
Local Government Committee

BILL ANALYSIS ESSB 6732

TITLE OF THE BILL: *Clarifying the definition of tourism-related facility.*

Brief Summary:

- Specifies 1997 changes to eligibility of projects under the hotel/motel tax law did not disallow uses or purposes authorized by 1994 legislation if those uses or purposes were proposed by local governments by May 20, 1997 (did not have to be implemented by that date).

SPONSORS: Senate Committee on State & Local Government (originally sponsored by Senators Spanel, Haugen and Sellar).

HEARING DATE: Wednesday, February 23, 2000.

EFFECTIVE DATE: Ninety days after adjournment of session in which bill is passed.

FISCAL NOTE: Not requested.

ANALYSIS PREPARED BY: Scott MacColl (786-7106).

BACKGROUND:

Cities and counties are authorized to impose sales tax on lodging up to the lesser of 4 percent, or a rate that when combined with other hotel/motel, convention center, and state and local sales taxes, equals 12 percent. Some rates are higher than 12 percent, due to exceptions to the rule. The first 2 percent is credited against the state sales tax and the city tax is credited against the county tax. Tax revenue may be used only for the purpose of paying all or part of the costs of tourism promotion, acquisition of tourism-related facilities, or operation of tourism related facilities.

The 1997 act altered the allowable uses for the tax proceeds, and added a definition of tourism-related facilities—, which means real or tangible personal property with a usable life of three or more years, or constructed with volunteer labor, and used to support tourism, performing arts, or

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to accommodate tourist activities.

SUMMARY:

Local governments that had proposed uses prior to May 20, 1997 for the 1994 hotel/motel tax proceeds, but had not implemented them prior to the restriction in uses in the 1997 act, are permitted to use proceeds for those uses.