

HOUSE BILL REPORT

SSB 5301

*As Passed House
April 18, 1991*

Title: An act relating to public facilities.

Brief Description: Authorizing certain cities and counties bordering the Pacific Ocean to levy a special excise tax to provide funding for public facilities.

Sponsor(s): Senate Committee on Governmental Operations (originally sponsored by Senators Snyder and Conner).

Brief History:

Reported by House Committee on:
Local Government, April 3, 1991, DP;
Revenue, April 6, 1991, DP;
Passed House, April 18, 1991, 77-20.

**HOUSE COMMITTEE ON
LOCAL GOVERNMENT**

Majority Report: *Do pass.* Signed by 14 members: Representatives Haugen, Chair; Cooper, Vice Chair; Ferguson, Ranking Minority Member; Mitchell, Assistant Ranking Minority Member; Bray; Edmondson; Franklin; Horn; Nealey; Nelson; Rayburn; Wood; Wynne; and Zellinsky.

Staff: Steve Lundin (786-7127).

**HOUSE COMMITTEE ON
REVENUE**

Majority Report: *Do pass.* Signed by 15 members: Representatives Wang, Chair; Fraser, Vice Chair; Holland, Ranking Minority Member; Wynne, Assistant Ranking Minority Member; Appelwick; Belcher; Brumsickle; Day; Leonard; Morris; Morton; Phillips; Rust; Silver; and Van Luven.

Staff: Robin Appleford (786-7093).

Background: Legislation has been enacted authorizing a variety of local governments to impose taxes on hotel or motel room rental charges to finance a variety of programs or facilities. These taxes are in addition to the state and

local sales and use taxes that are imposed on hotel or motel room rental charges.

The hotel/motel room rental excise taxes are as follows:

- **Every county, city and town** is authorized to impose a hotel/motel room rental excise tax of up to 2 percent to finance a variety of facilities and programs, including the construction and operation of stadiums, convention center facilities, performing arts facilities, and visual arts center facilities, refurbishing and operating a steam railway for tourism purposes, and promoting tourism. This tax is a credit against the state sales and use taxes that are imposed on hotel/motel room rental charges.
- By a somewhat general description, **Bellevue** is authorized to impose a hotel/motel room rental excise tax of up to 3 percent to finance a convention and trade center.
- **Pierce County** is authorized to impose a hotel/motel room rental excise tax of up to 2 percent to finance visitor and convention promotion and development purposes.
- **Pierce County** is authorized to impose a hotel/motel room rental excise tax of up to 3 percent to finance the construction and operation of an indoor aquatic facility.
- A public facility district that is created in a county with a population of 300,000 or more, that is located at least 100 miles from a state convention center, i.e. **Spokane County**, is authorized to impose a hotel/motel room rental excise tax of up to 2 percent to finance the construction and operation of convention, sports, entertainment, trade, and related facilities.
- **Thurston County** is authorized to impose a hotel/motel room rental excise tax of up to 3 percent to finance the construction and operation of an Olympic academy facility.
- By a somewhat general description, **Yakima County** and the cities and towns in Yakima County, are authorized to impose a hotel/motel room rental excise tax of up to 2 percent to finance stadiums, convention centers, performing arts facilities, and visual arts facilities, and for advertising and publicizing for the promotion of tourism.
- **Ocean Shores** is authorized to impose a hotel/motel room rental excise tax of up to 3 percent to finance anything.

- o The **State** imposes hotel/motel room rental excise taxes in **Seattle**, at a rate of 6 percent, and the **remainder of King County**, at a rate of 2.4 percent, to finance the state convention center. On January 1, 1993, the rates will increase to 7 percent in Seattle and 2.8 percent in the rest of King County.

Summary of Bill: The governing body of any city on San Juan Island or bordering the Pacific Ocean or the Straits of Georgia with a population of at least 1,000, and the county in which such city is located, may levy a special excise tax of up to 3 percent on hotel/motel room rental charges. This classification appears to include Pacific County, Long Beach, Grays Harbor County, Ocean Shores, Westport, San Juan County, Friday Harbor, Whatcom County, and Blaine. Receipts from this tax may be expended for the construction and operation of convention centers, performing arts centers, and visual arts facilities, and for promoting tourism. Any city tax is credited against the county tax so that the total tax rate cannot exceed 3 percent.

The similar tax that is granted expressly to Ocean Shores is repealed.

Any city on San Juan Island, or the county in which it is located, (i.e., Friday Harbor and San Juan County) may expend receipts from this new tax, and the original 2 percent hotel/motel room rental tax that is a credit against the state sales tax, for county fairs occurring no more frequently than once a year for seven days or to mitigate the impacts of tourism.

Fiscal Note: Available.

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

Testimony For: (Local Government) Given the current economic downturn in southwestern Washington, it would be of significant benefit to both employment and tourism if a multi-purpose joint convention center could be developed west of the downtown core of Long Beach. It would seat approximately 700 for conferences and conventions, and would have restaurant facilities. A roofed structure would be especially beneficial for events in the off season.

(Revenue) Long Beach would like to build a small convention center with the proceeds of the tax. The city has done a lot to help itself along, but has been adversely affected by the crisis in the timber industry. The city will be depending upon tourism to help revitalize the area, and will be assisted by this facility.

Testimony Against: (Local Government) None.

(Revenue) None.

Witnesses: (Local Government) (All pro): Senator Sid Snyder, Prime Sponsor; Jim Neva, city of Westport; Dick Sande, Pacific County Commissioner; Nabil Shawa, Pacific County Department of General Administration; David Glasson, city administrator, Long Beach; and Mayor Fred Rutherford, city of Long Beach.

(Revenue) Fred Rutherford, Mayor and David Glasson, City Administrator, Long Beach; Nabil Shawa and Dick Sande, Pacific County; Jim Neva and Michael Kitchel, Westport; and Becky Bogard, Washington State Hotel Motel Association (all in favor).