

# HOUSE BILL REPORT

## HB 2246

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### As Reported By House Committee On:

Finance

**Title:** An act relating to lodging tax advisory committees.

**Brief Description:** Defining membership requirements and procedures for lodging tax advisory committees.

**Sponsors:** Representatives Thomas and Dunshee.

### Brief History:

#### Committee Activity:

Finance: 3/4/99, 3/8/99 [DP].

#### Brief Summary of Bill

- Membership requirements for lodging tax advisory committees are modified.
- All lodging tax advisory committees must meet the statutory membership requirements, including committees created voluntarily by small municipalities.

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### HOUSE COMMITTEE ON FINANCE

**Majority Report:** Do pass. Signed by 12 members: Representatives Dunshee, Democratic Co-Chair; Thomas, Republican Co-Chair; Carrell, Republican Vice Chair; Reardon, Democratic Vice Chair; Cairnes; Conway; Cox; Dickerson; Pennington; Santos; Van Luven and Veloria.

**Staff:** Bob Longman (786-7139).

#### Background:

A "lodging" or "hotel-motel" tax is a special sales tax on lodging rentals by hotels, motels, rooming houses, private campgrounds, RV parks, and similar facilities. Lodging taxes may be imposed by most municipalities (counties, cities, and towns) at

a maximum rate of 4 percent with 2 percent credited against the state sales tax. There are several exceptions to this rate structure.

Lodging taxes were significantly revised in 1997. One of the revisions requires most municipalities to create a lodging tax advisory committee before imposing a new lodging tax or increasing the rate of an existing lodging tax. If a municipality proposes new lodging taxes, lodging taxes increases, or changes in the use of lodging tax revenue, the proposal must be submitted to the advisory committee 45 days before final action on the proposal.

A lodging tax advisory committee must have at least five members: two persons representing lodging businesses; two persons involved in activities funded by lodging tax revenue; and an elected official as chair. Advisory committees may have more than five members, as long as the number of members representing lodging businesses equals the number of members involved in funded activities. A person who both represents a lodging business and is involved in funded activities is not eligible for appointment.

Municipalities with a population of 5,000 or less are exempt from the lodging tax advisory committee requirement.

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**Summary of Bill:**

A person who represents lodging businesses is eligible for appointment to a lodging tax advisory committee as a business representative, even though the person is also involved in activities funded by lodging tax revenue.

The elected official who serves as the chair of a lodging tax advisory committee must be an elected official of the municipality that imposes the lodging tax.

If a municipality with a population of less than 5,000 chooses to create a lodging committee, the committee must be composed according to the requirements applicable to larger municipalities.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** This bill was worked out with interested parties and makes small adjustments that clarify the original intent. It will help small cities find eligible members for their advisory committees.

**Testimony Against:** None.

**Testified:** Representative Thomas, prime sponsor; Becky Bogard, Washington State Hotel Association; and Ron Rosenbloom, Association of Washington Cities.