

SENATE BILL REPORT

SHB 2229

As of February 19, 2014

Title: An act relating to long-term funding for a state tourism marketing program.

Brief Description: Concerning long-term funding for a state tourism marketing program.

Sponsors: House Committee on Community Development, Housing & Tribal Affairs (originally sponsored by Representatives Morris, Smith, Appleton, Haler, Moscoso, Tarleton, Roberts, Ryu, Habib and Bergquist).

Brief History: Passed House: 2/17/14, 88-8.

Committee Activity: Trade & Economic Development: 2/27/14.

SENATE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Staff: Edward Redmond (786-7471)

Background: According to the 2012 report by the Washington Council on International Trade and the Trade Development Alliance of Greater Seattle entitled "An International Competitiveness Strategy for Washington State," approximately 500,000 international tourists travel to Washington State annually. In 2010 Washington State posted a 32 percent increase over 2009 overseas visitor volumes, which was the largest increase in the nation and accounted for an estimated \$15.2 billion of traveler spending in the state. The report found that the growth is led by visitors from Europe, Japan, and increasingly from China, which respectively accounted for approximately 40,000 visitors in 2011.

Prior to 2011, the Washington State Tourism Commission (Commission) was responsible for expanding the tourism industry throughout the state and worked in collaboration with the public and private tourism development organizations to carry out its mandate. The Commission had an operating budget of approximately \$4.5 million; however, due to budgetary constraints, the Legislature defunded the state's tourism office in 2011. Washington is currently the only state in the nation without a state-funded tourism office.

The Washington Tourism Alliance (WTA) was formed by industry representatives in response to the closure of the state's tourism office. Since formation, assets from the state's tourism office including the call center, state visitor's guide, and website have been transferred to WTA and membership has increased to over 440 members. Currently WTA operates with an annual budget of approximately \$427,000.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Summary of Bill: Numerous legislative findings concerning the impacts of tourism to Washington State are outlined. Specifically, the Legislature finds that tourism represents the fourth-largest export industry in Washington State, employing more than 153,000 individuals and contributing significantly to state and local tax revenues. The Legislature also finds that competition from other states and provinces caused Washington State tourism to fall below the national average. Identifying a long-term, significant source of funding dedicated to a state tourism marketing program is therefore proposed as a means to rectify this trend.

An initial budget of \$7.5 million has been determined by WTA as a reasonable amount to implement a state tourism marketing program. The following five major sectors from the tourism industry were selected for initial collection of funds allocated pro rata: lodging, \$2.4 million; food service, \$2.1 million; attractions and entertainment, \$975,000; retail, \$1.425 million; and transportation, \$600,000.

The Department of Revenue, Department of Commerce, State Treasurer's Office, and Secretary of State must work with WTA to develop a method for collecting tourism funds from the industry.

WTA must submit a report to the appropriate committees of the Legislature by December 1, 2014. The report must detail how such funds are collected and the safeguards devised to ensure that the funds are used only by WTA for the state tourism marketing program, which includes its administration. The report must also identify other tourism sectors, businesses, and government entities that are part of the tourism industry which could provide additional resources to the program.

WTA must establish a governance structure that includes a board with a majority of its members selected from the initial five tourism sectors. Representatives from destination marketing organizations must also be included on the board. The governance structure must determine appropriate uses of the collected funds and a method for reporting on the effectiveness of the program.

A method for terminating the collection of funds if the board determines that the funds are not being used appropriately must also be included in the report.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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