

HOUSE BILL REPORT

HB 2180

*As Reported By House Committee on:
Revenue*

Title: An act relating to the motel/hotel tax for cities with a population of forty-five thousand or more located in a first class county other than a county that has, prior to June 26, 1975, pledged tax revenues or issued bonds for purposes of public stadium, convention, performing arts and/or visual arts center facilities.

Brief Description: Authorizing a hotel/motel tax for certain cities in first class counties.

Sponsor(s): Representatives Braddock and Spanel.

Brief History:

Reported by House Committee on:
Revenue, March 9, 1991, DP.

**HOUSE COMMITTEE ON
REVENUE**

Majority Report: *Do pass.* Signed by 10 members:
Representatives Wang, Chair; Fraser, Vice Chair; Appelwick;
Belcher; Day; Leonard; Morris; Phillips; Rust; and Silver.

Minority Report: *Do not pass.* Signed by 4 members:
Representatives Holland, Ranking Minority Member; Wynne,
Assistant Ranking Minority Member; Brumsickle; and Morton.

Staff: Robin Appleford (786-7093).

Background: The hotel/motel tax was first authorized in 1967 for King County to build the Kingdome. The rate was 2 percent, and was levied on the rental of hotel and motel rooms throughout the county. The Legislature allowed the tax to be credited against the state sales tax rate. The 1973 Legislature extended this taxing authority to all cities and counties, and expanded the uses to include convention centers as well as sports facilities. Except in two cases, counties must allow cities levying the tax a credit against the county tax. Thus, with two exceptions, the total tax and the credit against the state sales tax may not exceed 2 percent anywhere in the state.

The two exceptions occur in the cities of Bellevue and Yakima. The 1975 Legislature enacted a restriction precluding cities in Yakima and King counties from levying the tax until bonds issued prior to 1975 by these counties are retired. However, Bellevue and the city of Yakima were excluded from this restriction, since they had already pledged tax revenues to bond payments when the Legislature enacted the restriction. In the cities of Yakima and Bellevue, both the city and county levy the tax and the total credit against the state sales tax rate is 4 percent, commonly referred to as the "double-dip."

In recent years, the Legislature has authorized additional local option hotel/motel taxes that are not credited against the state sales tax rate and has significantly expanded the uses of revenues. Bellevue, Pierce County and its cities, Ocean Shores, and Yakima County and its cities have additional local option authority. The 1982 Legislature authorized a state hotel/motel tax, currently levied at 6 percent in Seattle and 2.4 percent in King County outside of Seattle, to fund construction and operation of the Washington State Convention and Trade Center. Uses of the basic 2 percent have also been expanded to include performing arts, visual arts, and tourism promotion.

Summary of Bill: An additional hotel/motel tax of up to 3 percent is authorized for any city with a population of 45,000 or more located in a first class county other than a county that has, prior to June 26, 1975, pledged tax revenues or issued bonds for purposes of public stadium, convention, performing arts, and visual arts centers. This new tax may not be credited against the state sales tax. The new tax is to expire six years after the effective date of the bill.

Fiscal Note: Not requested.

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

Testimony For: None.

Testimony Against: None.

Witnesses: None.