
**Innovation, Technology & Economic
Development Committee**

ESSB 6592

Brief Description: Concerning tourism authorities.

Sponsors: Senate Committee on Local Government (originally sponsored by Senators Holy, Hunt, Takko and Keiser).

Brief Summary of Engrossed Substitute Bill

- Amends the definition of a "legislative authority" to allow a county with a population of 40,000 or less, or any city or town within the county, to form a tourism promotion area.
- Allows legislative authorities of tourism promotion areas to impose an additional charge of up to \$3 on the furnishing of lodging by a lodging business located in the area.
- Allows lodging businesses to, by petition, vote to remove charges imposed by the legislative authority.

Hearing Date: 2/26/20

Staff: Kyle Raymond (786-7190).

Background:

In 2003 the Legislature authorized the creation of tourism promotion areas. The legislative body of any county with a population of more than 40,000, or any city or town within such a county, may form a Tourism Promotion Area (TPA) to generate revenue for tourism promotion. Counties with a population of 40,000 or less, and cities or towns within those counties, are not eligible.

A TPA may include the entire jurisdiction or only a portion, and multiple jurisdictions may establish a joint TPA through interlocal agreement. However, a county TPA may only include

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unincorporated areas, unless the county has signed an interlocal agreement with one or more cities to form a joint TPA.

In a county with a population of 1 million or more, the legislative body must be comprised of two or more jurisdictions acting under an interlocal agreement. In 2015, the Legislature created an exception for Federal Way to form a TPA by itself.

Within the TPA, the legislative body may impose a charge up to \$2 per room per night on lodging businesses with 40 or more rooms. The legislative body may establish up to six different lodging classifications, with different rates in each. The classifications must be based on geographic location, number of rooms, or room revenue.

Lodging businesses with less than 40 rooms are exempt and may not be assessed, and some jurisdictions have established other exemptions by policy.

The lodging businesses collect the charges and remit them to the Department of Revenue, which deposits the revenues into the Local Tourism Promotion Account. The state treasurer distributes money in the account monthly to the legislative authority on whose behalf the money was collected.

The revenue must be used for "tourism promotion," which is defined as activities and expenditures designed to increase tourism and convention business, including but not limited to advertising, publicizing, or otherwise distributing information to attract and welcome tourists, and operating tourism destination marketing organizations.

The legislative body may appoint an existing advisory board or create a new advisory board to make recommendations on the use of the revenues, but the legislative body has sole discretion as to how the funds are used to promote tourism. The legislative authority may contract with tourism destination marketing organizations or other similar organizations to administer the operation of the area.

Formation of a tourism promotion area is initiated by a petition to the legislative body of the city or county. The petition must describe the proposed TPA boundaries, the total estimated revenues, and the proposed uses of the revenues, and it must contain the signatures of people who operate lodging businesses in the proposed TPA who would pay at least 60 percent of the proposed charges. The legislative body must hold a public hearing on the establishment of the TPA.

Summary of Bill:

Counties with a population of 40,000 or less, and cities or towns within those counties, are eligible to form a Tourism Promotion Area (TPA).

A legislative authority may impose an additional charge up to \$3 on the furnishing of lodging by a lodging business located in the area. This change is in addition to the \$2 charge and expires July 1, 2027.

The legislative authority imposing the charge has sole discretion as to how the revenue derived from the charge is to be used to promote tourism that increases the number of tourists to the area.

A "tourist" means a person who travels for business or pleasure on a trip:

- away from the person's place of residence or business and stays overnight in paid accommodations;
- to a place at least 50 miles away one way by driving distance from the person's place of residence or business for the day or stays overnight, but island communities without land access are exempt from the mileage requirement; or
- to another country or state outside of the person's place of residence or business.

If a majority of the lodging businesses assessed the charges petition to have the charge removed, the legislative authority must remove the charge.

Each TPA must conduct a program review of the additional TPA charge. The review must be completed and submitted to the appropriate committees of the Legislature by January 1, 2026.

The review must:

- analyze how TPA charge funds were used during the period when the additional charge was in place;
- identify additional marketing and promotional measures conducted or purchased with additional funds beyond the current \$2 charge;
- assess whether additional TPA charges above \$2 contributed to an actual increase in the number of tourists; and
- assess the average additional cost per visit per tourist due to additional TPA charges above \$2.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.