

HOUSE BILL REPORT

HB 1437

As Reported by House Committee On:
Technology, Economic Development, & Veterans

Title: An act relating to sustainable state tourism promotion.

Brief Description: Concerning sustainable state tourism promotion.

Sponsors: Representatives Walen, Ryu, Donaghy, Reed, Barkis, Paul, Nance, Bernbaum and Cortes.

Brief History:

Committee Activity:

Technology, Economic Development, & Veterans: 1/28/25, 2/4/25 [DPS].

Brief Summary of Substitute Bill

- Requires the chair of the Board of Directors of the Washington Tourism Marketing Authority to appoint an eight-member advisory group.
- Requires the advisory group to make recommendations for a self-supported assessment on business sectors of the tourism industry.

HOUSE COMMITTEE ON TECHNOLOGY, ECONOMIC DEVELOPMENT, & VETERANS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 12 members: Representatives Ryu, Chair; Kloba, Vice Chair; Barnard, Ranking Minority Member; Cortes, Donaghy, Keaton, Paul, Penner, Shavers, Simmons, Thomas and Waters.

Staff: Martha Wehling (786-7067).

Background:

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.

The Washington Tourism Marketing Authority (WTMA) contracts for marketing services that promote tourism. The WTMA is governed by a Board of Directors (Board) made up of 13 members who receive staff support from the Department of Commerce (Commerce). The Board selects a chair from its membership. The chair must be a member from the tourism industry or related business. The Board also has a nonvoting four-member advisory committee.

Board membership includes two representatives, two senators, and nine members with expertise in the tourism industry and related businesses, including hotel, restaurant, outdoor recreation, attractions, retail, and rental car businesses. The advisory committee includes representatives from Commerce, the State Parks and Recreation Commission, the Department of Transportation, and a federally recognized Indian tribe.

The WTMA was created by legislation enacted in 2018, and contains directives related to the formation of the first Board, as well as ongoing appointments and operations.

The Statewide Tourism Marketing Account (Account) is funded from tax revenues on lodging, car rentals, and restaurants. Expenditures from the Account are limited to implementation of the statewide tourism program and the operation of the WTMA. Until July 1, 2025, 0.2 percent of taxes on retail sales of lodging, car rentals, and restaurants are deposited into the Account. The Legislature must authorize the deposit, and it is limited to \$3 million per biennium. After July 1, 2025, the Legislature is not required to authorize the deposit.

Summary of Substitute Bill:

The chair of the Board of Directors of the Washington Tourism Marketing Authority (WTMA) is required to appoint at least eight members to a Tourism Self-Supported Assessment Advisory Group (TSSAAG) within two weeks of the effective date of the legislation. The TSSAAG is required to evaluate the viability of an industry self-supported assessment to fund statewide tourism promotion, recommend procedures to establish the self-supported assessment, and report to the Legislature. Members of the TSSAAG must represent tourism industry sectors, including lodging, beverage, arts and culture, tour operators, attractions, transportation, and a statewide Washington tourism promotion nonprofit.

The TSSAAG is required to make recommendations to the Legislature by November 1, 2025, regarding:

- classification of businesses included in a self-supported assessment;
- methodology to conduct the self-supported assessment, including the petition process for businesses to approve the assessment;
- rate of self-supported assessment for each business classification;
- characteristics of the businesses that will benefit from the self-supported assessment:

- duration of the self-supported assessment; and
- establishment of an oversight board.

The TSSAAG will expire on June 1, 2026.

Funds in the Statewide Tourism Marketing Account may be used to pay the administrative costs of the TSSAAG until June 30, 2026.

The directives describing the formation of the first Board of Directors and first contract with a statewide nonprofit organization are removed.

Substitute Bill Compared to Original Bill:

The substitute bill requires the Chair of the Board of Directors for the Washington Tourism Marketing Authority (WTMA) to appoint the advisory group within two weeks of the effective date of the legislation. The WTMA may use funds from its account for the costs of the advisory committee until June 30, 2026. The requirements for WTMA's first contract with a nonprofit organization are removed.

Appropriation: None.

Fiscal Note: Requested on January 20, 2025.

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

Staff Summary of Public Testimony:

(In support) Among competing states, Washington ranks last in tourism, limiting its ability to attract and retain visitors. After a comprehensive examination of successful and sustainable state tourism programs across the country, this is the first step in creating a public/private partnership that will provide long-term tourism funding and promotion to avoid relying solely on state resources. Key tourism sectors will work on a collaborative advisory group that will reflect the unique needs and interests of each sector and the diverse communities in the state. The partnership will help local and regional organizations with expanded resources, data, and branded assets that help market organizations and manage both domestic and international visitors. A stronger tourism industry benefits everyone statewide. Tourism is the lifeblood of the wine industry, but tourists must come experience Washington's wine regions. Similarly, there are over 400 local, independent, craft brewers in the state. Breweries are a draw for in-state and out-of-state tourists because of Washington's renowned craft beer scene, and a tourism boost can mean the difference between staying open or shutting a brewery's doors. Increasing tourism will mean more visitors spending more money and generating more local and state tax revenue in every

community across Washington, such as Mount Saint Helens, river rafting, wine country, Lake Chelan, and the coast. The partnership will bring tourism stakeholders together and set up a long-term sustainable funding model for a well-funded, competitive state marketing effort that benefits the communities and small businesses.

(Opposed) None.

Persons Testifying: Representative Amy Walen, prime sponsor; Matthew Ozuna, State of Washington Tourism; Cliff Myers, Visit Vancouver Washington; Judy Feldman, Organic Farm School; Josh McDonald, Washington Wine Institute; Daniel Olson, Washington Brewers Guild; Annie McGrath, State of Washington Tourism; David Blandford, State of Washington Tourism; Anthony Anton, Washington Hospitality Association ; and Nathan Caferro, Snohomish County Sports Commission.

Persons Signed In To Testify But Not Testifying: None.