

SENATE BILL REPORT

SB 6005

As of February 25, 2009

Title: An act relating to the acquisition of state ferry vessels through the use of certain tourism industry tax revenues.

Brief Description: Acquiring state ferry vessels through the use of certain tourism industry tax revenues.

Sponsors: Senators Ranker, Haugen, Kilmer, Marr, Pridemore and Shin.

Brief History:

Committee Activity: Transportation: 2/24/09.

SENATE COMMITTEE ON TRANSPORTATION

Staff: Janice Baumgardt (786-7319)

Background: A hotel-motel tax is a special sales tax on lodging rentals by hotels, motels, rooming houses, private campgrounds, RV parks, and similar facilities. Cities and counties are authorized to levy a basic, or "state-shared," hotel-motel tax of up to 2 percent. These taxes are credited against the state sales tax on the furnishing of lodging.

Beginning in 1989, the hotel-motel tax in King County not only applied to servicing the debt on the Kingdome, but a portion of the tax revenues above \$5.3 million per year was dedicated to arts and heritage programs in King County. Currently, 70 percent of the excess revenue is dedicated to the arts and heritage programs; however, 40 percent of the arts revenue is for the arts endowment fund, of which the principal cannot be touched. The remaining 30 percent of the revenue in excess of \$5.3 million is dedicated first to retiring the Kingdome's debt, then to acquisition of open space lands, youth sports activities, and tourism promotion. This is to continue until the Kingdome's debt is retired, then the full portion of the local hotel-motel tax in King County is dedicated to retiring the debt on Qwest Field.

Summary of Bill: The Legislature declares that the Washington State Ferry (WSF) system is a major tourist attraction, as well as part of the state's highway system, which generates revenues and maintaining the WSF vessels is vital to sustaining this economic resource. Beginning January 1, 2021, funds that had been used to retire the debt on Qwest Field are to be used to pay the principal and interest on any bonds used by the Washington State

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Department of Transportation to purchase ferry vessels to be used in King County. The vessels must be included in a legislatively approved Long Range Strategic Plan.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: The ferry system needs additional funding sources.

CON: There are a lot of people in line for this money and the use of it should be a local decision.

Persons Testifying: PRO: Gordon Baxter, Puget Sound Metal Trades Council.

CON: Becky Board, Seattle Convention and Visitors Bureau (CVB), Washington Association of CVB.