

HOUSE BILL REPORT

HB 3035

As Reported by House Committee On:
Community & Economic Development & Trade

Title: An act relating to tourism promotion areas.

Brief Description: Regarding tourism promotion areas in large counties.

Sponsors: Representatives Jarrett, Rodne, Hunter, Eddy, Clibborn, Anderson and Sullivan.

Brief History:

Committee Activity:

Community & Economic Development & Trade: 1/30/08, 2/5/08 [DPS].

Brief Summary of Substitute Bill

- Allows three or more cities or towns located in a county with a population greater than one million that have entered into an inter-local agreement, to select one of the cities or towns to be the legislative authority for purpose of establishing a tourism promotion area.

HOUSE COMMITTEE ON COMMUNITY & ECONOMIC DEVELOPMENT & TRADE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Kenney, Chair; Pettigrew, Vice Chair; Bailey, Ranking Minority Member; McDonald, Assistant Ranking Minority Member; Chase, Darneille, Haler, Rolfes and Sullivan.

Staff: Meg Van Schoorl (786-7105).

Background:

Tourism promotion includes activities and expenditures designed to increase tourism and convention business. Activities include advertising, publicizing or distributing information in order to attract tourists, and operating tourism destination marketing organizations.

The establishment of tourism promotion areas was first authorized in 2003 within counties that have a population between 40,000 and one million. The process begins when an initiation petition is presented to the legislative authority having jurisdiction over the location of the

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proposed tourism promotion area. The initiation petition must describe the area's boundaries, the proposed uses and projects to which the revenues from the charge will be put, and the total estimated costs. The initiation petition must also estimate the rate for the charge, propose a breakdown by class of lodging businesses, and provide signatures of persons who operate lodging businesses in the proposed area who would pay 60 percent or more of the charges.

After receiving a valid initiation petition, the legislative authority must adopt a resolution of its intention to establish an area, and hold a public hearing. After that, the legislative authority may adopt an ordinance to establish a tourism promotion area. The legislative authority can impose a charge not to exceed \$2 per night on persons who are taxable under the retail sales tax. The legislative authority can create up to six different classifications for lodging businesses, depending upon the number of rooms, room revenue, and location. The charge applies only at lodging businesses having at least 40 rooms.

The lodging businesses collect the charges and remit them to the Department of Revenue which deposits the revenues into the Local Tourism Promotion Account (Account) in the State Treasury. The state treasurer distributes money in the Account on a monthly basis to the legislative authority on whose behalf the money was collected.

There is no provision for establishing a tourism promotion area in a county with a population greater than one million or smaller than 40,000.

Summary of Substitute Bill:

Three or more cities or towns located in a county with a population greater than one million that have entered into an inter-local agreement may select one of the cities or towns to be the legislative authority for the purpose of establishing a tourism promotion area.

Substitute Bill Compared to Original Bill:

The substitute bill deletes the provision allowing three or more cities in a county with a population of one million or more to establish a "legislative authority" for purposes of a tourism promotion area. The substitute bill replaces that provision by allowing selection of one of these cities as the tourism promotion area's legislative authority, if the cities have entered into an inter-local agreement to establish the area.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony:

(In support) Tourism is at the core of economic development for smaller cities. The 2003 tourism promotion area legislation has worked well throughout the state and has provided stable local funding for tourism. As a county with a population above one million, King County was excluded from the original legislation. Sixty-five stakeholder groups in rural and suburban King County would like to have the option to consider forming tourism promotion areas. This would be optional, not mandatory. Hoteliers would have to decide to initiate the petition. There are millions of dollars being invested in rural and suburban King County: land acquisition and conservation on the Mountain to Sound Greenway, a park above Rattlesnake Ridge, the Northwest Railway Museum and downtown revitalization in Snoqualmie, the Pratt River watershed, regional trailways, and Snoqualmie Falls. The one missing component is a robust promotional effort to get tourists to take advantage of the investments.

(Oppose) None.

Persons Testifying: Representative Jarrett, prime sponsor; Mayor Jim Pearman, City of Mercer Island; and Mayor Matt Larson, City of Snoqualmie.

Persons Signed In To Testify But Not Testifying: None.