

# HOUSE BILL REPORT

## HB 2892

---

---

### As Reported By House Committee On:

Trade & Economic Development

**Title:** An act relating to optional county funding for the state convention and trade center.

**Brief Description:** Providing for optional county funding for the state convention and trade center.

**Sponsors:** Representatives Van Luven, Ogden and Ballasiotes.

### Brief History:

#### Committee Activity:

Trade & Economic Development: 1/29/96, 2/1/96 [DPS].

---

## HOUSE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 12 members: Representatives Van Luven, Chairman; Radcliff, Vice Chairman; D. Schmidt, Vice Chairman; Sheldon, Ranking Minority Member; Veloria, Assistant Ranking Minority Member; Backlund; Ballasiotes; Hatfield; Mason; Sherstad; Skinner and Valle.

**Minority Report:** Do not pass. Signed by 1 member: Representative Hickel.

**Staff:** Kenny Pittman (786-7392).

**Background:** The state-shared hotel/motel tax program allows counties and cities to impose a 2 percent tax on charges for lodging at hotels, motels, and similar facilities for continuous periods of less than one month. The 2 percent tax is deducted from the state retail sales tax so that the tax is not an additional tax for the customer, but represents sharing of the state sales tax with counties and cities.

Any county ordinance or resolution concerning the imposition of the state-shared hotel/motel tax on a county-wide basis must contain a provision to allow a credit against the county tax for the full amount of any tax imposed by a city. This provision precludes both the city and county tax from applying the tax to the same lodging transaction.

A county may continue levying the tax when a city also levies the tax, if the county prior to June 26, 1975, had pledged the tax proceeds to payment of principal and interest on revenue or general obligation bonds issued by a city or by the county. Additional cities in these counties are prohibited from levying the tax until the county bonds are retired. Thus, Seattle and other cities in King County have to wait until the year 2012, when the Kingdome bonds are retired, to levy the 2 percent tax under the state-shared hotel/motel tax program.

The proceeds from the state-shared hotel/motel tax may be used to (1) acquire, construct or operate stadiums, convention centers, or performing or visual arts facilities; (2) promote local or regional tourism activities; and (3) support fairs, festivals, and the cultural arts.

**Summary of Substitute Bill:** A county that pays \$7.5 million to the state convention and trade center to support part of the costs of expansion of the state convention and trade center is not required to allow cities a credit against the county tax under the state-shared hotel/motel tax program. The payment must be made by June 30, 1997. Cities would not be able to levy the state-shared hotel/motel tax until all certificates of participation or bonds or refund bonds issued by the state or city to finance the expansion of the state convention and trade center are paid in full.

**Substitute Bill Compared to Original Bill:** The substitute bill allows the state-shared hotel/motel tax prohibition on cities until bonds issued by the state or county are paid in full. Revenue from the state-shared hotel/motel tax can be used to pay for refund bonds issued to finance the expansion of the state convention and trade center.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** Expansion of the state convention and trade center is important. It will not proceed until all funding is secured. This approach will allow King County to pay a share toward expansion of the trade and convention center.

**Testimony Against:** None.

**Testified:** (Pro) Jim Christensen, Washington State Convention and Trade Center and Becky Bogard.