

SENATE BILL REPORT

ESSB 6732

As Passed Senate, February 10, 2000

Title: An act relating to tourism-related facilities.

Brief Description: Clarifying the definition of "tourism-related facility."

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

Brief History:

Committee Activity: State & Local Government: 1/31/2000, 2/3/2000 [DPS].
Passed Senate, 2/10/2000, 45-0.

SENATE COMMITTEE ON STATE & LOCAL GOVERNMENT

Majority Report: That Substitute Senate Bill No. 6732 be substituted therefor, and the substitute bill do pass.

Signed by Senators Patterson, Chair; Gardner, Vice Chair; Haugen, Horn, Kline and McCaslin.

Staff: Diane Smith (786-7410)

Background: In general, cities and counties may impose taxes on the sale of 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. The first 2 percent is credited against the state sales tax and the city tax is credited against the county tax. Because of exceptions to the general rule, some combined rates exceed 12 percent.

The revenue from the proceeds of the tax may be used only for the purpose of paying all or part of the cost of tourism promotion, acquisition of tourism-related facilities, or operation of tourism-related facilities.

The term tourism-related facilities— is defined in the hotel/motel tax law to mean 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 to accommodate tourist activities.

The eligibility of projects for funding by the tax was changed in 1997 to its present definition. Conflict has arisen since then between local jurisdictions and state auditors as to precisely what projects may be funded by the tax proceeds. For example, from 1994 until the effective date of the 1997 act, any county made up entirely of islands and any city with a population less than 5,000 could use the proceeds of the tax to provide public restroom facilities available to and intended for use by visitors.

Summary of Bill: Uses for the proceeds of the hotel/motel tax that were permitted under the 1994 act are allowed after the changes of the 1997 act as long as the use or purpose was proposed by the local government but not implemented by May 20, 1997.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: During the 1997 rewrite of the hotel/motel tax law, this usage was guaranteed to be preserved. It has not been because of auditor opinions. In that sense, this bill is just a technical clean-up measure.

The case of the San Juan Islands is unique because of the huge flood of tourists that overburden the sewage system.

Testimony Against: Expansion of uses available for this fix is a temptation to local governments to raid the fund for general government purposes.

Testified: Joe Daniels, San Juan County (pro); Becky Bogard, WSHMA/WACVB (con); Elizabeth Bolian, SW King County Lodging Assoc. (con).