

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 6202 SB	<b>Title:</b> Tourism promotion exemptions
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## Estimated Cash Receipts

NONE

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Local Gov. Total						
Local Gov. Courts						
Loc School dist-SPI						

## Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Revenue	.0	0	0	0	.0	0	0	0	.0	0	0	0
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

## Estimated Capital Budget Breakout

<b>Prepared by:</b> Amy Hatfield, OFM	<b>Phone:</b> (360) 280-7584	<b>Date Published:</b> Final 1/23/2024
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# Department of Revenue Fiscal Note

<b>Bill Number:</b> 6202 SB	<b>Title:</b> Tourism promotion exemptions	<b>Agency:</b> 140-Department of Revenue
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Expenditures from:**

NONE

**Estimated Capital Budget Impact:**

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Kellee Gunn	Phone: 86-7429	Date: 01/22/2024
Agency Preparation: Diana Tibbetts	Phone: 60-534-1520	Date: 01/23/2024
Agency Approval: Marianne McIntosh	Phone: 60-534-1505	Date: 01/23/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/23/2024

Request # 6202-1-1

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

#### CURRENT LAW:

Certain local jurisdictions may impose a tourism promotion area (TPA) charge. The TPA charge can be up to \$2 per room per night of stay. There is the option to add a \$3 charge per room per night.

Temporary medical housing is exempt from the TPA charge.

#### PROPOSAL:

This legislation allows a local jurisdiction to exempt any lodging business, lodging unit, or lodging guest from the TPA charge.

#### EFFECTIVE DATE:

The bill takes effect 90 days after the final adjournment of the session and applies to any tourism promotion area established before, on, or after the effective date.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

#### ASSUMPTIONS:

- The Department of Revenue (department) receives the taxes from monthly taxpayers the month after the business collects the sales tax from the consumer. Most local tax distributions occur the month after the department receives sales and use taxes that businesses collect. This leads to a one-month delay in revenues for the state and a two-month delay in revenues for local jurisdictions.
- Local jurisdictions' sales and use tax changes can only occur effective January 1, April 1, or July 1.
- In fiscal year 2023, TPA's received almost \$23 million. Local jurisdictions impose the TPA charge to fund certain activities. Local jurisdictions will exempt approximately 1% of TPA charges.
- The earliest this legislation takes effect for local jurisdictions is July 1, 2024, and impacts 10 months of local distributions in fiscal year 2025.

#### DATA SOURCES:

- Department of Revenue, Excise tax data
- Economic and Revenue Forecast Council, November 2023 forecast

#### REVENUE ESTIMATES:

This bill results in no impact on state revenues.

This bill decreases local revenues by an estimated \$203,000 in the 10 months of impacted distributions in fiscal year 2025, and by \$240,000 in fiscal year 2026, the first full year of impacted distributions.

#### TOTAL REVENUE IMPACT:

State Government (cash basis, \$000): None

Local Government, if applicable (cash basis, \$000):

FY 2024 - \$ 0

Request # 6202-1-1

FY 2025 - (\$ 203)  
FY 2026 - (\$ 240)  
FY 2027 - (\$ 235)  
FY 2028 - (\$ 232)  
FY 2029 - (\$ 231)

## II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

The department will have minimal costs of approximately \$5,200 associated with answering phone calls, conducting account examinations, and assisting taxpayers with reporting in fiscal year 2025 to implement this legislation and will absorb these costs within current funding.

## Part III: Expenditure Detail

### III. A - Expenditures by Object Or Purpose

NONE

**III. B - Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

### III. C - Expenditures By Program (optional)

NONE

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

NONE

### IV. B - Expenditures by Object Or Purpose

NONE

### IV. C - Capital Budget Breakout

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

## Part V: New Rule Making Required

# LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 6202 SB

Title: Tourism promotion exemptions

## Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

### Legislation Impacts:

- Cities: potential loss of revenue from lodging charges in tourism promotion areas
- Counties: potential loss of revenue from lodging charges in tourism promotion areas
- Special Districts: potential loss of revenue from lodging charges in tourism promotion areas
- Specific jurisdictions only: this applies to local governments within tourism promotion areas
- Variance occurs due to:

## Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option: legislative authorities of the tourism promotion area may grant exemptions to the lodging charge
- Key variables cannot be estimated with certainty at this time: how many exemptions would be designated by the local legislative authority

### Estimated revenue impacts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

### Estimated expenditure impacts to:

None

## Part III: Preparation and Approval

Fiscal Note Analyst: Tammi Alexander	Phone: 360-725-5038	Date: 01/22/2024
Leg. Committee Contact: Kellee Gunn	Phone: 786-7429	Date: 01/22/2024
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 01/22/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/23/2024

## **Part IV: Analysis**

### **A. SUMMARY OF BILL**

*Description of the bill with an emphasis on how it impacts local government.*

This bill would amend RCW 35.101.055 to allow the legislative authorities of local governments imposing a lodging charge to designate lodging businesses, lodging units, or lodging guests as exempt from the lodging charges imposed within the tourism promotion area.

### **B. SUMMARY OF EXPENDITURE IMPACTS**

*Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.*

This bill would not impact local government expenditures.

### **C. SUMMARY OF REVENUE IMPACTS**

*Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.*

The legislative authorities of local governments imposing a lodging charge may designate lodging businesses, lodging units, or lodging guests as exempt from the lodging charges imposed within the tourism promotion area.

If a local authority of a tourism promotion area granted an exemption from the lodging charge, it would result in a revenue loss for that specific tourism promotion area. It is unknown how many exemptions would be granted or in what jurisdiction, therefore the revenue loss cannot be calculated.

Please see the Department of Revenue fiscal note for aggregate data, assumptions and data sources.

#### **SOURCES:**

Department of Revenue fiscal note, HB 2137 (2024)

House Bill Analysis, HB 2137, Local Government Committee (1/12/2024)