

# SENATE BILL REPORT

## ESSB 6051

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As Passed Senate, February 15, 2010

**Title:** An act relating to removing an expiration date applicable to heritage and arts program funding.

**Brief Description:** Concerning lodging taxes.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Murray, Pflug, Kohl-Welles, McAuliffe, Jarrett, Eide, Kline, Fairley, Jacobsen and McDermott).

**Brief History:**

**Committee Activity:** Ways & Means: 2/24/09, 3/02/09 [DPS, DNP, w/oRec].  
Passed Senate: 2/15/10, 28-19.

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 6051 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Tom, Vice Chair, Operating Budget; Hewitt, Keiser, Kline, Kohl-Welles, McDermott, Murray, Pridemore, Regala and Rockefeller.

**Minority Report:** Do not pass.

Signed by Senators Carrell and Honeyford.

**Minority Report:** That it be referred without recommendation.

Signed by Senators Zarelli, Ranking Minority Member; Brandland, Parlette and Schoesler.

**Staff:** Dean Carlson (786-7305)

**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. Other hotel-motel taxes are imposed in addition to ordinary state and local sales taxes and are added to the amount paid by the customer. The latter type are often referred to as "special" hotel-motel taxes.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

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. Prior to 2008, 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 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. Beginning in 2012, the only known source of funding for the arts and heritage programs in King County is the earnings of the arts endowment.

In 2008 the Legislature passed SB 6638 which contained the following provisions:

1. The 40 percent distributions of arts and heritage funds from the hotel-motel tax is no longer distributed to the endowment fund, but instead is distributed to an account dedicated to art museums, cultural museums, heritage museums, and heritage and preservation programs.
2. At the time the bonds used to pay for the repairs to the Kingdome are retired, the county hotel-motel tax will be distributed into the account dedicated to the arts and heritage programs until December 31, 2015. The bonds are expected to be retired in late 2014.
3. Beginning January 1, 2021, at least 37.5 percent of the county hotel-motel tax revenues will be distributed to the account dedicated to the arts and heritage programs.

However, the provisions of SB 6638 expire on July 1, 2009.

**Summary of Engrossed Substitute Bill:** The 40 percent distributions of arts and heritage funds from the hotel-motel tax is no longer distributed to the endowment fund, but instead is distributed to an account dedicated to art museums, a performing arts center in a city with a population greater than 85,000 and less than 100,000, cultural museums, heritage museums, and heritage and preservation programs.

At the time the bonds used to pay for the repairs to the Kingdome are retired, the county hotel-motel tax will be distributed into the account dedicated to the arts and heritage programs until December 31, 2015. The bonds are expected to be retired in late 2014.

Beginning January 1, 2021, at least 37.5 percent of the county hotel-motel tax revenues will be distributed to the account dedicated to the arts and heritage programs.

**Appropriation:** None.

**Fiscal Note:** Available on original bill.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill contains an emergency clause and takes effect on July 1, 2009.

**Staff Summary of Public Testimony on Original Bill:** PRO: We are urging support of this small fix to remove the sunset. This enables long term commitments that brings confidence to many organizations. The grants for this money are used to utilize education programs in the communities. These cultural organizations make our lives more meaningful. We are here to be part of the solution to our economic problem. We are small businesses that employ people. Investment in our organizations gives you a 100 percent return on investments. This will reassure our membership that their funding will remain stable.

**Persons Testifying:** PRO: Dmitri Carter, NW Puppet Center; Debrorah Witmer, Creative Activities and VSA Arts of Washington; Louise Miller, Shelley Brittingham, citizens; Joseph Follansby, Association of King County Historical Organizations.