Washington State
House of Representatives
Office of Program Research

BILL ANALYSIS

Technology, Economic Development, & Veterans Committee

HB 2325

Brief Description: Establishing a tourism self-supported assessment program to fund statewide tourism promotion.

Sponsors: Representatives Paul, Steele, Reed, Doglio, Stonier, Zahn, Barkis, Shavers and Bernbaum.

Brief Summary of Bill

- Creates a Tourism Assessment Program (TAP) to promote tourism in the state, which will be developed in a subsequent process.
- Requires the Washington Tourism Marketing Authority to levy an annual assessment on tourism businesses providing lodging, travel services, attractions, recreation, and beverage producers, and to penalize businesses that do not comply.
- Appoints a Ratepayer Oversight Board to design the assessment program, administer government tax funds, and approve expenditure of funds collected under the TAP.

Hearing Date: 1/21/26

Staff: Martha Wehling (786-7067).

Background:

State Tourism Programs.
Tourism Promotion Areas.
Beginning in 2003 certain counties, cities, and towns created Tourism Promotion Areas to

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generate revenue for tourism promotion through a charge of up to $5 per room per night on lodging businesses with 40 or more rooms. Revenue is deposited into the Local Tourism Promotion Account, and must be used for "tourism promotion," defined as activities and expenditures to increase tourism and convention business.

Washington Tourism Marketing Authority.
The Washington Tourism Marketing Authority (Authority) was established in 2018 to contract for statewide tourism marketing services to promote tourism in the state. The Authority is governed by a board of directors (Board) consisting of four members of the Legislature and nine representatives, appointed by the Governor, with expertise in the tourism industry and related businesses, including hotel, restaurant, outdoor recreation, attractions, retail, and rental car businesses. The chair of the Board must be a member of the tourism industry or related business. The Department of Commerce provides staff support for the Authority. The Board has a nonvoting four-member advisory committee, including the Department of Commerce, the State Parks and Recreation Commission, the Department of Transportation, and a federally recognized Indian tribe.

Statewide Tourism Marketing Account.
The Statewide Tourism Marketing Account (Account) is funded from tax revenues on lodging, car rentals, and restaurants. Revenue collected may be expended only to implement the statewide tourism program and operation of the Authority. A one-to-one match must be provided for all expenditures from the Account to be used for a statewide tourism marketing plan, evaluation of the program, and the administrative expenses of the Authority. Until July 1, 2025, 0.2 percent of the tax revenues were deposited into the Account, the Legislature was required to authorize the deposit, and the Account was limited to $3 million per biennium. After July 1, 2025, the Legislature is not required to authorize the deposit.

Tourism Self-Supported Assessment Advisory Group.
The Authority appointed members to a Tourism Self-Supported Assessment Advisory Group (Group) in 2025, which was required to evaluate the viability of an industry self-supported assessment to fund statewide tourism promotion. The Group submitted its recommendations in a report titled *Tourism Self-Supported Assessment Advisory Group: Report to the Legislature* on October 31, 2025.

Public Records.
The Public Records Act (PRA) requires all state agencies to make all public records available to the public, unless a specific exemption applies or disclosure is prohibited. Public records are records prepared or retained by an agency that relate to the conduct of government or the performance of a governmental function. The PRA exempts certain financial, commercial, and proprietary information. The PRA must be liberally construed; any exemptions to the disclosure requirement must be interpreted narrowly. Exemptions are permissive, meaning that an agency, although not required to disclose, has the discretion to provide an exempt record.

Summary of Bill:

Tourism Assessment Program.
The Authority is authorized to develop and administer a Tourism Assessment Program (TAP), subject to governance by the Ratepayer Oversight Board (ROB), described below. The Authority is required to levy and collect a percentage of a business's gross revenue as an annual assessment. The assessments will be collected on an annual basis, after ratification by the businesses in each industry sector.

The membership of the Authority's Board is modified by expanding the number of members from 13 to 17, and specifying the non-legislative membership as follows:

- eight members must be nominated by the ROB and must represent businesses paying the assessments;
- two members must represent destination marketing organizations; and
- three members must represent tourism businesses.

Annual Assessment on Businesses.
The Authority is required to collect assessments annually and deposit the money into the Tourism Assessment Account. The affected tourism business sector must complete a referendum process before assessments are collected, described below. "Assessment" is defined as "the annual fee levied on tourism businesses to fund tourism promotion." "Tourism business" is defined as "businesses that derive a significant portion of revenue from tourism activity in Washington in the following sectors: (a) Lodging; (b) travel services; (c) attractions; (d) recreation; and (e) beverage producers."

The assessments are not state funds and are not subject to legislative appropriation. The funds:

- must be used for tourism promotion as defined by the referendum process, described below; and
- must be used to cover the Authority's administrative and enforcement costs.

A business's failure to pay an assessment is a debt to the state. The Authority has the discretion to impose a penalty up to 10 percent of the unpaid assessment and bring a civil action in court to recover unpaid assessments.

Ratepayer Oversight Board.
The Authority is required to appoint a 10-member Ratepayer Oversight Board (ROB). The Group is required to identify nominees for the initial board. The ROB must elect a chair and meet at least quarterly. A ROB member must be an employee or officer of a business subject to the assessment. A ROB member may be removed for inefficiency, neglect of duty, malfeasance, or four unexcused absences in one year, until June 1, 2027, based on the recommendation of the Group.

The ROB is required to oversee the tourism assessment funds and programming, approve an annual budget and expenditure plan, provide an annual report to the Authority and Legislature, and monitor the program effectiveness and recommend adjustments. The ROB also governs the Authority's administration of government tax funds.

The ROB will design the proposed assessment program, which must include:

- sector-specific classifications;
- assessment methodology and rates for each business sector;
- a referendum process for ratification;
- opt-out provisions, if applicable;
- revenue thresholds for businesses assessed in each sector, where applicable;
- program term length; and
- appointment process for the ROB.

The ROB is required to conduct a referendum among all businesses affected by the proposed assessment program within three years of enactment of the legislation. If the referendum is not successful, the ROB may continue to resubmit the same proposal or modify its proposal. For the referendum to be approved, each assessed business is entitled to a weighted vote equal to the amount the business will pay. The initial referendum must be approved by a majority of the weighted votes. The cost of the referendum is paid by the Authority, reimbursed from the assessments collected from the businesses.

Public Records Act Exemption.
Financial and commercial information submitted to the Authority and the ROB, and related to the TAP, is exempt from disclosure under the Public Records Act. The exemption does not apply to general statistical summaries that do not identify individual businesses.

Appropriation: None.

Fiscal Note: Requested on January 8, 2026.

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