

HOUSE BILL REPORT

SB 6452

*As Passed House - Amended
March 6, 1992*

Title: An act relating to the allowed uses of the proceeds from the special excise tax on lodging.

Brief Description: Expanding the uses of the proceeds from the county or city special excise tax on lodging to include special event promotional infrastructures.

Sponsor(s): Senators Snyder and Conner.

Brief History:

Reported by House Committee on:
Revenue, February 27, 1992, DPA;
Passed House, March 6, 1992, 95-0.

**HOUSE COMMITTEE ON
REVENUE**

Majority Report: *Do pass as amended.* Signed by 14 members: Representatives Wang, Chair; Fraser, Vice Chair; Brumsickle, Ranking Minority Member; Wynne, Assistant Ranking Minority Member; Appelwick; Belcher; Carlson; Day; J. Kohl; Leonard; Morris; Morton; Rust; and Silver.

Staff: Robin Appleford (786-7093).

Background: Cities and counties may levy a 2.0 percent local option tax on the rental of hotel and motel rooms to pay for tourism promotion and for the costs of acquiring, constructing, maintaining and operating public stadium, convention center, performing arts, and visual arts facilities. Jurisdictions imposing the tax may credit the rate against the state sales tax rate of 6.5 percent.

In recent years, the Legislature has authorized additional local option hotel/motel taxes that are not credited against the state sales tax rate. Bellevue, Pierce County and its cities, certain cities and counties bordering the Pacific Ocean, and Yakima County and its cities have additional authority for a variety of purposes.

Summary of Bill: For cities bordering on the Pacific Ocean with a population greater than 1,000, and for counties in which such cities are located, the uses of the basic 2.0

percent local option hotel/motel tax are expanded to include funding of: 1) special events or festivals, or 2) promotional infrastructures, including an ocean beach boardwalk.

Fiscal Note: Requested February 21, 1992.

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

Testimony For: Long Beach would like to use proceeds of the hotel/motel tax for everything related to its festivals, and not be limited to festival promotion. Festivals like the annual kite festival bring tourists to the state.

Testimony Against: The Legislature has dramatically cut the state tourism budget. This bill will further dilute tourism dollars by opening up uses of the 2.0 percent tax to projects that don't promote tourism. Jurisdictions should look to the private sector to fund local festivals that don't bring new dollars into the state. The hospitality industry would be less opposed to the bill if it were redrafted to apply to the Ocean Shores and Long Beach areas, and not statewide.

Witnesses: Senator Sid Snyder, Prime Sponsor; Fred Rutherford and David Glasson, City of Long Beach; and Mim Heuss, Kathy Casnoff, and Ken Breidenbach, Washington Association of Convention and Visitor Bureaus (all in favor). Becky Bogard, Washington State Hotel/Motel Association (would support if amended to apply only to the Long Beach area).