

# SENATE BILL REPORT

## 2ESHB 2912

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As Reported by Senate Committee On:  
Ways & Means, March 1, 2010

**Title:** An act relating to modifying local excise taxes in counties that have pledged lodging tax revenues for the payment of bonds prior to June 26, 1975.

**Brief Description:** Modifying local excise taxes in counties that have pledged lodging tax revenues for the payment of bonds prior to June 26, 1975.

**Sponsors:** House Committee on Finance (originally sponsored by Representatives Quall, Carlyle, O'Brien, Ericks, Dunshee, Sullivan, Blake, Jacks, Hunter and Maxwell).

**Brief History:** Passed House: 2/16/10, 53-45; 2/16/10, 53-45.

**Committee Activity:** Ways & Means: 3/01/10 [DPA, DNP, w/oRec].

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass as amended.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Tom, Vice Chair, Operating Budget; Hobbs, Keiser, Kline, Kohl-Welles, McDermott, Murray, Pridemore, Regala and Rockefeller.

**Minority Report:** Do not pass.

Signed by Senators Zarelli, Ranking Minority Member; Hewitt and Schoesler.

**Minority Report:** That it be referred without recommendation.

Signed by Senator Parlette.

**Staff:** Dean Carlson (786-7305)

**Background:** In King County the 2 percent state-shared, hotel-motel tax is used for retiring the debt on the Kingdome, arts and heritage programs, and after 2015 (or earlier if the debt is repaid), for repaying the debt on the football stadium and exhibition center and for youth athletic facility grants to cities, counties, or nonprofit organizations if sufficient money is available. King County is exempt from providing a tax credit for similar city hotel-motel taxes. As a result King County benefits from a double credit against state sales for hotel stays in Bellevue. The double credit is scheduled to stop at the end of 2012.

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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.*

Also scheduled to stop at the end of 2012 is the distribution of a portion of the 2 percent state-shared hotel-motel tax to arts and heritage programs. Forty percent of these distributions are deposited into a permanent and irreducible fund (fund) of which only the earnings on the fund may be spent on current programs.

In addition to the 2 percent hotel-motel tax, the debt on the professional football stadium and exhibition hall is being retired by revenue from a credit against the state sales tax of 0.016 percent of taxable retail sales in King County and additional lottery games.

In 1995 the Legislature authorized financing for a new baseball stadium in King County. The state's contribution included a credit against the state sales tax of 0.017 percent of taxable retail sales in King County, sports themed lottery revenues, and commemorative ballpark license plates. King County was authorized to impose a special 0.5 percent sales tax on food and beverages in King County restaurants, taverns, and bars; a 2 percent sales tax on car rentals in King County; and admission taxes at the new ballpark. The baseball team also contributed to the construction of the facility. The 0.017 percent sales tax credit, the 0.5 percent tax on restaurant meals, the lottery revenue, and the 2 percent car rental tax all end when construction bonds are paid.

The baseball stadium was developed by the Washington State Major League Baseball Stadium Public Facilities District (District). Public facility districts are authorized to impose certain taxes with approval of the voters of the district including a tax of up to 10 percent on parking at facilities owned or leased by the public facility district.

All counties are authorized to impose a 1 percent car rental tax. The revenue from the 1 percent car rental tax may be used for public stadium facilities and youth or amateur sports activities or facilities.

**Summary of Bill :** The bill as referred to committee not considered.

**Summary of Bill (Recommended Amendments):** The 40 percent distributions of arts and heritage funds from the hotel-motel tax is no longer distributed to the endowment fund, but instead is distributed to an account dedicated to art museums, a performing arts center in a city with a population greater than 85,000 and less than 100,000, cultural museums, heritage museums, and heritage and preservation programs.

At the time the bonds used to pay for the repairs to the Kingdome are retired, the county hotel-motel tax will be distributed into the account dedicated to the arts and heritage programs until December 31, 2015. The bonds are expected to be retired in late 2014.

Beginning January 1, 2021, at least 37.5 percent of the county hotel-motel tax revenues will be distributed to the account dedicated to the arts and heritage programs.

Yakima County can continue to collect the hotel-motel tax within the city of Yakima until 2035.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

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

**Staff Summary of Public Testimony:** No public hearing was held.

**Persons Testifying:** N/A.