

Multiple Agency Fiscal Note Summary

| | |
|---|---------------------------------|
| Bill Number: 1258 S HB S-2494.1/23 | Title: Tourism marketing |
|---|---------------------------------|

Estimated Cash Receipts

| Agency Name | 2023-25 | | | 2025-27 | | | 2027-29 | | |
|-----------------------|--------------------|--------------------|----------|--------------------|--------------------|----------|--------------------|--------------------|----------|
| | GF-State | NGF-Outlook | Total | GF-State | NGF-Outlook | Total | GF-State | NGF-Outlook | Total |
| Department of Revenue | (6,000,000) | (6,000,000) | 0 | (6,000,000) | (6,000,000) | 0 | (6,000,000) | (6,000,000) | 0 |
| Total \$ | (6,000,000) | (6,000,000) | 0 | (6,000,000) | (6,000,000) | 0 | (6,000,000) | (6,000,000) | 0 |

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 |
| Joint Legislative Audit and Review Committee | .2 | 0 | 0 | 53,200 | .6 | 0 | 0 | 172,500 | 2.0 | 0 | 0 | 886,000 |
| Office of State Treasurer | .0 | 0 | 0 | 0 | .0 | 0 | 0 | 0 | .0 | 0 | 0 | 0 |
| Department of Commerce | 1.1 | 0 | 0 | 2,700,000 | 1.1 | 0 | 0 | 3,100,000 | 1.1 | 0 | 0 | 3,500,000 |
| Department of Revenue | .0 | 0 | 0 | 0 | .0 | 0 | 0 | 0 | .0 | 0 | 0 | 0 |
| Total \$ | 1.3 | 0 | 0 | 2,753,200 | 1.7 | 0 | 0 | 3,272,500 | 3.1 | 0 | 0 | 4,386,000 |

Estimated Capital Budget Expenditures

| Agency Name | 2023-25 | | | 2025-27 | | | 2027-29 | | |
|--|------------|----------|----------|------------|----------|----------|------------|----------|----------|
| | FTEs | Bonds | Total | FTEs | Bonds | Total | FTEs | Bonds | Total |
| Joint Legislative Audit and Review Committee | .0 | 0 | 0 | .0 | 0 | 0 | .0 | 0 | 0 |
| Office of State Treasurer | .0 | 0 | 0 | .0 | 0 | 0 | .0 | 0 | 0 |
| Department of Commerce | .0 | 0 | 0 | .0 | 0 | 0 | .0 | 0 | 0 |
| Department of Revenue | .0 | 0 | 0 | .0 | 0 | 0 | .0 | 0 | 0 |
| Total \$ | 0.0 | 0 | 0 | 0.0 | 0 | 0 | 0.0 | 0 | 0 |

Estimated Capital Budget Breakout

Prepared by: Gwen Stamey, OFM

Phone:
(360) 790-1166

Date Published:
Final 3/30/2023

Individual State Agency Fiscal Note

| | | |
|--|---------------------------------|---|
| Bill Number: 1258 S HB S-2494.1/23 | Title: Tourism marketing | Agency: 014-Joint Legislative Audit and Review Committee |
|--|---------------------------------|---|

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

| | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|---|---------|---------|---------|---------|---------|
| FTE Staff Years | 0.2 | 0.2 | 0.2 | 0.6 | 2.0 |
| Account | | | | | |
| Performance Audits of Government Account-State 553-1 | 26,600 | 26,600 | 53,200 | 172,500 | 886,000 |
| Total \$ | 26,600 | 26,600 | 53,200 | 172,500 | 886,000 |

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: 786-7429 | Date: 03/21/2023 |
| Agency Preparation: Zack Freeman | Phone: 360-786-5179 | Date: 03/23/2023 |
| Agency Approval: Eric Thomas | Phone: 360 786-5182 | Date: 03/23/2023 |
| OFM Review: Gaius Horton | Phone: (360) 819-3112 | Date: 03/24/2023 |

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.

HB 1258 (Tourism Marketing) is related to increasing tourism to Washington State through enhancement of the Statewide Tourism Marketing Account. The bill amends RCW 43.384.040, which establishes the Washington Tourism Marketing Authority (WTMA) and dedicates a portion of retail sales tax from lodging, car rentals, and restaurants to tourism marketing.

Section 1 amends the match requirement for expenditures from the Statewide Tourism Marketing Account from two-to-one to one-to-one.

Section 2 increases the portion of revenue from retail sales of lodging, car rentals, and restaurants and deposited into the Account from \$3 to \$9 million per biennium.

Section 3 relates to JLARC.

- The first part directs JLARC to evaluate the performance of the Tourism Marketing Authority to determine the extent to which the Authority has contributed to the growth of the tourism industry and the state's economic development. The only change to this section is that the evaluation's due date is updated to December 1, 2028.
- A new section directs JLARC to include a new component in the evaluation of the Authority: a high-level summary of lodging tax expenditures collected from local governments to determine the extent to which it has contributed to the tourism industry and state's economic development. JLARC is directed to request and receive lodging tax information from counties with populations of 1.5M or more or which are otherwise not required to report lodging tax information.
- A new section specifies that the JLARC evaluation of the Authority must provide an update on the Authority's progress implementing the statewide tourism marketing program and a summary of local governments' lodging tax investments to determine the extent to which the Authority and lodging tax revenue have contributed to the tourism industry and state's economic development.

Impact to JLARC study: The bill amends JLARC's study mandate to evaluate the Tourism Marketing Authority by adding requirements to include a summary of local government lodging tax expenditures. In doing so, JLARC is also required to collect lodging tax expenditure information from counties that are not currently required to report.

The only county with a population of 1.5 million or more and therefore exempt from the lodging tax reporting requirement is King County. RCW 67.28.180 specifies that lodging tax collected in the county must be used as follows:

- At least 37.5% deposited into an account for art museums, cultural museums, heritage museums, the arts, and the performing arts.
- At least 37.5% spent on:
 - Contracts, loans, or grants for affordable housing near public transit, or for housing, facilities, or services for homeless youth.
 - To repay various general obligation and revenue bonds.
- The remainder is for programs that promote tourism and attract tourists to the county.

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.

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.

As reflected in HB 1258, the due date for JLARC's evaluation of the Authority has been extended to December 2028. This reflects the impact of the COVID-19 pandemic on the tourism industry. This fiscal note provides an estimate of the cost to conduct the evaluation of the Authority, including the new inclusion of local lodging tax expenditure data introduced to the study mandate by HB 1258.

With the analysis due in December 2028, JLARC is to determine the extent to which the Authority and lodging tax revenue have contributed to the growth of the tourism industry and economic development of the state. JLARC staff estimate that three phases of the analysis are necessary to complete the evaluation.

During the first phase, JLARC staff worked with expert economist consultants to establish methodologies to isolate the impact of tourism marketing on the state's economy. JLARC staff also worked with the Authority to assure that their contract for the multi-year marketing plan includes the requirement to collect any needed data not already available through the state's administrative datasets. This phase was completed in 2020. JLARC staff provided the Legislature with a briefing report in January 2020, which concluded that staff were unable to recommend a methodology pending additional work by the Tourism Marketing Authority to establish its goals and measures.

JLARC staff expected that the Authority would establish the goals and measures during 2020 and that staff would be able to provide a second briefing. However, the COVID-19 pandemic in 2020 harmed the tourism industry in Washington and nationally. JLARC staff provided a memo to the committee in lieu of a briefing report, noting the Authority's actions to date and that experts predicted a long recovery for the industry.

The second phase entails monitoring the Authority's quarterly meetings by compiling the materials presented. Staff also will monitor any legislation, including budget, that affects the future study or the Authority's activities. This phase began in 2020 and will continue until the evaluation is restarted in early 2027.

The third phase is the evaluation. This phase will include collecting lodging tax expenditure data from local governments, including King County, and working with expert economists. JLARC staff anticipate applying the methods established in the first phase to the data subsequently collected to determine the impact of the Authority and local lodging tax expenditures on the tourism industry and the economy of the state.

To incorporate local lodging tax expenditure data into the evaluation, JLARC staff anticipate summarizing information that is currently collected and collecting expenditure data from King County for calendar year 2027. JLARC staff have an existing mechanism to collect lodging tax expenditure data from municipalities (counties, cities, and towns) annually. This reporting mechanism can be expanded to collect tourism-related lodging tax revenue expenditure data from King County.

Local lodging tax expenditure data is self-reported by municipalities. JLARC staff do not verify or audit the information reported by municipalities. As a result, any analysis of the effect lodging tax expenditures on the tourism industry and the state's economy would be an estimate based on self-reported unaudited data, rather than a conclusive finding.

JLARC previously provided a fiscal note in 2018 for Phase 1 and Phase 2. This fiscal note reflects Phase 2 (monitoring) and Phase 3 (evaluation) and includes the new local lodging tax expenditure component.

JLARC estimates its costs to be divided between a) JLARC staff costs, and b) the costs associated with engaging external experts to assist JLARC staff in completing its assignment.

a) JLARC estimates its costs based on audit months (approximately \$22,100 per audit month). JLARC estimates it will take 36 audit months to complete the assignment required by this bill.

b) Consultant Costs: JLARC anticipates engaging consultant(s) to determine the impact of the Authority and local lodging tax expenditures on the tourism industry and the economy of the state. We estimate consultant costs of \$200,550.

JLARC assumes comparable consultant efforts and costs made available for previous studies, and estimated costs reflect JLARC's recent experience in contracting with external entities for similar work.

JLARC ASSUMES THAT THE ASSIGNMENT IN THIS PROPOSED BILL MAY REQUIRE ADDITIONAL RESOURCES. JLARC WILL ASSESS ALL OF THE ASSIGNMENTS MANDATED IN THE 2023 LEGISLATIVE SESSION. BASED ON ALL LEGISLATION THAT IS PASSED, JLARC MAY SUBSEQUENTLY DETERMINE THAT IT CAN ABSORB THE COSTS FOR THIS PROPOSED BILL IN ITS BASE BUDGET, IF THE WORKLOAD OF OTHER ENACTED LEGISLATION DOES NOT EXCEED CURRENT STAFFING LEVELS. HOWEVER, ADDITIONAL RESOURCES TO COVER CONSULTANT COSTS OF \$200,550 WOULD NEED TO BE PROVIDED.

JLARC Audit Months: JLARC calculates its staff resources in "Audit Months" to estimate the time and effort to undertake and complete its studies. An "Audit Month" reflects a JLARC analyst's time for a month, together with related administrative, support, and goods/services costs. JLARC's anticipated 2023-25 costs are calculated at approximately \$22,100 per audit month.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

| Account | Account Title | Type | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|-----------------|--|-------|---------|---------|---------|---------|---------|
| 553-1 | Performance Audits of Government Account | State | 26,600 | 26,600 | 53,200 | 172,500 | 886,000 |
| Total \$ | | | 26,600 | 26,600 | 53,200 | 172,500 | 886,000 |

III. B - Expenditures by Object Or Purpose

| | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|--------------------------------------|---------|---------|---------|---------|---------|
| FTE Staff Years | 0.2 | 0.2 | 0.2 | 0.6 | 2.0 |
| A-Salaries and Wages | 17,200 | 17,200 | 34,400 | 111,600 | 443,400 |
| B-Employee Benefits | 5,400 | 5,400 | 10,800 | 35,100 | 139,600 |
| C-Professional Service Contracts | | | | | 200,600 |
| E-Goods and Other Services | 3,600 | 3,600 | 7,200 | 23,400 | 93,000 |
| G-Travel | 400 | 400 | 800 | 2,400 | 9,400 |
| J-Capital Outlays | | | | | |
| M-Inter Agency/Fund Transfers | | | | | |
| N-Grants, Benefits & Client Services | | | | | |
| P-Debt Service | | | | | |
| S-Interagency Reimbursements | | | | | |
| T-Intra-Agency Reimbursements | | | | | |
| 9- | | | | | |
| Total \$ | 26,600 | 26,600 | 53,200 | 172,500 | 886,000 |

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

| Job Classification | Salary | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|--------------------|---------|---------|---------|---------|---------|---------|
| Research Analyst | 126,694 | 0.1 | 0.1 | 0.1 | 0.4 | 1.3 |
| Support staff | 89,671 | 0.1 | 0.1 | 0.1 | 0.2 | 0.7 |
| Total FTEs | | 0.2 | 0.2 | 0.2 | 0.6 | 2.0 |

III. D - 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

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

| | | |
|--|---------------------------------|--|
| Bill Number: 1258 S HB S-2494.1/23 | Title: Tourism marketing | Agency: 090-Office of State Treasurer |
|--|---------------------------------|--|

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating 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: 786-7429 | Date: 03/21/2023 |
| Agency Preparation: Dan Mason | Phone: (360) 902-8990 | Date: 03/22/2023 |
| Agency Approval: Dan Mason | Phone: (360) 902-8990 | Date: 03/22/2023 |
| OFM Review: Amy Hatfield | Phone: (360) 280-7584 | Date: 03/22/2023 |

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.

SHB 1258 S-2494.1 increases the revenue collected from the tax on retail sales of lodging, car rentals, and restaurants deposited into the statewide tourism marketing account, up to \$9 million per biennium.

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.

Projected cash flows are currently unavailable; therefore, estimated earnings from investments are indeterminable.

There may be an impact on the debt service limitation calculation. Changes to the sales and use taxes deposited into the general fund and earnings from investments credited to the general fund will change, by an equal amount, general state revenues.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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

NONE

III. D - 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

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

| | | |
|--|---------------------------------|---|
| Bill Number: 1258 S HB S-2494.1/23 | Title: Tourism marketing | Agency: 103-Department of Commerce |
|--|---------------------------------|---|

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

| | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|--|-----------|-----------|-----------|-----------|-----------|
| FTE Staff Years | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 |
| Account | | | | | |
| Statewide Tourism Marketing Account-State 22T-1 | 1,350,000 | 1,350,000 | 2,700,000 | 3,100,000 | 3,500,000 |
| Total \$ | 1,350,000 | 1,350,000 | 2,700,000 | 3,100,000 | 3,500,000 |

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: 786-7429 | Date: 03/21/2023 |
| Agency Preparation: Karen McArthur | Phone: 360-725-4027 | Date: 03/27/2023 |
| Agency Approval: Jason Davidson | Phone: 360-725-5080 | Date: 03/27/2023 |
| OFM Review: Gwen Stamey | Phone: (360) 790-1166 | Date: 03/30/2023 |

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.

Difference between SHB 1258 S-2494.1/23 and the original bill:

Section 2 increases the proportion of state sales and use taxes collected on certain hospitality industries and deposited into the Statewide Tourism Marketing Account from 0.2% to 3%.

Section 3(1) changes the date the JLARC evaluation on the Washington tourism marketing authority is due to the legislature from December 1, 2023, to December 1, 2028.

Section 3(2) requires JLARC to include in their report to the legislature a summary of local governments' lodging tax expenditures to further understand the investment the state has made for tourism statewide; Requires counties with a population of one million five hundred thousand or more to provide information on their lodging tax expenditures to JLARC.

Section 3(3) clarifies that the report due December 1, 2028, must provide an update on the authority's progress in implementing a statewide tourism marketing program and a summary of investments made by local governments who have enacted a lodging tax to determine the extent to which the authority and the lodging taxes have contributed to the growth of the tourism industry and economic development of the state.

There are no differences between the SHB 1258 S-2494-1/23 and the original house bill that affect the fiscal impact to the Department of Commerce (department).

Summary of SHB 1258 S-2494.1/23:

Section 1 amends RCW 43.384.040 and 2018 c 275 s 5 and decreases the match requirements from two-to-one to one-to-one from the account.

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.

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 assumes the working outlined in Section 1 will require the following:

1.0 FTE Financial Analyst 2 (2,088 hours) responsible for confirming the match, handling payments, managing the budget, and serving as the primary analyst for the authority.

Salaries and Benefits:

FY24: \$86,145

FY25-FY29: \$89,187 per fiscal year

Goods and Services:

FY24: \$20,578
 FY25-FY29: \$20,582 per fiscal year

Travel:
 Travel includes stakeholder outreach.
 FY24-FY29: \$2,000 per fiscal year

Equipment:
 In addition to the standard goods and services estimates, the department assumes the purchase of standard workstations for the new staff in FY24 and the purchase of replacement laptops /tablets in FY28 based on the department's replacement cycle.
 FY24: \$5,000
 FY28: \$2,400

Grants:
 Washington tourism marketing match grants are based on DOR revenue collection assumptions of \$2,700,000 FY24-FY25; \$3,100,000 FY26-FY27; and \$3,500,000 FY28-FY29.
 FY24: \$1,207,935
 FY25: \$1,208,888
 FY26-FY27: \$1,408,888
 FY28: \$1,606,488
 FY29: \$1,608,888

Intra-Agency Reimbursements:
 FY24: \$28,342
 FY25-29: \$29,343 each fiscal year

Note: Standard goods and services costs include supplies and materials, employee development and training, Attorney General costs, central services charges and agency administration. Agency administration costs (e.g., payroll, HR, IT) are funded under a federally approved cost allocation plan.

=====
 Total Costs:
 FY24-FY25: \$1,350,000 each fiscal year
 FY26-FY27: \$1,550,000 each fiscal year
 FY28-FY29: \$1,750,000 each fiscal year

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

| Account | Account Title | Type | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|-----------------|-------------------------------------|-------|-----------|-----------|-----------|-----------|-----------|
| 22T-1 | Statewide Tourism Marketing Account | State | 1,350,000 | 1,350,000 | 2,700,000 | 3,100,000 | 3,500,000 |
| Total \$ | | | 1,350,000 | 1,350,000 | 2,700,000 | 3,100,000 | 3,500,000 |

III. B - Expenditures by Object Or Purpose

| | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|--------------------------------------|-----------|-----------|-----------|-----------|-----------|
| FTE Staff Years | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 |
| A-Salaries and Wages | 61,012 | 62,842 | 123,854 | 125,684 | 125,684 |
| B-Employee Benefits | 25,133 | 26,345 | 51,478 | 52,690 | 52,690 |
| C-Professional Service Contracts | | | | | |
| E-Goods and Other Services | 20,578 | 20,582 | 41,160 | 41,164 | 41,164 |
| G-Travel | 2,000 | 2,000 | 4,000 | 4,000 | 4,000 |
| J-Capital Outlays | 5,000 | | 5,000 | | 2,400 |
| M-Inter Agency/Fund Transfers | | | | | |
| N-Grants, Benefits & Client Services | 1,207,935 | 1,208,888 | 2,416,823 | 2,817,776 | 3,215,376 |
| P-Debt Service | | | | | |
| S-Interagency Reimbursements | | | | | |
| T-Intra-Agency Reimbursements | 28,342 | 29,343 | 57,685 | 58,686 | 58,686 |
| 9- | | | | | |
| Total \$ | 1,350,000 | 1,350,000 | 2,700,000 | 3,100,000 | 3,500,000 |

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

| Job Classification | Salary | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|------------------------------------|---------|---------|---------|---------|---------|---------|
| Administrative Services - Indirect | 111,168 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Fiscal Analyst 2 | 61,012 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Total FTEs | | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 |

III. D - 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

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Department of Revenue Fiscal Note

| | | |
|--|---------------------------------|--|
| Bill Number: 1258 S HB S-2494.1/23 | Title: Tourism marketing | Agency: 140-Department of Revenue |
|--|---------------------------------|--|

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

| Account | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|---|-------------|-----------|-------------|-------------|-------------|
| GF-STATE-State 01 - Taxes 01 - Retail Sales Tax | (6,200,000) | 200,000 | (6,000,000) | (6,000,000) | (6,000,000) |
| Statewide Tourism Marketing Account-State 01 - Taxes 01 - Retail Sales Tax | 6,200,000 | (200,000) | 6,000,000 | 6,000,000 | 6,000,000 |
| Total \$ | | | | | |

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: 03/21/2023 |
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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.

Note: This fiscal note reflects amendment 1258-S AMS BGFT S2494.1 to SHB 1258, 2023 Legislative Session.

COMPARISON OF THE AMENDMENT WITH THE ORIGINAL:

This striking amendment increases the rate from 0.2% of state sales tax revenues generated from sales from lodging, car rentals and restaurants to 3.0% of these revenues.

The amendment also increases the \$3 million per biennium cap to \$9 million.

CURRENT LAW:

Since 2018, 0.2% of state retail sales tax revenues generated from sales from lodging, car rentals and restaurants fund the Tourism Marketing Authority. The Department of Revenue (department) transfers up to \$3 million of these revenues to the tourism marketing account per biennium.

A two-to-one match of non-state or non-general fund state fund must be provided for the tourism marketing account expenditures.

PROPOSAL:

This legislation decreases the matching funds from two-to-one to one-to-one.

This legislation increases the calculation from 0.2% of state retail sales tax revenues generated from sales from lodging, car rentals and restaurants to 3.0% of the revenues. It also increases the \$3 million per biennium cap to \$9 million.

This legislation extends the date for the Joint Legislative Audit and Review Committee (JLARC) to submit the performance evaluation report from December 1, 2023, to December 1, 2028, and adds some requirements.

EFFECTIVE DATE:

The bill takes effect 90 days after final adjournment of the session.

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:

- Taxable sales growth mirrors the Economic and Revenue Forecast Council's November 2022 forecast of taxable retail sales growth.
- The account receives the necessary matching funds.
- Estimates for current law distributions meet the \$3 million biennial cap in a single fiscal year beginning in fiscal year 2026. With the higher rate, the tourism marketing distributions will meet the \$9 million biennial cap in a single fiscal year beginning in fiscal year 2024.

DATA SOURCES:

- Department of Revenue excise tax return data - lodging tax, rental car, and restaurant data
- Economic and Revenue Forecast Council, November 2022 forecast

REVENUE ESTIMATES:

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This bill decreases state revenues by an estimated \$6.2 million in fiscal year 2024 but increases state revenues by \$200,000 in fiscal year 2025.

The bill increases the Tourism Marketing Account by \$6.2 million in fiscal year 2024 and decreases revenues by \$200,000 in fiscal year 2025.

The biennium cap will be reached in the first year of each biennium.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2024 - \$ 0
FY 2025 - \$ 0
FY 2026 - \$ 0
FY 2027 - \$ 0
FY 2028 - \$ 0
FY 2029 - \$ 0

Local Government, if applicable (cash basis, \$000): None.

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.

ASSUMPTIONS:

- Local governments will provide data and information directly to JLARC.

The department will not incur any costs with the implementation of this legislation.

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