

March 27, 1997

BILL ANALYSIS

TO: Members, Committee on Trade and Economic Development

FROM: Kenny Pittman, Research Analyst (786-7392)

RE: **SSB 5867 - Allowing special excise taxes in certain cities and towns for tourism promotion.**

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, visual arts center facilities or to secure the payment of bonds issued for these facilities, and tourism promotion activities. The city tax is credited against the county tax, and both the city and county taxes are credited against the state's 6.5 percent sales tax.

In addition, specific excise taxes are also authorized for various cities and counties for various, specific purposes. These special hotel-motel taxes are in addition to state and local taxes and are not credited against the state's 6.5 percent sales tax.

SUMMARY:

The legislative body of a town with a population of between 1,000 and 1,400 that is in a county composed entirely of an island or that is east of the Cascade mountains with boundaries lying in three counties may levy an additional excise tax up to 3 percent on the furnishing of lodging. The tax is not credited against the state's 6.5 percent sales tax. The proceeds from the tax may only be used for tourism promotion.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in

which bill is passed.