

SENATE BILL REPORT

HB 2961

AS REPORTED BY COMMITTEE ON WAYS & MEANS, FEBRUARY 27, 1992

Brief Description: Providing for the disposition of proceeds of the Thurston county special excise tax.

SPONSORS: Representatives Fraser, Bowman, Belcher, Brumsickle and Sheldon

HOUSE COMMITTEE ON REVENUE

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators McDonald, Chairman; Craswell, Vice Chairman; Amondson, Bailey, Bauer, Bluechel, Cantu, Gaspard, Hayner, M. Kreidler, Metcalf, Murray, Newhouse, Rinehart, Saling, L. Smith, Talmadge, West, and Wojahn.

Staff: Terry Wilson (786-7715)

Hearing Dates: February 26, 1992; February 27, 1992

BACKGROUND:

Cities and counties may levy a 2 percent local option tax on the rental of hotel and motel rooms to pay 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 and has significantly expanded the uses of revenues. Bellevue, Pierce County and its cities, Ocean Shores, and Yakima County and its cities have additional local option authority. Uses of the basic 2 percent have also been expanded to include performing arts, visual arts, and tourism promotion.

The 1988 Legislature authorized Thurston County to levy a 3 percent additional hotel/motel tax to pay for the costs of siting, acquiring, constructing, and operating an Olympic Academy. In 1990, the Thurston County Superior Court declared the tax unconstitutional, and the county subsequently decided not to construct the Olympic Academy. Approximately \$210,000 remains of the taxes collected between imposition and invalidation of the tax.

SUMMARY:

Thurston County is authorized to use proceeds from the 3 percent hotel/motel tax for projects that attract visitors to or promote tourism in Thurston County, arts or cultural activities, historical activities, or park and recreational sites with historical significance.

Appropriation: none

Revenue: none

Fiscal Note: available

Effective Date: The contains an emergency clause and takes effect immediately.

TESTIMONY FOR:

The moneys should be used for the purposes it was originally intended. This bill frees up the moneys, keeps the moneys in the county, and supports tourism and the arts.

TESTIMONY AGAINST: None

TESTIFIED: Representative Fraser, prime sponsor; Becky Bogart, Washington State Hotel/Motel Association; Kathy Kasnoff, Greater Olympia Visitors and Convention Bureau; Lyndon Lengele, Tye Motel; James VanLeishout, Thomas G. Johnson, Puget Sound Theatre Ensemble; George Barner, Thurston County government