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**SUBSTITUTE SENATE BILL 5827**

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**State of Washington**

**65th Legislature**

**2017 Regular Session**

**By** Senate Ways & Means (originally sponsored by Senators Braun and Rolfes)

READ FIRST TIME 02/23/17.

1 AN ACT Relating to definitions and reporting requirements for  
2 municipalities receiving lodging tax revenues; and amending RCW  
3 67.28.080 and 67.28.1816.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 67.28.080 and 2013 c 196 s 2 are each amended to  
6 read as follows:

7 The definitions in this section apply throughout this chapter  
8 unless the context clearly requires otherwise.

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

15 (2) "Municipality" means any county, city or town of the state of  
16 Washington.

17 (3) "Operation" includes, but is not limited to, operation,  
18 management, and marketing.

19 (4) "Person" means the federal government or any agency thereof,  
20 the state or any agency, subdivision, taxing district or municipal

1 corporation thereof other than county, city or town, any private  
2 corporation, partnership, association, or individual.

3 (5) "Tourism" means economic activity resulting from tourists,  
4 which may include the combination of the sales of overnight lodging,  
5 meals, tours, gifts, or souvenirs.

6 (6) "Tourism promotion" means activities, operations, and  
7 expenditures designed to increase tourism, including but not limited  
8 to advertising, publicizing, or otherwise distributing information  
9 for the purpose of attracting and welcoming tourists; developing  
10 strategies to expand tourism; operating tourism promotion agencies;  
11 and funding the marketing of or the operation of special events and  
12 festivals designed to attract tourists.

13 (7) "Tourism-related facility" means real or tangible personal  
14 property with a usable life of three or more years, or constructed  
15 with volunteer labor that is: (a)(i) Owned by a public entity; (ii)  
16 owned by a nonprofit organization described under section 501(c)(3)  
17 of the federal internal revenue code of 1986, as amended; or (iii)  
18 owned by a nonprofit organization described under section 501(c)(6)  
19 of the federal internal revenue code of 1986, as amended, a business  
20 organization, destination marketing organization, main street  
21 organization, lodging association, or chamber of commerce and (b)  
22 used to support tourism, performing arts, or to accommodate tourist  
23 activities.

24 (8) "Tourist" means a person who travels for business or pleasure  
25 on a trip:

26 (a) Away from the person's place of residence or business and  
27 stays overnight in paid accommodations; or

28 (b) To a place fifty miles away or more one way by driving-  
29 distance from the person's place of residence or business for the day  
30 or stays overnight. However, island communities without land access  
31 are exempt from the mileage requirement under this subsection (8)(b);  
32 or

33 (c) From another country or state outside of the person's place  
34 of residence or business.

35 **Sec. 2.** RCW 67.28.1816 and 2013 c 196 s 1 are each amended to  
36 read as follows:

37 (1) Lodging tax revenues under this chapter may be used, directly  
38 by any municipality or indirectly through a convention and visitors

1 bureau or destination marketing organization in accordance with the  
2 process established in subsection (2)(b) of this section for:

3 (a) Tourism marketing;

4 (b) The marketing and operations of special events and festivals  
5 designed to attract tourists;

6 (c) Supporting the operations and capital expenditures of  
7 tourism-related facilities owned or operated by a municipality or a  
8 public facilities district created under chapters 35.57 and 36.100  
9 RCW; or

10 (d) Supporting the operations of tourism-related facilities owned  
11 or operated by nonprofit organizations described under 26 U.S.C. Sec.  
12 501(c)(3) and 26 U.S.C. Sec. 501(c)(6) of the internal revenue code  
13 of 1986, as amended.

14 (2)(a) Except as provided in (b) of this subsection, applicants  
15 applying for use of revenues in this chapter must provide the  
16 municipality to which they are applying estimates of how any moneys  
17 received will result in increases in the number of people traveling  
18 for business or pleasure on a trip:

19 (i) Away from their place of residence or business and staying  
20 overnight in paid accommodations;

21 (ii) To a place fifty miles or more one way by driving-distance  
22 from their place of residence or business for the day or staying  
23 overnight. However, island communities without land access are exempt  
24 from the mileage requirement under this subsection (2)(a); or

25 (iii) From another country or state outside of their place of  
26 residence or their business.

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

31 (ii) The local lodging tax advisory committee must select the  
32 candidates from amongst the applicants applying for use of revenues  
33 in this chapter and provide a list of such candidates and recommended  
34 amounts of funding to the municipality for final determination. The  
35 municipality may choose only recipients from the list of candidates  
36 and recommended amounts provided by the local lodging tax advisory  
37 committee.

38 (c)(i) All recipients must submit a report to the municipality  
39 describing the actual number of tourists, which details the number of  
40 people traveling for business or pleasure on a trip:

1 (A) Away from their place of residence or business and staying  
2 overnight in paid accommodations;

3 (B) To a place fifty miles or more one way from their place of  
4 residence or business for the day or staying overnight; or

5 (C) From another country or state outside of their place of  
6 residence or their business. A municipality receiving a report must:  
7 Make such report available to the local legislative body and the  
8 public; and furnish copies of the report to the joint legislative  
9 audit and review committee and members of the local lodging tax  
10 advisory committee.

11 (ii) The joint legislative audit and review committee must on a  
12 biennial basis report to the economic development committees of the  
13 legislature on the use of lodging tax revenues by municipalities.  
14 Reporting under this subsection must begin in calendar year 2015.

15 (iii) Any recipient that does not submit the report required in  
16 this subsection (2)(c) is ineligible to receive funds under this  
17 chapter until such report is received. Any applicant who received  
18 funds under this chapter prior to the effective date of this section  
19 is ineligible, as of the effective date of this section, to receive  
20 any additional funds under this chapter, unless such applicant  
21 complies with this subsection and submits the report required herein.

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

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