

HOUSE BILL REPORT

SSB 5492

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: Senate Committee on Business, Financial Services & Trade (originally sponsored by Senators Riccelli, Chapman, Cleveland, Dozier, Goehner, Harris, Krishnadasan and Wilson, C.).

Brief History:

Committee Activity:

Technology, Economic Development, & Veterans: 3/18/25, 3/21/25 [DP].

Brief Summary of Substitute Bill

- Requires the Chair of the Washington Tourism Marketing Authority to appoint an eight-member advisory group composed of representatives from various sectors of the tourism industry.
- Requires the advisory group to report recommendations for a self-supported assessment on business sectors of the tourism industry by November 1, 2025.

HOUSE COMMITTEE ON TECHNOLOGY, ECONOMIC DEVELOPMENT, & VETERANS

Majority Report: Do pass. Signed by 10 members: Representatives Ryu, Chair; Kloba, Vice Chair; Barnard, Ranking Minority Member; Cortes, Donaghy, Keaton, Paul, Penner, Shavers and Volz.

Staff: Martha Wehling (786-7067).

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.

Background:

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. A match of one-to-one nonstate or state fund, other than state General Fund, must be provided for all expenditures from the Account. 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 Bill:

The Chair of the Board of Directors of the Washington Tourism Marketing Authority 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, and must comply with the appointment requirements in RCW 43.18A.020. The Department of Commerce must comply with the reporting requirements to the Office of Equity in RCW 43.18A.030.

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.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on March 10, 2025.

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

Staff Summary of Public Testimony:

(In support) Washington ranks last among competing states in tourism marketing, limiting its ability to attract and retain visitors. The legislation creates a framework for a sustainable public/private partnership that will help boost local economies and small businesses and lay the foundation for long-term funding for the state without relying solely on state funds. Over the next decade, tourism is projected to generate over a billion dollars in state and local revenue. This will create a sustainable funding solution and funding levels more appropriate for the state's market size and its fourth largest industry.

Tourism marketing investments will attract visitors to the state and help communities make meaningful efforts for visitor management. The businesses that will benefit the most from increased tourism will play a direct role in creating the program. Currently, food and beverage industries can barely cover costs, with margins at 1.5 percent. A 2024 member survey indicated that 77 percent of businesses would be positively impacted if the state could attract more visitors. There is no shortage of unique attractions or destinations in the state, and a good chance a visitor will find a craft brewery in the vicinity. These are a draw for both in-state and out-of-state visitors. Tourism is the lifeblood of the Washington wine industry. In order to preserve the industry through challenging times and continue to grow, the state must have tourists that choose the state for their vacation plans. Tourism promotion lets folks know that Washington has some of the best wine regions in the world.

Tourism promotes small business and microbusinesses statewide. It is difficult for small towns to promote their artists, but the technical assistance, grants, and programmatic support from the tourism industry help to get those towns on the map. Allowing tourism to self-assess will boost the state's small but mighty communities to a nationwide audience. Tourism promotion can help cities throughout the state demonstrate diversity and promote inclusion. When cities market themselves through diversity and equity, they experience economic benefit for overnight stays. As an example, the City of Issaquah got an \$800,000 grant from the State of Washington Tourism, which it used for education for LGBTQ+, BIPOC, and visitors with invisible disabilities, leading to a Pride event and Juneteenth celebration. This work could not be done without the economic support from the state tourism industries.

(Opposed) None.

Persons Testifying: Senator Marcus Riccelli, prime sponsor; David Blandford, State of Washington Tourism; Annie McGrath, State of Washington Tourism; Sean DeWitz, Washington Hospitality Association; Gabriel Neuman, GSBA (Greater Seattle Business Association); Daniel Olson, Washington Brewers Guild; and Josh McDonald, Washington Wine Institute.

Persons Signed In To Testify But Not Testifying: None.