

SENATE BILL REPORT

SHB 1669

As Reported By Senate Committee On:
Government Operations, March 22, 1995

Title: An act relating to the use of hotel, motel, and related businesses tax receipts for tourist promotional structures.

Brief Description: Extending hotel/motel tax authorization for tourist promotional structures in cities located in counties composed of islands.

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

Brief History:

Committee Activity: Government Operations: 3/21/95, 3/22/95 [DPA].

SENATE COMMITTEE ON GOVERNMENT OPERATIONS

Majority Report: Do pass as amended.

Signed by Senators Haugen, Chair; Hale, McCaslin and Winsley.

Staff: Diane Smith (786-7410)

Background: Cities and counties may levy up to a 2 percent local option special excise tax on the rental of hotel and motel rooms. This 2 percent tax is credited against the state sales tax rate of 6.5 percent. If a city imposes this tax, the full amount is credited against any county tax. The uses to which the proceeds of this tax may be put include the provision of stadiums, convention centers, performing arts centers, visual arts centers, attracting visitors and expanding tourism. Other civic improvements may be funded by this tax under specific circumstances. One of these circumstances is cities with populations of at least 1,000 located on one of the San Juan Islands or the county within which such a city is located. Such a city or county may use the tax to provide for publicly owned facilities for an annual county fair that lasts no longer than seven days or to mitigate the impacts of tourism.

In recent years, the Legislature has authorized additional 2 percent and 3 percent local option hotel/motel taxes which are not credited against the state sales tax rate. Bellevue, Pierce County and its cities, certain cities and counties bordering the Pacific Ocean, and Yakima County and its cities have this additional taxing authority for a variety of purposes.

Three taxes are combined to form a special fund for the county or city that levies them. These taxes are the basic, 2 percent local option hotel/motel tax which is credited against state sales tax and two 3 percent local option hotel/motel taxes which are not credited against the state sales tax and the proceeds of which are not directly dedicated to specific purposes by their authorizing statutes.

Summary of Amended Bill: The mitigation of tourism is defined to include various facilities for the use of tourists.

The authority to use the special hotel/motel excise tax fund for the funding of specific events, festivals and promotional infrastructures is extended to the acquisition, construction or operation of publicly-owned tourist promotional infrastructures, structures and buildings for a city wholly located on an island, a city bordering on the Skagit River of not less than 20,000 population, and any city with a population of not less than 10,000 within a county made up entirely of islands. The examples of such infrastructures are expanded from ocean beach boardwalks to include public docks and viewing towers.

The authority to use the special hotel/motel excise tax fund is also expanded to any city or county for the purpose of funding a civic festival under certain circumstances.

Amended Bill Compared to Original Bill: The original bill included only the authorization for a city wholly located on an island to use the hotel/motel tax for the acquisition, construction, maintenance and operation of publicly owned tourist promotional infrastructures, structures and buildings such as public docks and viewing towers.

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: No one.