

# SENATE BILL REPORT

## SSB 5551

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As Passed Senate, March 7, 1995

**Title:** An act relating to the excise taxation of lodging.

**Brief Description:** Authorizing special taxation of lodging.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Sellar and Snyder).

**Brief History:**

**Committee Activity:** Ways & Means: 2/14/95, 2/21/95 [DPS].  
Passed Senate, 3/7/95, 49-0.

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 5551 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rinehart, Chair; Loveland, Vice Chair; Cantu, Drew, Finkbeiner, Fraser, Hochstatter, Johnson, Long, McDonald, Moyer, Roach, Sheldon, Snyder, Spanel, Strannigan, West, Winsley and Wojahn.

**Staff:** Terry Wilson (786-7715)

**Background:** Cities and counties are authorized to levy a special excise tax of up to 2 percent on the furnishing of lodging by hotels and motels to help finance stadium facilities, convention center facilities, performing arts center facilities, and visual arts center facilities or to secure the payment of bonds issued for these purposes. City taxes are credited against county taxes, and city and county taxes are credited against the state sales tax on the furnishing of lodging.

In addition to the general tax authorization, specific taxes are authorized for various cities and counties for various purposes. These taxes are in addition to state and local sales taxes.

**Summary of Bill:** The legislative body of any city with a population of at least 3,000, but less than 4,000, located in a county east of the crest of the Cascade mountains with a population of at least 50,000, but less than 60,000, may levy an additional excise tax up to 3 percent on the furnishing of lodging. This tax is in addition to state and local sales taxes. Moneys collected from this tax may only be used for tourism promotion.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** The Hotel/Motel Association initiated and unanimously supports this bill. We want Chelan to be a year-around tourist destination and need help with marketing efforts. We have been developing public trails and paths and cross-country skiing trails. The wild fires in 1994 were devastating to business because of inaccurate news reporting on the damage to the lake. We need to get correct information to the public.

**Testimony Against:** None.

**Testified:** Senator Sellar, prime sponsor (pro); Loni Rahm, Randy Green, Lake Chelan Chamber of Commerce (pro); Pat Earley, Lake Chelan Recreation Association (pro); Stella Walker, Caronet Resort Lodge (pro).

**House Amendment(s):** In a county east of the crest of the Cascade mountains with a population of at least 55,000 but less than 62,000, a city with a population of at least 3,000 but less than 4,000 and a city with a population of at least 1,800 but less than 2,500 may impose taxes not to exceed 3 percent. Revenues from these taxes shall only be used for tourism promotion. Based on current populations, Chelan and Leavenworth are eligible to impose these taxes.

In a county east of the crest of the Cascade mountains with a population of at least 55,000 but less than 62,000, a city with a population of at least 22,000 but less than 28,000 may impose a tax not to exceed 2 percent. Revenues from this tax shall only be used for tourism promotion, and for the design, expansion, and construction of public facilities related to tourism promotion. Based on current population, Wenatchee is eligible to impose this tax.

In a county east of the crest of the Cascade mountains with a population of at least 28,000 but less than 33,000, a city with a population of at least 3,000 but less than 6,000 may impose a tax under this section not to exceed 2 percent. Revenues from this tax shall only be used for tourism promotion, and for the design, expansion, and construction of public facilities related to tourism promotion. Based on current population, East Wenatchee is eligible to impose this tax.