



STATE OF WASHINGTON
DEPARTMENT OF COMMUNITY,
TRADE AND ECONOMIC DEVELOPMENT

128-10th Avenue SW, PO Box 42525 • Olympia, Washington 98504-2525 • (360) 725-4000 • Fax (360) 586-8440

July 23, 2008

MEMO TO: Cities, Counties and Towns receiving and using lodging tax receipts

FROM: Marsha Massey, Executive Director, Washington State Tourism Commission

SUBJECT: Requirement to Report to the Department on Lodging Tax Expenditures

As you may know, Substitute Senate Bill 5647 passed during the 2007 legislative session. Among other things, this bill expands the uses of the local portion of the lodging tax to include the funding of “special events and festivals.” Along with that expansion, the Legislature is requiring local jurisdictions receiving and spending lodging tax dollars on these activities to report to the Department of Community, Trade and Economic Development each year until the Section expires in June 30, 2013.

The Legislature clarified the reporting requirement during the 2008 legislative session, passing SHB 3206 (Chapter 28, Laws of 2008). Reporting begins January 1, 2008, with the first report due to CTED no later than May 1, 2009.

Specifically, the law now requires “Local jurisdictions that use the lodging tax revenues under this section must submit an annual economic impact report to the department of community, trade, and economic development for expenditures made beginning January 1, 2008.” This economic impact report, at a minimum, must include:

- a) The total revenue received under this chapter for each year;
- b) The list of festivals, special events, or nonprofit 501(c)(3) or 501(c)(6) organizations that received funds under this chapter;
- c) The list of festivals, special events, or tourism facilities sponsored or owned by the local jurisdiction that received funds under this chapter;
- d) The amount of funding expended on each festival, special event, or tourism-related facility owned or sponsored by a local jurisdiction or a nonprofit 501(c)(3) or 501(c)(6) organization;
- e) The estimated number of tourists, persons traveling over fifty miles to the destination, persons remaining at the destination overnight, and lodging stays generated per festival, special event, or tourism-related facility owned or sponsored by the local jurisdiction or a nonprofit 501(c)(3) or 501(c)(6) organization; and
- f) Any other measurements the local government finds that demonstrate the impact of the increased tourism attributable to the festival, special event, or tourism-related facility.

The department worked closely with the Association of Washington Cities and the Washington Association of Convention and Visitors Bureaus to develop the attached form. The Lodging Tax Report form is available from the home page of www.experiencewa.com/industry and may be returned via e-mail to: lodgingtaxreport@cted.wa.gov. You may also mail it to: Lodging Tax Report, Washington State Tourism, and P.O. Box 42525, Olympia, WA 98504. In addition, the department is providing some guidelines and a suggested worksheet for jurisdictions and organizations collecting information required by the statute on our Tourism Industry Web site. This information is also available from the home page of www.experiencewa.com/industry.

The department is not required to evaluate the information provided by local jurisdictions. The law simply instructs the department to receive and store the information so that the Joint Legislative Audit and Review (JLARC) committee may complete a report to the Legislature and governor in 2012 on the uses and economic impact of the tax.

Cc: Juli Wilkerson, CTED Director
Marie Sullivan, CTED Government Relations Director
Eric Johnson, Washington State Association of Counties
Jim Justin, Association of Washington Cities
Jan Jutte, State Auditor Office