

Trade Convention Attendance

PRELIMINARY REPORT | JULY 2025

Aline Meysonnat, research analyst

Pete van Moorsel, tax review coordinator; Eric Thomas, legislative auditor

Legislative Auditor's conclusion

The preference meets the inferred objective of providing tax treatment like that in other states. Washington's tax laws limit the number of beneficiaries and the amount they can save.

Key points

- Preference exempts out-of-state businesses that attend only one Washington trade convention per year and do not make sales or take orders at the convention.
- Washington tax laws effectively limit the number of beneficiaries and the amount they can save.
- Preference provides consistent treatment across states.
- The preference likely has minimal influence on trade convention attendance due to its limited nature.

About this preference

Estimated savings: Indeterminate, minimal

Tax type: Business & occupation tax; Sales and use tax

Expiration date: January 2027

Executive summary

Washington provides a narrow exemption from nexus rules for trade convention attendance. Nexus rules define the minimum connection between a business and the state that would make a business's activity subject to the state's taxing jurisdiction.

Use of the preference is unknown and limited by nexus rules

Individuals and businesses that benefit from the preference do not need to collect or remit applicable taxes. They also do not need to register with the Department of Revenue (DOR) or file an annual tax performance report. As a result, there is no data to indicate the number of beneficiaries or the exact amount of savings.

Joint Legislative Audit and Review Committee (JLARC) staff analysis shows that the amount of tax savings is likely minimal. Beneficiaries cannot have sales in Washington that exceed \$100,000 per year. This limits business and occupation (B&O) tax savings to about \$471 to \$1,500, depending on the type of business.

Businesses or individuals may also benefit from this preference by avoiding any administrative burden of registering with DOR and filing tax returns.

Preference meets one of two objectives

Based on 2016 committee testimony, JLARC staff inferred that one objective is to make Washington convention centers competitive with convention centers in other states. Washington's exemption is consistent with those available in other states, meeting this objective.

The Legislature's stated objective is to increase trade convention attendance compared to 2015 levels. This objective is not met. The degree to which the preference influences trade convention attendance is unknown, but likely minimal due to the limited nature of the preference.

JLARC staff compiled data from 2015 to 2023 describing the number of events and the number of people in attendance reported by four convention centers in Washington. The data shows that the COVID-19 pandemic disrupted the convention industry. In 2020 and 2021, the four convention centers that provided data saw a steep decline in the number of events and attendance. Events and event attendance have recovered but remain below 2015 levels.

Legislative Auditor's recommendation

The Legislature should continue the tax preference.

- The preference meets the inferred objective of providing consistent tax treatment with other states.
- Trade convention events and attendance are not at the 2015 level, but the COVID-19 pandemic disrupted the convention industry. The influence of the preference on trade convention attendance is likely minimal due to the limited nature of the preference.

You can find additional information in the [Recommendations section](#).

Commission recommendation

To be included in proposed final report.