

# HOUSE BILL REPORT

## ESSB 5943

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### As Reported By House Committee On:

Trade & Economic Development

**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].

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## 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:

#### State Trade and Convention Center

The Washington State Convention and Trade Center (WSCTC) is a public nonprofit corporation created by the Legislature in 1982. The purpose of the WSCTC is to operate a nationally competitive convention and trade facility in the city of Seattle. The construction of the WSCTC was financed by general obligation bonds. The repayment of the bonds is through a sales tax on lodging in King County. The rate is 7 percent in the city of Seattle and 2.8 percent in the remainder of King County. In fiscal year 1999, the rate is reduced to 6 percent in Seattle and to 2.4 percent in the remainder of King County. The tax only applies to premises with 60 or more lodging units.

#### Public Stadiums and Convention Facilities

The Legislature has authorized counties and cities to impose a tax on charges for furnishing lodging by a hotel, motel, trailer camp, or tourist court for a continuous period of less than one month (hotel/motel tax). The moneys from the hotel/motel tax must be used to retire revenue or general obligation bonds issued by the local government to finance public stadiums, convention facilities, performing arts facilities, visual arts facilities, and tourism promotion. The hotel/motel tax is imposed at the county level, but a county may allow a city to impose the tax on its behalf within its boundaries.

### **Summary of Amended Bill:**

#### State Trade and Convention Center

The city of Seattle is authorized to impose a 2 percent local sales tax on charges for furnishing lodging by a hotel, motel, trailer camp, or tourist court with 60 or more lodging units. The tax is effective after January 1, 2000, and remains in effect until the bonds are retired. The tax is a credit against the state's portion of the sales tax.

Moneys received from the tax must be used to pay all or part of the cost associated with: (1) financing, design, acquisition, construction, equipping, operating, maintaining, and reequipping of the convention 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.

#### Public Stadiums and Convention Facilities

Counties with a population between 500,000 and one million are authorized to impose a special excise tax up to 5 percent of the charge for furnishing lodging by a hotel, motel, trailer camp, or tourist court. The moneys received from the tax 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 one million or more visitors a year.

Counties and cities are authorized to continue imposing a special excise tax up to 2 percent of the charge for furnishing lodging by a hotel, motel, trailer camp, or tourist court. The moneys 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.

**Amended Bill Compared to Engrossed Substitute Bill:** The amendment deletes the county and city authorization to impose an additional voter approved one-tenth of one percent (0.1 percent) sales and use tax to be used for funding stadium facilities, convention center facilities, performing arts center facilities, visual arts center facilities, and a major league baseball stadium. The city of Seattle is authorized to impose a 2 percent local hotel and motel tax for State Trade and Convention Center expansion that is effective after January 1, 2000.

Counties with a population between 500,000 and one million are authorized to impose a 5 percent local hotel and motel tax for visitor promotion, acquisition, construction, financing of convention facilities and facilities to support major tourism destination attractions that serve one million or more visitors a year.

Any county or city may continue to impose the 2 percent local hotel and motel tax to retire bonds issued at any time for public stadiums, convention centers, performing arts and visual arts facilities.

**Appropriation:** None.

**Fiscal Note:** Requested on March 31, 1995.

**Effective Date of Amended 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.