

To: Chelan County

From: Municipal Research and Services Center (MRSC)

Question: What is the definition of municipality and capital, in reference to the allocation of lodging tax revenues?

Counties can use their lodging tax revenues on “supporting the operations and capital expenditures of tourism-related facilities owned or operated by a municipality.” [RCW 67.28.1816](#).

“Municipality” has its standard definition of “any county, city or town of the state of Washington.” [RCW 67.28.080\(2\)](#). While this seems to limit the type of tourism-related facilities that can receive lodging tax revenues to those owned or operated by a municipality, there appears to be some internal inconsistencies in the statute. The definition of “tourism-related facilities” is inclusive of facilities owned by *all* public entities—not just those municipalities defined in the statute (county, city, town). Tourism-related facilities is defined as:

[R]eal or tangible personal property with a usable life of three or more years, or constructed with volunteer labor that is: (a)(i) *Owned by a public entity*; (ii) owned by a nonprofit organization described under section 501(c)(3) of the federal internal revenue code of 1986, as amended; or (iii) owned by a nonprofit organization described under section 501(c)(6) of the federal internal revenue code of 1986, as amended, a business organization, destination marketing organization, main street organization, lodging association, or chamber of commerce and (b) used to support tourism, performing arts, or to accommodate tourist activities.

In addition, the term “capital” is defined in the [BARS Manual](#) under [Capital Asset Management](#), as follows:

3.3.9.10 Capital assets are tangible or intangible assets having initial useful lives extending beyond a reporting period, including:

- Land and improvements to land, including right of ways and easements
- Buildings and building improvements
- Parking lots
- Vehicles
- Machinery and equipment
- Works of art and historical treasures
- Infrastructure assets, such as roads, bridges, sidewalks, water lines, sewers, drainage systems
- Intangible assets, such as easements, water rights, timber rights, and computer software