

SENATE BILL REPORT

ESSB 6241

As Passed Senate, February 5, 1996

Title: An act relating to hotel and motel taxes in certain cities and towns.

Brief Description: Allowing certain cities and towns to maintain lodging taxes for tourism promotion and convention facilities.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Sellar and Snyder).

Brief History:

Committee Activity: Ways & Means: 1/23/96, 1/24/96 [DPS].
Passed Senate, 2/5/96, 48-0.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6241 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rinehart, Chair; Loveland, Vice Chair; Bauer, Cantu, Drew, Fraser, Hargrove, Johnson, Long, McDonald, Moyer, Roach, Sheldon, Spanel, West and Winsley.

Staff: David Schumacher (786-7715)

Background: Cities and counties are authorized to levy up to a 2 percent special excise tax on the furnishing of lodging by hotels and motels, known as the "state shared" hotel motel tax. The revenues from this tax may be used to help finance stadium facilities, convention center facilities, performing arts center facilities, and visual arts center facilities or to secure the payment of bonds issued for these purposes. The city tax is credited against the county tax and both the city and county taxes are credited against the state tax.

In addition, specific excise taxes are also authorized for various cities and counties for various specified purposes. These "special" hotel motel taxes are in addition to state and local taxes.

Summary of Bill: The legislative body of any town with a population of at least 325, but less than 550, in a county that borders the northeastern slope of the Cascade mountains with a population of at least 36,000 but less than 42,000 may levy an additional excise tax of up to 3 percent on the furnishing of lodging. Moneys collected from this tax may be used only for the purpose of tourism promotion. This tax is in addition to state and local sales taxes. Based on current population, the city of Winthrop in Okanogan County is eligible to impose this tax.

A city with a population between 10,000 and 25,000 in a county with population greater than 75,000, in which county is located a national monument, is allowed to use the proceeds from

the 2 percent "state shared" hotel/motel tax for street banners to attract and welcome tourists. Based on current population, Kelso is eligible to impose this tax.

A city with population between 45,000 and 60,000 in a county with a population between 100,000 and 145,000 is allowed to levy an "additional" 2 percent hotel/motel tax for the purpose of constructing and operating a convention center. Based on current population, Kennewick is eligible to impose this tax.

A city with population between 500 and 1,000 in a county with a population between 80,000 and 115,000 is allowed to levy an additional 2 percent hotel/motel tax for the purpose of construction and operating a performing and visual arts center. Based on current population, La Conner is eligible to impose this tax.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: None.

Testimony Against: None.

Testified: Jim Justin, Association of Washington Cities (pro).

House Amendment(s): The House amendment allows cities with populations between 30,000 (rather than 45,000) and 60,000 in a county with population between 100,000 and 145,000 to impose an additional 2 percent hotel motel tax for constructing and operating a convention center. Based on current population estimates, this would add the city of Richland.

It also states that any city (not just a specifically defined city) may use the 2 percent state credited hotel motel tax for street banners that promote tourism.