

# FINAL BILL REPORT

## SB 6638

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### C 264 L 08

Synopsis as Enacted

**Brief Description:** Reallocating existing lodging taxes for heritage and arts programs in a county with a population of one million or more.

**Sponsors:** Senators Murray, Roach, McAuliffe, Kohl-Welles, Fairley, Kline, Kauffman, Jacobsen, Eide and Pflug.

**Senate Committee on Ways & Means**  
**House Committee on Finance**

**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.

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 Kingdoms 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.

**Summary:** 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.

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.

All of the distribution changes to the hotel-motel tax in King County expire on July 1, 2009.

**Votes on Final Passage:**

Senate	44	5	
House	67	30	(House amended)
Senate	43	6	(Senate concurred)

**Effective:** July 1, 2008