

SENATE BILL REPORT

SB 5673

As of February 17, 1995

Title: An act relating to permitting special excise taxes on lodgings to be used for festival purposes.

Brief Description: Permitting special excise taxes on lodgings to be used for festival purposes.

Sponsors: Senators A. Anderson, Spanel and Sellar.

Brief History:

Committee Activity: Government Operations: 2/21/95.

SENATE COMMITTEE ON GOVERNMENT OPERATIONS

Staff: Diane Smith (786-7410)

Background: Cities and counties may levy a 2 percent local option special excise tax on the rental of hotel and motel rooms for specified purposes, under certain conditions. Jurisdictions imposing the tax may credit the rate against the state sales tax rate of 6.5 percent.

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.

These taxes may only be levied for certain, specified purposes. These purposes include the acquisition, construction and operation of stadium, convention center and performing arts facilities and visual arts centers; tourist expansion; a movable tall ship attraction; a steam railway; festivals; promotional infrastructure such as an ocean beach boardwalk; and public restrooms. Some of these purposes are further limited and may only be pursued by cities and counties which meet certain, specified criteria.

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

Appropriation: None.

Fiscal Note: Not requested.

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