

SENATE BILL REPORT

SB 6592

As of January 31, 2020

Title: An act relating to tourism authorities.

Brief Description: Concerning tourism authorities.

Sponsors: Senators Holy, Hunt, Takko and Keiser.

Brief History:

Committee Activity: Local Government: 2/04/20.

Brief Summary of Bill

- Allows a county with a population of 40,000 or less, or any city or town within the county, to form a tourism promotion area.
- Increases the charge that a tourism promotion area can impose from \$2 to \$5.
- Allows lodging businesses to petition for removal of the charge.

SENATE COMMITTEE ON LOCAL GOVERNMENT

Staff: Greg Vogel (786-7413)

Background: 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 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.

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.

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: The bill as referred to committee not considered.

Summary of Bill: Counties with a population of 40,000 or less, and cities or towns within those counties, are eligible to form TPAs.

A legislative authority may impose a charge up to \$5 on the furnishing of lodging by a lodging business located in the area.

The legislative authority imposing the charge shall have 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. "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—*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 \$5 charge petition to have the charge removed, the legislative authority must remove the charge.

Appropriation: None.

Fiscal Note: Requested on January 23, 2020.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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