue.

**Persons Testifying:** PRO: Senator Dean Takko, Prime Sponsor; Shiloh Schauer, Wenatchee Valley Chamber of Commerce; Becky Bogard, Washington Tourism Alliance; Ron Peck, Port of Seattle; Kris Watkins, Visit TriCities; Andy Olson, Washington Tourism Alliance/Columbia Hospitality; Steve Simmons, CFO CG Public House; Andi Day, Long Beach Peninsula Visitors Bureau; Nancy Smith, Leavenworth Chamber of Commerce; Jane Wall, Association of Washington Cities; Morgan Hickel, Washington Hospitality Association/State Government Affairs Manager.

**Persons Signed In To Testify But Not Testifying:** PRO: Cheryl Kilday, Visit Spokane; Dean Feldmeier, DoubleTree Spokane City Center; Mark Johnson, Washington Retail Association; Josh McDonald, Washington Wine Institute; Doug Levy, WA Recreation & Park Association and Recreational Boating Association of WA.

OTHER: Chris Green, Dept. of Commerce.