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**SUBSTITUTE SENATE BILL 5668**

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**State of Washington**

**58th Legislature**

**2003 Regular Session**

**By** Senate Committee on Economic Development (originally sponsored by Senators Sheahan, Shin, T. Sheldon, Hewitt, Reardon, Benton, Prentice, Schmidt, Hale and Winsley)

READ FIRST TIME 03/05/03.

1       AN ACT Relating to the use of hotel-motel taxes for tourism  
2       promotions; and amending RCW 67.28.080 and 67.28.1817.

3       BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4       **Sec. 1.** RCW 67.28.080 and 1997 c 452 s 2 are each amended to read  
5       as follows:

6       The definitions in this section apply throughout this chapter  
7       unless the context clearly requires otherwise.

8       (1) "Acquisition" includes, but is not limited to, siting,  
9       acquisition, design, construction, refurbishing, expansion, repair, and  
10       improvement, including paying or securing the payment of all or any  
11       portion of general obligation bonds, leases, revenue bonds, or other  
12       obligations issued or incurred for such purpose or purposes under this  
13       chapter.

14       (2) "Municipality" means any county, city or town of the state of  
15       Washington.

16       (3) "Operation" includes, but is not limited to, operation,  
17       management, and marketing.

18       (4) "Person" means the federal government or any agency thereof,

1 the state or any agency, subdivision, taxing district or municipal  
2 corporation thereof other than county, city or town, any private  
3 corporation, partnership, association, or individual.

4 (5) "Tourism" means economic activity resulting from tourists,  
5 which may include sales of overnight lodging, meals, tours, gifts, or  
6 souvenirs.

7 (6) "Tourism promotion" means activities and expenditures designed  
8 to increase tourism, including but not limited to advertising,  
9 publicizing, or otherwise distributing information for the purpose of  
10 attracting and welcoming tourists; developing strategies to expand  
11 tourism; operating tourism promotion agencies; and funding marketing of  
12 special events and festivals designed to attract tourists.

13 (7) "Tourism-related facility" means real or tangible personal  
14 property with a usable life of three or more years, or constructed with  
15 volunteer labor, and used to support tourism, performing arts, or to  
16 accommodate tourist activities. Only facilities primarily intended to  
17 attract tourists shall be eligible for funding under this chapter.

18 (8) "Tourist" means a person who travels from a place of residence  
19 to a different town, city, county, state, or country, for purposes of  
20 business, pleasure, recreation, education, arts, heritage, or culture.

21 **Sec. 2.** RCW 67.28.1817 and 1998 c 35 s 3 are each amended to read  
22 as follows:

23 (1) Any municipality that has imposed a tax under this chapter or  
24 before proposing imposition of a new tax under this chapter, an  
25 increase in the rate of a tax imposed under this chapter, repeal of an  
26 exemption from a tax imposed under this chapter, or a change in the use  
27 of revenue received under this chapter, a municipality ((with a  
28 population of five thousand or more)) where more than five thousand  
29 dollars were generated during the previous calendar year for the fund  
30 established under RCW 67.28.1815 shall establish a lodging tax  
31 ((advisory)) committee under this section. A lodging tax ((advisory))  
32 committee shall consist of ((at least five)) up to seven members,  
33 appointed by the legislative body of the municipality, unless the  
34 municipality has a charter providing for a different appointment  
35 authority. The committee membership shall ((include)) consist of the  
36 following: (a) ((At least two)) Up to three members who are  
37 representatives of businesses required to collect tax under this

1 chapter; ~~((and))~~ (b) ~~((at least two))~~ up to three members who are  
2 persons involved in activities authorized to be funded by revenue  
3 received under this chapter; and (c) one member who is an elected  
4 official of the municipality. The members of the committee shall  
5 select their chair. Persons who are eligible for appointment under (a)  
6 of this subsection are not eligible for appointment under (b) of this  
7 subsection. ~~((Persons who are eligible for appointment under (b) of~~  
8 ~~this subsection are not eligible for appointment under (a) of this~~  
9 ~~subsection.))~~ Organizations representing businesses required to  
10 collect tax under this chapter, organizations involved in activities  
11 authorized to be funded by revenue received under this chapter, and  
12 local agencies involved in tourism promotion may submit recommendations  
13 to the municipality for membership on the committee. The number of  
14 members who are representatives of businesses required to collect tax  
15 under this chapter shall equal the number of members who are involved  
16 in activities authorized to be funded by revenue received under this  
17 chapter. ~~((One member shall be an elected official of the municipality~~  
18 ~~who shall serve as chair of the committee. An advisory))~~ A committee  
19 for a county may include one nonvoting member who is an elected  
20 official of a city or town in the county. ~~((An advisory))~~ A committee  
21 for a city or town may include one nonvoting member who is an elected  
22 official of the county in which the city or town is located. The  
23 appointing authority shall review the membership of the advisory  
24 committee annually and make changes as appropriate.

25 (2) Any municipality that proposes imposition of a tax under this  
26 chapter, an increase in the rate of a tax imposed under this chapter,  
27 repeal of an exemption from a tax imposed under this chapter, or a  
28 change in the use of revenue received under this chapter ~~((shall))~~,  
29 including a change in the proportional allocation of funds, may submit  
30 the proposals to the lodging tax ~~((advisory))~~ committee for review  
31 ~~((and))~~, comment, and approval. ~~((The submission shall occur at least~~  
32 ~~forty five days before final action on or passage of the proposal by~~  
33 ~~the municipality.))~~ The ~~((advisory))~~ committee shall submit comments  
34 on the proposals, including recommendations for approval or rejection,  
35 in a timely manner after soliciting public comment through generally  
36 applicable public comment procedures. The comments shall include an  
37 analysis of the extent to which the proposal will accommodate  
38 activities for tourists or increase tourism, and the extent to which

1 the proposal will affect the long-term stability of the fund created  
2 under RCW 67.28.1815. (~~Failure of the advisory committee to submit~~  
3 ~~comments before final action on or passage of the proposal shall not~~  
4 ~~prevent the municipality from acting on the proposal. A municipality~~  
5 ~~is not required to submit an amended proposal to an advisory committee~~  
6 ~~under this section.)) A municipality may accept or reject proposals  
7 approved by the lodging tax committee, but shall not add to the  
8 approved proposal list, notwithstanding the municipality's ability to  
9 submit a proposal to the committee for review, comment, and approval.~~

10 (3) The lodging tax committee shall recommend the use of at least  
11 seventy-five percent of the funds generated every calendar year. Funds  
12 pledged on or after July 1, 2003, and not used within the seven years  
13 shall revert back to the fund. All expenditures including multiyear  
14 allocations from the fund for a project or proposal shall be reviewed  
15 by the lodging tax committee and submitted to the legislative authority  
16 of the municipality for their approval, except if an allocation is to  
17 secure financing or to retire debt for a tourist-related facility. The  
18 lodging tax committee shall meet annually or as often as the lodging  
19 tax committee deems appropriate.

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