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**SUBSTITUTE SENATE BILL 5116**

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**State of Washington**

**60th Legislature**

**2007 Regular Session**

**By** Senate Committee on Economic Development, Trade & Management (originally sponsored by Senators Kastama, Kilmer, Kauffman, McAuliffe, Shin, Parlette, Kohl-Welles, Rasmussen and Regala; by request of Governor Gregoire)

READ FIRST TIME 02/23/07.

1 AN ACT Relating to creating a public-private tourism partnership;  
2 amending RCW 67.40.040, 43.330.096, 43.330.090, and 43.330.094; adding  
3 a new chapter to Title 43 RCW; creating a new section; recodifying RCW  
4 43.330.096; and repealing RCW 43.330.095.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **PART 1**

7 **WASHINGTON TOURISM COMMISSION**

8 NEW SECTION. **Sec. 101.** The definitions in this section apply  
9 throughout this chapter unless the context clearly requires otherwise.

10 (1) "Commission" means the Washington tourism commission.

11 (2) "Department" means the department of community, trade, and  
12 economic development.

13 (3) "Director" means the director of the department.

14 (4) "Executive director" means the executive director of the  
15 commission.

16 NEW SECTION. **Sec. 102.** (1) The Washington tourism commission is  
17 created.

1 (2) The commission shall be cochaired by the director of the  
2 department or the director's designee, and by an industry-member  
3 representative who is elected by the commission members.

4 (3) The commission shall have nineteen members. In appointing  
5 members, the governor shall endeavor to balance the geographic and  
6 demographic composition of the commission to include members with  
7 special expertise from tourism organizations, local jurisdictions, and  
8 small businesses directly engaged in tourism-related activities.  
9 Before making appointments to the Washington tourism commission, the  
10 governor shall consider nominations from recognized organizations that  
11 represent the entities or interests identified in this section.  
12 Commission members shall be appointed by the governor as follows:

13 (a) Three members to represent the lodging industry, at least two  
14 of which shall be chosen from a list of three nominees per position  
15 submitted by the state's largest lodging industry trade association.  
16 Members should represent all property categories and different regions  
17 of the state;

18 (b) Three representatives from nonprofit destination marketing  
19 organizations or visitor and convention bureaus;

20 (c) Three industry representatives from the arts, entertainment,  
21 attractions, or recreation industry;

22 (d) Four private industry representatives, two from each of the  
23 business categories in this subsection:

24 (i) The food, beverage, and wine industries; and

25 (ii) The travel and transportation industries;

26 (e) Four legislative members, one from each major caucus of the  
27 senate, designated by the president of the senate, and one from each  
28 major caucus of the house of representatives, designated by the speaker  
29 of the house of representatives;

30 (f) The chairman of the Washington convention and trade center; and

31 (g) The director or the director's designee.

32 (4)(a) Terms of nonlegislative members shall be three years, except  
33 that initial terms shall be staggered such that terms of one-third of  
34 the initial members shall expire each year.

35 (b) Terms of legislative members shall be two years.

36 (c) Vacancies shall be appointed in the same manner as the original  
37 appointment.

1 (d) A member appointed by the governor may not be absent from more  
2 than fifty percent of the regularly scheduled meetings in any one  
3 calendar year. Any member who exceeds this absence limitation is  
4 deemed to have withdrawn from the office and may be replaced by the  
5 governor.

6 (5) Members shall be reimbursed for travel expenses as provided in  
7 RCW 43.03.050 and 43.03.060.

8 (6) The commission shall meet at least four times per year, but may  
9 meet more frequently as necessary.

10 (7) A majority of members currently appointed constitutes a quorum.

11 (8) Staff support shall be provided by the department, and staff  
12 shall report to the executive director.

13 (9) The director, in consultation with the commission, shall  
14 appoint an executive director.

15 (10) The commission may adopt rules under chapter 34.05 RCW as  
16 necessary to carry out the purposes of this chapter.

17 NEW SECTION. **Sec. 103.** (1) The commission shall pursue a  
18 coordinated program to expand the tourism industry throughout the state  
19 in cooperation with the public and private tourism development  
20 organizations. The commission shall develop and approve, and update as  
21 necessary, a six-year strategic plan that includes, but is not limited  
22 to:

23 (a) Promoting Washington as a tourism destination to national and  
24 international markets to include nature-based and wildlife viewing  
25 tourism;

26 (b) Providing information to businesses and local communities on  
27 tourism opportunities that could expand local revenues;

28 (c) Assisting local communities to strengthen their tourism  
29 partnerships, including their relationships with state and local  
30 agencies;

31 (d) Providing leadership training and assistance to local  
32 communities to facilitate the development and implementation of local  
33 tourism plans;

34 (e) Coordinating the development of a statewide tourism marketing  
35 plan that must be adopted by March 31, 2008, and every two years  
36 thereafter. If the commission does not adopt a marketing plan by March  
37 31st of even-numbered years, the director has the authority to approve

1 a tourism marketing plan for implementation. The plan shall  
2 specifically address mechanisms for: (i) Funding national and  
3 international marketing and nature-based tourism efforts; (ii)  
4 interagency cooperation; and (iii) integrating the state plan with  
5 local tourism plans.

6 (2) The commission may, in carrying out its efforts to expand the  
7 tourism industry in the state:

8 (a) Solicit and receive gifts, grants, funds, fees, and endowments,  
9 in trust or otherwise, from tribal, local, or other governmental  
10 entities, as well as private sources, and may expend the same or any  
11 income therefrom for tourism purposes. All revenue received for  
12 tourism purposes shall be deposited into the tourism enterprise account  
13 created in section 105 of this act;

14 (b) Host conferences and strategic planning workshops relating to  
15 the promotion of nature-based and wildlife viewing tourism;

16 (c) Conduct or contract for tourism-related studies;

17 (d) Contract with individuals, businesses, or public entities to  
18 carry out its tourism-related activities under this section; and

19 (e) Provide tourism-related organizations with marketing and other  
20 technical assistance.

21 (3) Staff shall implement the strategic plan and the tourism  
22 marketing plan.

23 NEW SECTION. **Sec. 104.** (1) A tourism competitive grant program is  
24 created as an ongoing program to enhance local efforts that support  
25 tourism-related activities. The commission shall develop and publicize  
26 formal selection criteria for the grant program. Subject to available  
27 funding, the commission shall solicit applications and award grants to  
28 successful applicants at least once a year.

29 (2) Eligible applicants include, but are not limited to, local  
30 governments, nonprofit organizations, and federally recognized Indian  
31 tribes.

32 (3) Criteria should include the return on investment of state  
33 funding, the availability of other financial resources to the  
34 applicant, the level of community support, and other criteria deemed  
35 necessary by the commission.

36 (4) Maximum grant amounts shall be determined by the commission.  
37 Grant awards must reflect geographic and demographic diversity and a

1 variety of activities. Successful applicants must provide matching  
2 funds equal to the amount of the grant. In-kind donations shall not be  
3 considered in the match calculation.

4 (5) No portion of the grant may be used for an applicant's  
5 administrative costs.

6 NEW SECTION. **Sec. 105.** The tourism enterprise account is created  
7 in the custody of the state treasurer.

8 (1) All receipts from section 103(2)(a) of this act must be  
9 deposited into the account. Only the executive director or the  
10 executive director's designee may authorize expenditures from the  
11 account. The account is subject to allotment procedures under chapter  
12 43.88 RCW, but an appropriation is not required for expenditures.

13 (2) Moneys transferred from the state convention and trade account  
14 to this account, as provided in RCW 67.40.040, shall be available for  
15 expenditure in accordance with the requirements of this section. As  
16 provided under subsection (3) of this section, moneys must be matched  
17 with private sector cash contributions, the value of an advertising  
18 equivalency contribution, or through an in-kind contribution. The  
19 commission shall determine criteria for what qualifies as an in-kind  
20 contribution. The moneys subject to match may be expended as private  
21 match is received or with evidence of qualified expenditure.

22 (3)(a) Twenty-five percent of the moneys transferred in fiscal year  
23 2009 are subject to a match;

24 (b) Fifty percent of the moneys transferred in fiscal year 2010 are  
25 subject to a match; and

26 (c) One hundred percent of the moneys transferred in fiscal year  
27 2011, and thereafter, are subject to a match.

28 (4) Expenditures from the account may be used by the department of  
29 community, trade, and economic development only for the purposes of  
30 expanding and promoting the tourism industry in the state of  
31 Washington.

32 **Sec. 106.** RCW 67.40.040 and 2005 c 518 s 936 are each amended to  
33 read as follows:

34 (1) The proceeds from the sale of the bonds authorized in RCW  
35 67.40.030, proceeds of the taxes imposed under RCW 67.40.090 and  
36 67.40.130, and all other moneys received by the state convention and

1 trade center from any public or private source which are intended to  
2 fund the acquisition, design, construction, expansion, exterior cleanup  
3 and repair of the Eagles building, conversion of various retail and  
4 other space to meeting rooms, purchase of the land and building known  
5 as the McKay Parcel, development of low-income housing, or renovation  
6 of the center, and those expenditures authorized under RCW 67.40.170  
7 shall be deposited in the state convention and trade center account  
8 hereby created in the state treasury and in such subaccounts as are  
9 deemed appropriate by the directors of the corporation.

10 (2) Moneys in the account, including unanticipated revenues under  
11 RCW 43.79.270, shall be used exclusively for the following purposes in  
12 the following priority:

13 (a) For reimbursement of the state general fund under RCW  
14 67.40.060;

15 (b) After appropriation by statute:

16 (i) For payment of expenses incurred in the issuance and sale of  
17 the bonds issued under RCW 67.40.030;

18 (ii) For expenditures authorized in RCW 67.40.170;

19 (iii) For acquisition, design, and construction of the state  
20 convention and trade center; (~~and~~)

21 (iv) For debt service for the acquisition, design, and construction  
22 and retrofit of the museum of history and industry museum property or  
23 other future expansions of the convention center as approved by the  
24 legislature; and

25 (v) For reimbursement of any expenditures from the state general  
26 fund in support of the state convention and trade center; and

27 (c) For transfer to the state convention and trade center  
28 operations account.

29 (3) The corporation shall identify with specificity those  
30 facilities of the state convention and trade center that are to be  
31 financed with proceeds of general obligation bonds, the interest on  
32 which is intended to be excluded from gross income for federal income  
33 tax purposes. The corporation shall not permit the extent or manner of  
34 private business use of those bond-financed facilities to be  
35 inconsistent with treatment of such bonds as governmental bonds under  
36 applicable provisions of the Internal Revenue Code of 1986, as amended.

37 (4) In order to ensure consistent treatment of bonds authorized  
38 under RCW 67.40.030 with applicable provisions of the Internal Revenue

1 Code of 1986, as amended, and notwithstanding RCW 43.84.092, investment  
2 earnings on bond proceeds deposited in the state convention and trade  
3 center account in the state treasury shall be retained in the account,  
4 and shall be expended by the corporation for the purposes authorized  
5 under chapter 386, Laws of 1995 and in a manner consistent with  
6 applicable provisions of the Internal Revenue Code of 1986, as amended.

7 ~~(5) ((During the 2005-2007 fiscal biennium, the legislature may~~  
8 ~~transfer from the state convention and trade center account to the~~  
9 ~~state general fund such amounts as reflect the excess fund balance of~~  
10 ~~the account.))~~ Subject to the conditions in subsection (6) of this  
11 section, starting in fiscal year 2008, the state treasurer shall  
12 transfer:

13 (a) The sum of four million dollars, or as much as may be available  
14 pursuant to conditions set forth in this section, from the state  
15 convention and trade center account to the tourism enterprise account,  
16 with the maximum transfer being four million dollars per fiscal year;  
17 and

18 (b) The sum of five hundred thousand dollars, or as much as may be  
19 available pursuant to conditions set forth in this section, from the  
20 state convention and trade center account to the tourism development  
21 and promotion account, with the maximum transfer being five hundred  
22 thousand dollars per fiscal year.

23 (6)(a) Funds required for debt service payments and reserves for  
24 bonds issued under RCW 67.40.030; for debt service authorized under RCW  
25 67.40.170; and for the issuance and sale of financial instruments  
26 associated with the acquisition, design, construction, and retrofit of  
27 the museum of history and industry museum property or for other future  
28 expansions of the center, as approved by the legislature, shall be  
29 maintained within the state convention and trade center account.

30 (b) No less than six million one hundred fifty thousand dollars per  
31 year shall be retained in the state convention and trade center account  
32 for funding capital maintenance as required by the center's long-term  
33 capital plan, facility enhancements, unanticipated replacements, and  
34 operating reserves for the convention center operation. This amount  
35 shall be escalated annually as follows:

36 (i) Four percent for annual inflation for capital maintenance,  
37 repairs, and replacement;

38 (ii) An additional two percent for enhancement to the facility; and

1 (iii) An additional three percent for growth in expenditure due to  
2 aging of the facility and the need to maintain an operating reserve.

3 (c) Sufficient funds shall be reserved within the state convention  
4 and trade center account to fund operating appropriations for the  
5 annual operation of the convention center.

6 **Sec. 107.** RCW 43.330.096 and 1998 c 299 s 5 are each amended to  
7 read as follows:

8 ~~((1))~~ On or before June 30th of each fiscal year, the  
9 ~~((department))~~ commission shall submit a report to the appropriate  
10 policy and fiscal committees of the house of representatives and senate  
11 that describes the tourism development program for the previous fiscal  
12 year and quantifies the financial benefits to the state. The report  
13 must contain information concerning targeted markets, benefits to  
14 different areas of the state, return on the state's investment, grants  
15 disbursed under the tourism competitive grant program, a copy of the  
16 most recent strategic plan, and other relevant information related to  
17 tourism development.

18 ~~((2) This section expires June 30, 2008.)~~

19 **PART 2**

20 **TECHNICAL AND MISCELLANEOUS PROVISIONS**

21 **Sec. 201.** RCW 43.330.090 and 2006 c 105 s 1 are each amended to  
22 read as follows:

23 (1) The department shall work with private sector organizations,  
24 industry and cluster associations, federal agencies, state agencies  
25 that use a cluster-based approach to service delivery, local  
26 governments, local associate development organizations, and higher  
27 education and training institutions in the development of industry  
28 cluster-based strategies to diversify the economy, facilitate  
29 technology transfer and diffusion, and increase value-added production.  
30 The industry clusters targeted by the department may include, but are  
31 not limited to, aerospace, agriculture, food processing, forest  
32 products, marine services, health and biomedical, software, digital and  
33 interactive media, transportation and distribution, and  
34 microelectronics. The department shall, on a continuing basis,  
35 evaluate the potential return to the state from devoting additional

1 resources to an industry cluster-based approach to economic development  
2 and identifying and assisting additional clusters. The department  
3 shall use information gathered in each service delivery region in  
4 formulating its industry cluster-based strategies and shall assist  
5 local communities in identifying regional industry clusters and  
6 developing industry cluster-based strategies.

7 ~~(2) ((The department shall pursue a coordinated program to expand  
8 the tourism industry throughout the state in cooperation with the  
9 public and private tourism development organizations. The department,  
10 in operating its tourism program, shall:~~

11 ~~(a) Promote Washington as a tourism destination to national and  
12 international markets to include nature based and wildlife viewing  
13 tourism;~~

14 ~~(b) Provide information to businesses and local communities on  
15 tourism opportunities that could expand local revenues;~~

16 ~~(c) Assist local communities to strengthen their tourism  
17 partnerships, including their relationships with state and local  
18 agencies;~~

19 ~~(d) Provide leadership training and assistance to local communities  
20 to facilitate the development and implementation of local tourism  
21 plans;~~

22 ~~(e) Coordinate the development of a statewide tourism and marketing  
23 plan. The department's tourism planning efforts shall be carried out  
24 in conjunction with public and private tourism development  
25 organizations including the department of fish and wildlife and other  
26 appropriate agencies. The plan shall specifically address mechanisms  
27 for: (i) Funding national and international marketing and nature based  
28 tourism efforts; (ii) interagency cooperation; and (iii) integrating  
29 the state plan with local tourism plans.~~

30 ~~(3) The department may, in carrying out its efforts to expand the  
31 tourism industry in the state:~~

32 ~~(a) Solicit and receive gifts, grants, funds, fees, and endowments,  
33 in trust or otherwise, from tribal, local or other governmental  
34 entities, as well as private sources, and may expend the same or any  
35 income therefrom for tourism purposes. All revenue received for  
36 tourism purposes shall be deposited into the tourism development and  
37 promotion account created in RCW 43.330.094;~~

1 ~~(b) Host conferences and strategic planning workshops relating to~~  
2 ~~the promotion of nature based and wildlife viewing tourism;~~

3 ~~(c) Conduct or contract for tourism related studies;~~

4 ~~(d) Contract with individuals, businesses, or public entities to~~  
5 ~~carry out its tourism related activities under this section;~~

6 ~~(e) Provide tourism related organizations with marketing and other~~  
7 ~~technical assistance;~~

8 ~~(f) Evaluate and make recommendations on proposed tourism related~~  
9 ~~policies.~~

10 ~~(4))~~(a) The department shall promote, market, and encourage growth  
11 in the production of films and videos, as well as television  
12 commercials within the state; to this end the department is directed to  
13 assist in the location of a film and video production studio within the  
14 state.

15 (b) The department may, in carrying out its efforts to encourage  
16 film and video production in the state, solicit and receive gifts,  
17 grants, funds, fees, and endowments, in trust or otherwise, from  
18 tribal, local, or other governmental entities, as well as private  
19 sources, and may expend the same or any income therefrom for the  
20 encouragement of film and video production. All revenue received for  
21 such purposes shall be deposited into the film and video promotion  
22 account created in RCW 43.330.092.

23 ~~((5))~~ (3) In assisting in the development of regional and  
24 statewide industry cluster-based strategies, the department's  
25 activities shall include, but are not limited to:

26 (a) Facilitating regional focus group discussions and conducting  
27 studies to identify industry clusters, appraise the current information  
28 linkages within a cluster, and identify issues of common concern within  
29 a cluster;

30 (b) Supporting industry and cluster associations, publications of  
31 association and cluster directories, and related efforts to create or  
32 expand the activities of industry and cluster associations;

33 (c) Administering a competitive grant program to fund activities  
34 designed to further regional cluster growth. In administering the  
35 program, the department shall work with an industry cluster advisory  
36 committee with equal representation from the work force training and  
37 education coordinating board, the state board for community and

1 technical colleges, the employment security department, business, and  
2 labor.

3 (i) The industry cluster advisory committee shall recommend  
4 criteria for evaluating applications for grant funds and recommend  
5 applicants for receipt of grant funds.

6 (ii) Applicants must include organizations from at least two  
7 counties and participants from the local business community. Eligible  
8 organizations include, but are not limited to, local governments,  
9 economic development councils, chambers of commerce, federally  
10 recognized Indian tribes, work force development councils, and  
11 educational institutions.

12 (iii) Applications must evidence financial participation of the  
13 partner organizations.

14 (iv) Priority shall be given to applicants which will use the grant  
15 funds to build linkages and joint projects, to develop common resources  
16 and common training, and to develop common research and development  
17 projects or facilities.

18 (v) The maximum amount of a grant is one hundred thousand dollars.

19 (vi) A maximum of one hundred thousand dollars total can go to  
20 King, Pierce, Kitsap, and Snohomish counties combined.

21 (vii) No more than ten percent of funds received for the grant  
22 program may be used by the department for administrative costs.

23 ((+6+)) (4) As used in subsection ((+5+)) (3) of this section,  
24 "industry cluster" means a geographic concentration of interdependent  
25 competitive firms that do business with each other. "Industry cluster"  
26 also includes firms that sell inside and outside of the geographic  
27 region as well as support firms that supply raw materials, components,  
28 and business services.

29 **Sec. 202.** RCW 43.330.094 and 2003 c 153 s 4 are each amended to  
30 read as follows:

31 The tourism development and promotion account is created in the  
32 state treasury. All receipts from RCW 36.102.060(10) ((and  
33 ~~43.330.090(3)(a)~~)) must be deposited into the account. Moneys in the  
34 account ((~~received under RCW 36.102.060(10)~~)) may be spent only after  
35 appropriation. ((~~No appropriation is required for expenditures from~~  
36 ~~moneys received under RCW 43.330.090(3)(a).~~)) Expenditures from the

1 account may be used by the department of community, trade, and economic  
2 development only for the purposes of expanding and promoting the  
3 tourism industry in the state of Washington.

4 NEW SECTION. **Sec. 203.** RCW 43.330.095 (Tourism development  
5 advisory committee) and 1998 c 299 s 2 are each repealed.

6 NEW SECTION. **Sec. 204.** Part headings used in this act are not any  
7 part of the law.

8 NEW SECTION. **Sec. 205.** RCW 43.330.096 is recodified in the new  
9 chapter created in section 206 of this act.

10 NEW SECTION. **Sec. 206.** Sections 101 through 105 of this act  
11 constitute a new chapter in Title 43 RCW.

--- END ---