

SENATE BILL REPORT

SB 5492

As Reported by Senate Committee On:
Business, Financial Services & Trade, February 5, 2025

Title: An act relating to sustainable state tourism promotion.

Brief Description: Concerning sustainable state tourism promotion.

Sponsors: Senators Riccelli, Chapman, Cleveland, Dozier, Goehner, Harris, Krishnadasan and Wilson, C..

Brief History:

Committee Activity: Business, Financial Services & Trade: 1/29/25, 2/05/25 [DPS, w/oRec].

Brief Summary of First Substitute Bill

- Establishes a tourism self-supported assessment advisory group, composed of representatives from various sectors of the Washington tourism industry.
- Requires the advisory group to report recommendations to the Legislature by November 1, 2025.

SENATE COMMITTEE ON BUSINESS, FINANCIAL SERVICES & TRADE

Majority Report: That Substitute Senate Bill No. 5492 be substituted therefor, and the substitute bill do pass.

Signed by Senators Kauffman, Chair; Cortes, Vice Chair; Dozier, Ranking Member; Hasegawa, Lovick, McCune, Stanford and Wilson, J..

Minority Report: That it be referred without recommendation.

Signed by Senator Fortunato.

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.

Staff: Clint McCarthy (786-7319)

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 of tax collected 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 one-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, 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:

- rural tourism-dependent counties;
- natural wonders and outdoor recreation opportunities of the state;
- attraction of international tourists;
- identification of local offerings for tourists;
- 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 (First Substitute): Establishes a tourism self-supported assessment advisory group, composed of representatives from various sectors of the Washington tourism industry. The advisory group must include:

- two members of the lodging sector;
- one member of the beverage sector;
- one member representing the arts and culture sector;
- one member representing the tour operators sector;
- one member representing the attractions sector;
- one member representing the transportation sector; and
- one member representing a statewide Washington tourism promotion nonprofit.

The advisory group must include three individuals from underrepresented populations who have direct lived experience.

The advisory group must submit written recommendations to the Legislature by November 1, 2025, on key elements related to a self-supported assessment, including:

- classification structure of businesses proposed to be included in the assessment;

- assessment methodology, including a petition process for businesses to approve the assessment;
- assessment rate for each business classification;
- characteristics of businesses within each classification that would benefit from the assessment; and
- creation of an oversight board for ratepayers of the assessment.

The Authority must comply with the reporting requirements of RCW 43.18A.030 and report to the Office of Equity.

The Authority is directed to appoint the advisory group within two weeks of the effective date of the legislation. The Authority may use funds for the advisory group through the end of the 2023-25 biennium.

EFFECT OF CHANGES MADE BY BUSINESS, FINANCIAL SERVICES & TRADE COMMITTEE (First Substitute):

- Makes the tourism self-supported assessment advisory group subject to the requirements of Chapter 43.18A concerning the membership of statutory entities, which requires the advisory group to have three individuals from underrepresented populations who have direct lived experience with the policy or issue being examined.
- Directs the Authority to appoint the advisory group within two weeks of the effective date of the legislation.
- Permits the authority to use funds for the advisory group through the end of the 2023-25 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 on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: This bill establishes a framework for key sectors to collaborate on an advisory group. This bill could help boost our local economies. This bill will support communities and small businesses. It is a model that has been implemented in other states and it works. This bill lays the foundation for long-term funding for the tourism industry in Washington State. There are community members from all over the state that support this bill. Additional industries are likely to be added through a friendly amendment. We have identified a public-private partnership to come together to find a sustainable funding solution for statewide promotion.

This bill would help the hospitality industry. This is the next step towards having a robust funding mechanism that can drive tourism towards our state. Tourism is one of the life bloods of the wine industry in Washington. There are lots of competing options, and we want people to experience our wine industry. We exist in rural areas of the state, and this can really help the small businesses in the rural parts of our state. We need to be able to compete with other states. Small towns are bursting with small businesses, but it is difficult to promote these businesses to the rest of the world. This will also promote diversity and inclusion.

Persons Testifying: PRO: Senator Marcus Riccelli, Prime Sponsor; Rose Noble, Visit Spokane; David Blandford, State of Washington Tourism; Julia Gorton, Washington Hospitality Association; Josh McDonald, Washington Wine Institute; Gabriel Neuman, GSBA - Washington State LGBTQ+ Chamber of Commerce; Katie Kolan, State of WA Tourism.

Persons Signed In To Testify But Not Testifying: No one.