Washington State
House of Representatives
Office of Program Research

BILL ANALYSIS

Technology, Economic Development, & Veterans Committee

HB 2278

Brief Description: Concerning tourism promotion areas.

Sponsors: Representatives Barnard, Ryu, Reed, Zahn and Salahuddin.

Brief Summary of Bill

- Removes the expiration date of July 1, 2027, for the $3 per room per night charge that a county, city, or town may impose on a business that provides lodging.

Hearing Date: 1/21/26

Staff: Martha Wehling (786-7067).

Background:

Tourism Promotion Areas.
In 2003 a county with a population of more than 40,000, or a city or town within a county, was authorized to create Tourism Promotion Areas (TPA) to generate revenue for tourism promotion.

Formation of a TPA is initiated by a petition to the legislative body of the city, town, or county. The petition must describe the proposed TPA boundaries, the total estimated revenues, the proposed uses of the revenues, and contain the signatures of people who operate lodging businesses in the proposed TPA who would pay at least 60 percent of the proposed charges. The legislative body must hold a public hearing on the establishment of the TPA.

Within the TPA, the legislative body may impose a charge up to $2 per room per night on lodging businesses with 40 or more rooms. A legislative body may impose an additional charge

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of up to $3 per night. This additional $3 charge expires on July 1, 2027.

The lodging businesses collect the charges and remit them to the Department of Revenue, which deposits the revenues into the Local Tourism Promotion Account. The State Treasurer distributes money in the account monthly to the legislative authority on whose behalf the money was collected.

The revenue must be used for "tourism promotion," which is defined as activities and expenditures designed to increase tourism and convention business, including but not limited to advertising, publicizing, or otherwise distributing information to attract and welcome tourists, and operating tourism destination marketing organizations.

The legislative body may appoint an existing advisory board, or create a new advisory board, to make recommendations on the use of the revenues, but the legislative body has sole discretion as to how the funds are used to promote tourism. The legislative authority may contract with tourism destination marketing organizations or other similar organizations to administer the operation of the area.

Report on Impact of Tourism Marketing Authority.
The Joint Legislative Audit and Review Committee (JLARC) has conducted several studies on tourism promotion. The JLARC's May 2012 Report on Lodging Tax found that while lodging taxes were used for tourism, reliable data to determine economic impact was lacking due to incomplete local reporting. The JLARC's 2016 updated report identified $48 million awarded to counties, cities, and towns from the $2 per night charge.

Summary of Bill:

The July 1, 2027, expiration date for the $3 per night additional lodging charge is removed, allowing a legislative body to continue the $3 per night charge within a TPA beyond July 1, 2027.

Appropriation: None.

Fiscal Note: Requested on January 12, 2026.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.