
HOUSE BILL 1951

State of Washington

54th Legislature

1995 Regular Session

By Representatives Ballasiotes, Ogden, Cody, Radcliff, Thibaudeau, Ebersole and Mason

Read first time 02/16/95. Referred to Committee on Capital Budget.

1 AN ACT Relating to convention and trade centers; amending RCW
2 67.40.020, 67.40.030, 67.40.040, 67.40.045, and 67.40.090; adding new
3 sections to chapters 67.40 RCW; and declaring an emergency.

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

5 NEW SECTION. **Sec. 1.** (1) The governing body of a city, while not
6 required by legislative mandate to do so, may, after July 1, 1995, by
7 resolution or ordinance for the purposes authorized under sections 5
8 and 7 of this act, fix and impose a sales tax on the charge for rooms
9 to be used for lodging by transients in accordance with the terms of
10 chapter . . . , Laws of 1995 (this act). Such tax shall be collected
11 from those persons who are taxable by the state under RCW 67.40.090,
12 but only those taxable persons located within the boundaries of the
13 city imposing the tax. The rate of such tax imposed by a city shall be
14 two percent of the charge for rooms to be used for lodging by
15 transients. Any such tax imposed under this section shall not be
16 collected prior to January 1, 2000. The tax authorized under this
17 section shall be levied and collected in the same manner as those taxes
18 authorized under chapter 82.14 RCW. Penalties, receipts, abatements,

1 refunds, and all other similar matters relating to the tax shall be as
2 provided in chapter 82.08 RCW.

3 (2) The tax levied under this section shall remain in effect and
4 not be modified for that period for which the principal and interest
5 obligations of state bonds issued to finance the expansion of the state
6 convention and trade center under RCW 67.40.030 remain outstanding.

7 (3) As used in this section, the term "city" means a municipality
8 that has within its boundaries a convention and trade facility as
9 defined in RCW 67.40.020.

10 NEW SECTION. **Sec. 2.** When remitting sales tax receipts to the
11 state under RCW 82.14.050, the city treasurer, or its designee, shall
12 at the same time remit the sales taxes collected under section 1 of
13 this act for the municipality. The sum so collected and paid over on
14 behalf of the municipality shall be credited against the amount of the
15 tax otherwise due to the state from those same taxpayers under RCW
16 82.08.020(1).

17 NEW SECTION. **Sec. 3.** (1) The cities shall contract, prior to the
18 effective date of a resolution or ordinance imposing a sales tax under
19 section 1 of this act, the administration and collection of the local
20 option sales tax to the state department of revenue at no cost to the
21 municipality. The tax authorized by chapter . . . , Laws of 1995 (this
22 act) which is collected by the department of revenue shall be deposited
23 by the state into the account created under RCW 67.40.040 in the state
24 treasury.

25 (2) The sales tax authorized under section 1 of this act shall be
26 due and payable in the same manner as those taxes authorized under RCW
27 82.14.030.

28 NEW SECTION. **Sec. 4.** The state sales tax on construction
29 performed under section 5 of this act collected by the department of
30 revenue under chapter 82.08 RCW shall be deposited by the state into
31 the account created under RCW 67.40.040 in the state treasury.

32 NEW SECTION. **Sec. 5.** All taxes levied and collected under section
33 1 of this act shall be credited to the state convention and trade
34 center account in the state treasury and used solely by the corporation
35 formed under RCW 67.40.020 for the purpose of paying all or any part of

1 the cost associated with: The financing, design, acquisition,
2 construction, equipping, operating, maintaining, and reequipping of
3 convention center facilities related to the expansion recommended by
4 the convention center expansion and city facilities task force created
5 under section 148, chapter 6, Laws of 1994 sp. sess.; the acquisition,
6 construction, and relocation costs of replacement housing; and the
7 repayment of loans and advances from the state, including loans
8 authorized previously under this chapter, or to pay or secure the
9 payment of all or part of the principal of or interest on any state
10 bonds issued for purposes authorized under this chapter.

11 NEW SECTION. **Sec. 6.** Upon the effective date of this act, the
12 corporation may proceed with preliminary design and planning
13 activities, environmental studies, and real estate appraisals for
14 convention center improvements. No other expenditures may be made in
15 support of the expansion project recommended by the convention center
16 expansion and city facilities task force created under section 148,
17 chapter 6, Laws of 1994 sp. sess. prior to acceptance by the board of
18 directors of the corporation of an irrevocable commitment for funding
19 from public or private participants consistent with the expansion
20 development study task force recommendations report dated December
21 1994.

22 NEW SECTION. **Sec. 7.** (1) Moneys received from any tax imposed
23 under section 1 of this act shall be used for the purpose of providing
24 funds to the corporation for the costs associated with paying all or
25 any part of the cost associated with: The financing, design,
26 acquisition, construction, equipping, operating, maintaining, and
27 reequipping of convention center facilities; the acquisition,
28 construction, and relocation costs of replacement housing; and
29 repayment of loans and advances from the state, including loans
30 authorized previously under this chapter, or to pay or secure the
31 payment of all or part of the principal of or interest on any state
32 bonds issued for purposes authorized under this chapter.

33 (2) If any of the revenue from any local sales tax authorized under
34 section 1 of this act shall have been encumbered or pledged by the
35 state to secure the payment of any state bonds as authorized under RCW
36 67.40.030, then as long as that agreement or pledge shall be in effect,
37 the legislature shall not withdraw from the municipality the authority

1 to levy and collect the tax or the tax credit authorized under sections
2 1 and 2 of this act.

3 **Sec. 8.** RCW 67.40.020 and 1993 c 500 s 9 are each amended to read
4 as follows:

5 (1) The governor is authorized to form a public nonprofit
6 corporation in the same manner as a private nonprofit corporation is
7 formed under chapter 24.03 RCW. The public corporation shall be an
8 instrumentality of the state and have all the powers and be subject to
9 the same restrictions as are permitted or prescribed to private
10 nonprofit corporations, but shall exercise those powers only for
11 carrying out the purposes of this chapter and those purposes
12 necessarily implied therefrom. The governor shall appoint a board of
13 nine directors for the corporation who shall serve terms of six years,
14 except that two of the original directors shall serve for two years and
15 two of the original directors shall serve for four years. After
16 January 1, 1991, at least one position on the board shall be filled by
17 a member representing management in the hotel or motel industry subject
18 to taxation under RCW 67.40.090. The directors may provide for the
19 payment of their expenses. The corporation may ~~((cause a state
20 convention and trade center with an overall size of approximately three
21 hundred thousand square feet to be designed and constructed on a site
22 in the city of Seattle. In acquiring, designing, and constructing the
23 state convention and trade center, the corporation shall consider the
24 recommendations and proposals issued on December 11, 1981, by the joint
25 select committee on the state convention and trade center))~~ acquire,
26 construct, expand, and improve the state convention and trade center
27 within the city of Seattle. Notwithstanding the provisions of
28 subsection (2) of this section, the corporation may acquire, lease,
29 sell, or otherwise encumber property rights, including but not limited
30 to development or condominium rights, deemed by the corporation as
31 necessary for facility expansion.

32 (2) The corporation may acquire and transfer real and personal
33 property by lease, sublease, purchase, or sale, and further acquire
34 property by condemnation of privately owned property or rights to and
35 interests in such property pursuant to the procedure in chapter 8.04
36 RCW. However, acquisitions and transfers of real property, other than
37 by lease, may be made only if the acquisition or transfer is approved
38 by the director of financial management in consultation with the

1 chairpersons of the appropriate fiscal committees (~~((on ways and means))~~)
2 of the senate and house of representatives. The corporation may accept
3 gifts or grants, request the financing provided for in RCW 67.40.030,
4 cause the state convention and trade center facilities to be
5 constructed, and do whatever is necessary or appropriate to carry out
6 those purposes. Upon approval by the director of financial management
7 in consultation with the chairpersons of the (~~((ways and means))~~)
8 appropriate fiscal committees of the house of representatives and the
9 senate, the corporation may enter into lease and sublease contracts for
10 a term exceeding the fiscal period in which these lease and sublease
11 contracts are made. The terms of sale or lease of properties acquired
12 by the corporation on February 9, 1987, pursuant to the property
13 purchase and settlement agreement entered into by the corporation on
14 June 12, 1986, including the McKay parcel which the corporation is
15 contractually obligated to sell under that agreement, shall also be
16 subject to the approval of the director of financial management in
17 consultation with the chairpersons of the (~~((ways and means))~~)
18 appropriate fiscal committees of the house of representatives and the
19 senate. No approval by the director of financial management is
20 required for leases of individual retail space, meeting rooms, or
21 convention-related facilities. In order to allow the corporation
22 flexibility to secure appropriate insurance by negotiation, the
23 corporation is exempt from RCW 48.30.270. The corporation shall
24 maintain, operate, promote, and manage the state convention and trade
25 center.

26 (3) In order to allow the corporation flexibility in its personnel
27 policies, the corporation is exempt from chapter 41.06 RCW, chapter
28 41.05 RCW, RCW 43.01.040 through 43.01.044, chapter 41.04 RCW and
29 chapter 41.40 RCW.

30 **Sec. 9.** RCW 67.40.030 and 1990 c 181 s 1 are each amended to read
31 as follows:

32 For the purpose of providing funds for the state convention and
33 trade center, the state finance committee is authorized to issue, upon
34 request of the corporation formed under RCW 67.40.020 and in one or
35 more offerings, general obligation bonds of the state of Washington in
36 the sum of (~~((one))~~) two hundred sixty million, seven hundred sixty-five
37 thousand dollars, or so much thereof as may be required, to finance
38 this project and all costs incidental thereto, to capitalize all or a

1 portion of interest during construction, to provide for expansion,
2 renovation, exterior cleanup and repair of the Eagles building,
3 conversion of various retail and other space to meeting rooms, and
4 contingency costs of the center, purchase of the McKay Parcel as
5 defined in the property and purchase agreement entered into by the
6 corporation on June 12, 1986, development of low-income housing and to
7 reimburse the general fund for expenditures in support of the project
8 and for those expenditures authorized under section 5 of this act. The
9 state finance committee may make such bond covenants as it deems
10 necessary to carry out the purposes of this section and this chapter.
11 No bonds authorized in this section may be offered for sale without
12 prior legislative appropriation.

13 **Sec. 10.** RCW 67.40.040 and 1991 sp.s. c 13 s 11 are each amended
14 to read as follows:

15 (1) The proceeds from the sale of the bonds authorized in RCW
16 67.40.030, proceeds of the (~~tax~~) taxes imposed under RCW 67.40.090
17 and section 1 of this act, and all other moneys received by the state
18 convention and trade center from any public or private source which are
19 intended to fund the acquisition, design, construction, expansion,
20 exterior cleanup and repair of the Eagles building, conversion of
21 various retail and other space to meeting rooms, purchase of the land
22 and building known as the McKay Parcel, development of low-income
23 housing, or renovation of the center, and those expenditures authorized
24 under section 5 of this act shall be deposited in the state convention
25 and trade center account hereby created in the state treasury and in
26 such subaccounts as are deemed appropriate by the directors of the
27 corporation.

28 (2) Moneys in the account, including unanticipated revenues under
29 RCW 43.79.270, shall be used exclusively for the following purposes in
30 the following priority:

31 (a) For reimbursement of the state general fund under RCW
32 67.40.060;

33 (b) After appropriation by statute:

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

36 (ii) For expenditures authorized in section 5 of this act;

37 (iii) For acquisition, design, and construction of the state
38 convention and trade center; and

1 (~~(iii)~~) (iv) For reimbursement of any expenditures from the state
2 general fund in support of the state convention and trade center; and
3 (c) For transfer to the state convention and trade center
4 operations account.

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

13 (4) In order to ensure consistent treatment of bonds authorized
14 under chapter . . . , Laws of 1995 (this act) with applicable provisions
15 of the Internal Revenue Code of 1986, as amended, and notwithstanding
16 RCW 43.84.092, investment earnings on bond proceeds deposited in the
17 state convention and trade center account in the state treasury shall
18 be retained in the account, and shall be expended by the corporation
19 for the purposes authorized under chapter . . . , Laws of 1995 (this
20 act) and in a manner consistent with applicable provisions of the
21 Internal Revenue Code of 1986, as amended.

22 **Sec. 11.** RCW 67.40.045 and 1993 sp.s. c 12 s 9 are each amended to
23 read as follows:

24 (1) The director of financial management, in consultation with the
25 chairpersons of the (~~(ways and means)~~) appropriate fiscal committees of
26 the senate and house of representatives, may authorize temporary
27 borrowing from the state treasury for the purpose of covering cash
28 deficiencies in the state convention and trade center account resulting
29 from project completion costs. Subject to the conditions and
30 limitations provided in this section, lines of credit may be authorized
31 at times and in amounts as the director of financial management
32 determines are advisable to meet current and/or anticipated cash
33 deficiencies. Each authorization shall distinctly specify the maximum
34 amount of cash deficiency which may be incurred and the maximum time
35 period during which the cash deficiency may continue. The total amount
36 of borrowing outstanding at any time shall never exceed the lesser of:

37 (a) \$58,275,000; or

1 (b) An amount, as determined by the director of financial
2 management from time to time, which is necessary to provide for payment
3 of project completion costs.

4 (2) Unless the due date under this subsection is extended by
5 statute, all amounts borrowed under the authority of this section shall
6 be repaid to the state treasury by June 30, (~~(1997)~~) 1999, together
7 with interest at a rate determined by the state treasurer to be
8 equivalent to the return on investments of the state treasury during
9 the period the amounts are borrowed. Borrowing may be authorized from
10 any excess balances in the state treasury, except the agricultural
11 permanent fund, the Millersylvania park permanent fund, the state
12 university permanent fund, the normal school permanent fund, the
13 permanent common school fund, and the scientific permanent fund.

14 (3) As used in this section, "project completion" means:

15 (a) All remaining development, construction, and administrative
16 costs related to completion of the convention center; and

17 (b) Costs of the McKay building demolition, Eagles building
18 rehabilitation, development of low-income housing, and construction of
19 rentable retail space and an operable parking garage.

20 (4) It is the intent of the legislature that project completion
21 costs be paid ultimately from the following sources:

22 (a) \$29,250,000 to be received by the corporation under an
23 agreement and settlement with Industrial Indemnity Co.;

24 (b) \$1,070,000 to be received by the corporation as a contribution
25 from the city of Seattle;

26 (c) \$20,000,000 from additional general obligation bonds to be
27 repaid from the special excise tax under RCW 67.40.090;

28 (d) \$4,765,000 for contingencies and project reserves from
29 additional general obligation bonds to be repaid from the special
30 excise tax under RCW 67.40.090;

31 (e) \$13,000,000 for conversion of various retail and other space to
32 meeting rooms, from additional general obligation bonds to be repaid
33 from the special excise tax under RCW 67.40.090;

34 (f) \$13,300,000 for expansion at the 900 level of the facility,
35 from additional general obligation bonds to be repaid from the special
36 excise tax under RCW 67.40.090;

37 (g) \$10,400,000 for purchase of the land and building known as the
38 McKay Parcel, for development of low-income housing, for development,
39 construction, and administrative costs related to completion of the

1 state convention and trade center, including settlement costs related
2 to construction litigation, and for partially refunding obligations
3 under the parking garage revenue note issued by the corporation to
4 Industrial Indemnity Company in connection with the agreement and
5 settlement identified in (a) of this subsection, from additional
6 general obligation bonds to be repaid from the special excise tax under
7 RCW 67.40.090. All proceeds from any sale of the McKay parcel shall be
8 deposited in the state convention and trade center account and shall
9 not be expended without appropriation by law;

10 (h) \$300,000 for Eagles building exterior cleanup and repair, from
11 additional general obligation bonds to be repaid from the special
12 excise tax under RCW 67.40.090; and

13 (i) The proceeds of the sale of any properties owned by the state
14 convention and trade center that are not planned for use for state
15 convention and trade center operations, with the proceeds to be used
16 for development, construction, and administrative costs related to
17 completion of the state convention and trade center, including
18 settlement costs related to construction litigation.

19 (5) The borrowing authority provided in this section is in addition
20 to the authority to borrow from the general fund to meet the bond
21 retirement and interest requirements set forth in RCW 67.40.060. To
22 the extent the specific conditions and limitations provided in this
23 section conflict with the general conditions and limitations provided
24 for temporary cash deficiencies in RCW 43.88.260 (section 7, chapter
25 502, Laws of 1987), the specific conditions and limitations in this
26 section shall govern.

27 (6) For expenditures authorized under section 5 of this act, the
28 corporation may use the proceeds of the special excise tax authorized
29 under RCW 67.40.090, the sales tax authorized under section 1 of this
30 act, contributions to the corporation from public or private
31 participants, and investment earnings on any of the funds listed in
32 this subsection.

33 **Sec. 12.** RCW 67.40.090 and 1991 c 2 s 3 are each amended to read
34 as follows:

35 (1) Commencing April 1, 1982, there is imposed, and the department
36 of revenue shall collect, in King county a special excise tax on the
37 sale of or charge made for the furnishing of lodging by a hotel,
38 rooming house, tourist court, motel, or trailer camp, and the granting

1 of any similar license to use real property, as distinguished from the
2 renting or leasing of real property, except that no such tax may be
3 levied on any premises having fewer than sixty lodging units. It shall
4 be presumed that the occupancy of real property for a continuous period
5 of one month or more constitutes rental or lease of real property and
6 not a mere license to use or enjoy the same. The legislature on behalf
7 of the state pledges to maintain and continue this tax until the bonds
8 authorized by this chapter are fully redeemed, both principal and
9 interest.

10 (2) The rate of the tax imposed under this section shall be as
11 provided in this subsection.

12 (a) From April 1, 1982, through December 31, 1982, inclusive, the
13 rate shall be three percent in the city of Seattle and two percent in
14 King county outside the city of Seattle.

15 (b) From January 1, 1983, through June 30, 1988, inclusive, the
16 rate shall be five percent in the city of Seattle and two percent in
17 King county outside the city of Seattle.

18 (c) From July 1, 1988, through December 31, 1992, inclusive, the
19 rate shall be six percent in the city of Seattle and two and four-
20 tenths percent in King county outside the city of Seattle.

21 (d) From January 1, 1993, and until ((the change date)) bonds and
22 all other borrowings authorized under RCW 67.40.030 are retired, the
23 rate shall be seven percent in the city of Seattle and two and eight-
24 tenths percent in King county outside the city of Seattle.

25 (e) Except as otherwise provided in (d) of this subsection, on and
26 after the change date, the rate shall be six percent in the city of
27 Seattle and two and four-tenths percent in King county outside the city
28 of Seattle.

29 (f) As used in this section, "change date" means the October 1st
30 next occurring after certification occurs under (g) of this subsection.

31 (g) On August 1st of 1998 and of each year thereafter until
32 certification occurs under this subsection, the state treasurer shall
33 determine whether seventy-one and forty-three one-hundredths percent of
34 the revenues actually collected and deposited with the state treasurer
35 for the tax imposed under this section during the twelve months ending
36 June 30th of that year, excluding penalties and interest, exceeds the
37 amount actually paid in debt service during the same period for bonds
38 issued under RCW 67.40.030 by at least two million dollars. If so, the
39 state treasurer shall so certify to the department of revenue.

1 (3) The proceeds of the special excise tax shall be deposited as
2 provided in this subsection.

3 (a) Through June 30, 1988, inclusive, all proceeds shall be
4 deposited in the state convention and trade center account.

5 (b) From July 1, 1988, through December 31, 1992, inclusive,
6 eighty-three and thirty-three one-hundredths percent of the proceeds
7 shall be deposited in the state convention and trade center account.
8 The remainder shall be deposited in the state convention and trade
9 center operations account.

10 (c) From January 1, 1993, until the change date, eighty-five and
11 seventy-one-hundredths percent of the proceeds shall be deposited in
12 the state convention and trade center account. The remainder shall be
13 deposited in the state convention and trade center operations account.

14 (d) On and after the change date, eighty-three and thirty-three
15 one-hundredths percent of the proceeds shall be deposited in the state
16 convention and trade center account. The remainder shall be deposited
17 in the state convention and trade center operations account.

18 (4) Chapter 82.32 RCW applies to the tax imposed under this
19 section.

20 NEW SECTION. **Sec. 13.** Sections 1 through 7 of this act are each
21 added to chapter 67.40 RCW.

22 NEW SECTION. **Sec. 14.** If any provision of this act or its
23 application to any person or circumstance is held invalid, the
24 remainder of the act or the application of the provision to other
25 persons or circumstances is not affected.

26 NEW SECTION. **Sec. 15.** This act is necessary for the immediate
27 preservation of the public peace, health, or safety, or support of the
28 state government and its existing public institutions, and shall take
29 effect immediately.

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