

# SENATE BILL REPORT

## SB 5465

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As of February 6, 2023

**Title:** An act relating to increasing tourism to Washington state through enhancement of the statewide tourism marketing account and changing necessary match requirements.

**Brief Description:** Increasing tourism to Washington state through enhancement of the statewide tourism marketing account and changing necessary match requirements.

**Sponsors:** Senators Stanford, Dozier, Rolfes, Mullet, Van De Wege, Hunt, Lias, Lovelett, Saldaña, Shewmake, Short, Torres and Warnick.

**Brief History:**

**Committee Activity:** Business, Financial Services, Gaming & Trade: 1/24/23, 1/26/23 [DP-WM].

**Ways & Means:** 2/06/23.

**Brief Summary of Bill**

- Changes the matching funds requirement from two-to-one to one-to-one for expenditures from the Statewide Tourism Marketing Account (Account).
- Increases the amount that may be deposited into the Account to \$26 million per biennium from future revenue collections.

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### SENATE COMMITTEE ON BUSINESS, FINANCIAL SERVICES, GAMING & TRADE

**Majority Report:** Do pass and be referred to Committee on Ways & Means.

Signed by Senators Stanford, Chair; Frame, Vice Chair; Dozier, Ranking Member; Boehnke, Gildon, Hasegawa, Lovick, MacEwen and Mullet.

**Staff:** Kellee Gunn (786-7429)

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.*

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## SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Trevor Press (786-7446)

**Background:** The Legislature created the Washington Tourism Marketing Authority (Authority) in 2018 as a public entity to manage financial resources and contract for statewide tourism marketing services. The Authority is governed by a board of directors, with assistance from a nonvoting advisory committee.

Up to \$3 million from revenue per biennium from a 0.2 percent tax on retail sales of lodging, car rentals, and restaurants may be deposited into the Statewide Tourism Marketing Account (account). Money in the account can only be spent after appropriation. A match of two-to-one nonstate or state fund, other than general fund state, must be provided for all expenditures from the account. The account may be used for the operation of the Authority and the Statewide Tourism Marketing Program and for certain allowable expenses.

Allowable expenses include:

- entering into a contract for a multiple-year statewide tourism marketing plan with an existing statewide nonprofit organization, which must include focuses on:
  1. rural tourism-dependent counties;
  2. natural wonders and outdoor recreation opportunities of the state;
  3. attraction of international tourists;
  4. identification of local offerings for tourists;
  5. assistance for tourism areas adversely impacted by natural disasters;
- contracting for the evaluation of the impact of the statewide tourism marketing program; and
- administrative expenses of the Authority.

**Summary of Bill:** The match requirement for expenditures from the account is changed from two-to-one nonstate or state fund, other than general fund state, to one-to-one.

Future revenue collections into the Account are increased from \$3 to \$26 million per biennium.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

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

**Staff Summary of Public Testimony (Business, Financial Services, Gaming & Trade):**  
PRO: Washington State has a diverse tourism industry. Tourism is important, especially in

small and rural counties. The State Tourism Program has been successfully re-built with a combination of tourism industry cash and in-kind support and state general funds. This request for \$13 million per fiscal year would sustain these programs; without it they would be cut back as our 2023 operational budget drops 36% to \$5.9 million; and another 30% in 2024 to \$4.1 million. The average state tourism budget is \$23 million. In 2021, the Legislature appropriated the \$12 million to support this work. Those funds have been used to set up some programs. This is not a tax increase, just increasing amount that could be deposited into the account.

The impact on the hospitality industry from the pandemic has been terrible. The industry is still lagging behind other states. Supporting these marketing efforts will help the industry on its way to recovery. This bill is important to the wine industry. The goals of helping rural areas, and equity is supported. Tourism visits are turning flat. This investment now will bring people from all over the world to Washington's wine regions. Supporting this bill would support rural and underserved areas of the state and small businesses. Historically, we have relied on logging for our local economy and now tourism is one of our fastest growing sectors. Tourism is our future. Tourism is like importing taxpayers; tourism money provides jobs, funding for infrastructure, and financially supports the local economy.

**Persons Testifying (Business, Financial Services, Gaming & Trade):** PRO: Senator Derek Stanford, Prime Sponsor; David Blandford, State of Washington Tourism; Becky Bogard, State of Washington Tourism; Megan Ching, Seattle Center Monorail; Josh McDonald, Washington Wine Institute; Jeff Koffel, Tri County Economic Development District; Buck Taft, Port of Pasco; Julia Gorton, Washington Hospitality Association; Megan Ching, Puget Sound Attractions Council; Kevin Lewis, Visit Tri-Cities.

**Persons Signed In To Testify But Not Testifying (Business, Financial Services, Gaming & Trade):** No one.

**Staff Summary of Public Testimony (Ways & Means):** PRO: Rural communities depend on Washington Tourism's leadership. They have been a major contributor to their recovery from the height of the pandemic, and its aftermath. Their financial support must be increased to continue and expand their work. This bill will increase statewide tourism promotion funding without increasing or creating a new tax. This is a way to expand tax revenue sources and share the cost of infrastructure and business development with people who do not live here. Retailers would hire more employees, have increased sales, and pay more tax dollars. Washington's tourism program is the least funded in the western U.S. Without this funding, the program's budget will drop 60 percent in the next biennium.

**Persons Testifying (Ways & Means):** PRO: Sherrye Wyatt, Whidbey and Camano Islands Tourism; Kevin Lewis, Visit Tri-Cities; Josh McDonald, Washington Wine Institute; Mark Johnson, Washington Retail Association; David Blandford; Gabriel Neuman, GSBA; Julia Gorton, Washington Hospitality Association.

**Persons Signed In To Testify But Not Testifying (Ways & Means):** No one.