

HOUSE BILL REPORT

ESSB 5943

AsPassed House - Amended:

April 13, 1995

Title: An act relating to convention and trade centers.

Brief Description: Financing convention and trade centers.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Rinehart, Prince, Sheldon, Deccio and Kohl).

Brief History:

Committee Activity:

Trade & Economic Development: 3/27/95, 3/30/95 [DPA].

Floor Activity:

Amended.

Passed House: 4/13/95, 54-43.

HOUSE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Majority Report: Do pass as amended. Signed by 12 members: Representatives Van Luven, Chairman; Radcliff, Vice Chairman; D. Schmidt, Vice Chairman; Sheldon, Ranking Minority Member; Backlund; Ballasiotes; Hatfield; Hickel; Mason; Sherstad; Skinner and Valle.

Staff: Kenny Pittman (786-7392).

Background:

A special sales tax on charges for furnishing lodging by a hotel, motel, trailer camp, or tourist court was first authorized in 1967 for King County to construct the Kingdome. The "hotel/motel tax" is imposed on lodging that is occupied a continuous period of less than 30 days. The authority to impose the hotel/motel tax has since been extended to all counties and most cities.

The basic hotel/motel tax is 2 percent and is credited against the state sales taxes that are imposed on hotel-motel room rental charges. Therefore, the total amount of tax paid by the consumer is not increased as a result of the basic hotel/motel tax.

The allowed uses of the hotel/motel tax revenue have been expanded to include construction and operation of stadiums, convention center facilities, performing arts facilities, visual arts center facilities, and the promotion of tourism. Some jurisdictions have special authorization to use the revenue for particular purposes, such as tall ship tourist attractions, ocean beach boardwalks, and public restrooms.

In recent years, the Legislature has authorized additional state and local option hotel/motel taxes and has significantly expanded the uses of revenues. The newer local option taxes are not credited against the state tax rate. These taxes increase the total amount paid by the consumer for the lodging. The rates of the additional taxes range from 2 percent to 7 percent. Bellevue, Seattle, Pierce County and its cities, and Yakima County and its cities are among the jurisdictions that have this additional taxing authority.

Summary of Bill:

Hotel/Motel Tax -- Convention and Trade Center Facility

The city of Seattle is authorized to impose a 2 percent hotel/motel tax on lodging with 60 or more units after January 1, 2000. The tax is credited against the state sales tax rate. The tax revenue must be used to pay all or part of the cost associated with: (1) financing, designing, acquiring, constructing, equipping, operating, maintaining, and reequipping of the state convention and trade center facilities; (2) acquisition, construction, and relocation costs of replacement housing; and (3) repayment of loans and advances from the state.

The state's portion of the retail sales and use tax on construction activities at the state trade and convention center is deposited in the state trade and convention center account.

Hotel/Motel Taxes -- Other

Authority is extended to counties with a population between 500,000 and one million, within which is located a national park, to impose up to a 5 percent hotel/motel tax. The tax is not credited against the state sales tax rate. The tax revenue must be used as follows: (1) At least 2 percent for visitor and convention promotion and development; and (2) At least 3 percent for the acquisition, construction, expansion, marketing, management, and financing of convention facilities and facilities that support major tourism destination attractions that serve 1 million or more visitors a year.

Authority is extended to counties with a population of less than one million to impose a 3 percent hotel/motel tax. This option is not available to counties that have imposed the basic 2 percent hotel/motel tax. The tax is not credited against the state sales tax

rate. A county may not impose the tax until cities containing at least 50 percent of the total incorporated population have imposed the tax. The county must allow a 100 percent credit against the county tax if a city also imposes the tax. The tax revenue must be used to pay all or part of the costs associated with stadium facilities, convention center facilities, performing arts center facilities, visual arts center facilities, or tourism promotion.

Authority is extended to all counties and cities to continue imposing up to a 2 percent hotel/motel tax. The tax is not credited against the state sales tax rate. The tax revenue must be used to retire revenue or general obligation bonds issued at any time to finance museums, performing arts and visual arts facilities, convention facilities, public stadiums, and tourism promotion.

Fiscal Note: Requested on March 31, 1995.

Effective Date of Bill: The bill contains an emergency clause and takes effect immediately.

Testimony For: (Original Bill) Tourism through conventions are great for the local economy. We have an opportunity to expand the State Trade and Convention Center to take advantage of future events. The expansion project would position the center as a mid-size facility and keep up with demand. Other convention facilities in the state need the opportunity to expand to meet increased demand.

Testimony Against: (Original Bill) The expansion of the State Trade and Convention Center in Seattle would have a negative impact on the neighborhood. Expansion by other major institutions in the area have already resulted in a loss of over 450 residential units. We want the neighborhood to remain a place that people can live in and not be turned into an area only used during the day.

Testified: (Pro) Senator Gene Prince, Sponsor; Nancy Watkins, Tacoma-Pierce County Visitor & Convention Bureau; Mary Pearson, city of Seattle; Laren Reed, city of Bellevue; Dick Zais, city of Yakima; Kathy Coffey, Yakima Convention Center and Visitor Bureau; John Christianson and Frank Finneran, Washington State Trade and Convention Center. (Con) John Dolan and Deborah Gibby, First Hill Community Council; and Jon Gould, Seattle Tenants Union.