

# FINAL BILL REPORT

## SHB 1669

---

---

C 290 L 95

Synopsis as Enacted

**Brief Description:** Extending hotel/motel tax authorization for tourist promotional structures to cities wholly located on an island.

**Sponsors:** House Committee on Finance (originally sponsored by Representatives Beeksma, Sehlin, Quall, Hargrove, Hymes and Costa).

**House Committee on Finance**

**Senate Committee on Government Operations**

**Background:** A special sales tax on hotel/motel room rentals was first authorized in 1967 for King County to build the Kingdome. The rate was 2 percent and was levied on sales of lodging by hotels, rooming houses, tourist courts, motels, and trailer camps throughout the county. The Legislature allowed the tax to be credited against the state sales tax rate. The 1973 Legislature extended this taxing authority to all cities and counties and expanded the uses to include convention centers as well as sports facilities. The uses have since been expanded to provide financing for a variety of facilities and programs, including the construction and operation of stadiums, convention center facilities, performing arts facilities, visual arts center facilities, and promoting tourism. Some jurisdictions have special authorizations to use the revenue for particular purposes, such as tall ship tourist attractions, ocean beach boardwalks, and public restrooms.

The basic hotel/motel tax is a credit 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.

In recent years, the Legislature has authorized additional state and local option hotel/motel taxes. The newer local option taxes are not credited against the state sales tax rate. Therefore, these taxes increase the total amount of tax paid by the consumer.

**Summary:** For a city bordering on the Skagit River with a population of not less than 20,000, or a city within a county made up entirely of islands, basic hotel/motel tax revenues may be used for the acquisition, construction or operation of publicly-owned tourist promotional infrastructures, structures and buildings. The examples of such infrastructures are expanded to include public docks and viewing towers.

For cities located on the San Juan Islands and the county in which they are located, allowable uses of basic hotel/motel tax revenue include various facilities for the use of tourists.

Any city or county may use hotel/motel tax revenues for the purpose of funding a civic festival, under certain circumstances.

**Votes on Final Passage:**

House	98	0	
Senate	48	0	(Senate amended)
House	94	2	(House concurred)

**Effective:** July 23, 1995