
SECOND SUBSTITUTE HOUSE BILL 1107

State of Washington

64th Legislature

2015 Regular Session

By House Finance (originally sponsored by Representatives Springer, Wilcox, Reykdal, Fitzgibbon, Bergquist, Hudgins, Lytton, McBride, Santos, Jenkins, Appleton, Tarleton, and Walkinshaw)

READ FIRST TIME 02/27/15.

1 AN ACT Relating to access to and creation of cultural and
2 heritage programs and facilities; amending RCW 84.52.010 and
3 84.52.010; adding a new section to chapter 82.14 RCW; adding a new
4 section to chapter 84.52 RCW; adding a new chapter to Title 36 RCW;
5 creating new sections; providing an effective date; and providing an
6 expiration date.

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

8 **PART I**

9 **INTENT**

10 NEW SECTION. **Sec. 101.** INTENT. (1) The legislature finds that:
11 (a) The cultural organizations of the state provide numerous
12 public benefits. Providing support for the state's cultural
13 organizations is in the public interest and will serve multiple
14 public purposes including, among others, enhancing and extending the
15 educational reach and offerings of cultural organizations; ensuring
16 continued and expanded access to the facilities and programs of
17 cultural organizations by economically and geographically underserved
18 populations; and providing financial stability to the organizations
19 to enable them to focus on core missions as well as to continue and
20 extend the numerous public benefits they provide.

1 (b) Economic impact studies consistently confirm that cultural
2 institutions represent a multibillion dollar segment of the state's
3 overall economy and are directly responsible for tens of thousands of
4 jobs.

5 (2) The purpose of this chapter is to authorize the cultural
6 access program, under which counties authorize funding for public
7 school cultural access programs and support cultural organizations.

8 **PART II**
9 **DEFINITIONS**

10 NEW SECTION. **Sec. 201.** DEFINITIONS. The definitions in this
11 section apply throughout this chapter unless the context clearly
12 requires otherwise.

13 (1) "Administrative costs" means all operating, administrative,
14 and maintenance expenses for a program, a designated public agency,
15 or a designated entity.

16 (2) "Attendance" means the total number of visits by persons in
17 physical attendance during a year at cultural organization facilities
18 located or cultural organization programs provided within the county
19 creating a program, including attendance for which admission was
20 paid, discounted, or free, consistent with and verifiable under
21 guidelines adopted by the appropriate program.

22 (3) "Cultural organization" means a nonprofit corporation
23 incorporated under the laws of the state of Washington and recognized
24 by the internal revenue service as described in section 501(c)(3) of
25 the internal revenue code of 1986, as amended, with its principal
26 location or locations and conducting a majority of its activities
27 within the state, not including: Any agency of the state or any of
28 its political subdivisions; any municipal corporation; any
29 organization that raises funds for redistribution to multiple
30 cultural organizations; or any radio or television broadcasting
31 network or station, cable communications system, internet-based
32 communications venture or service, newspaper, or magazine. The
33 primary purpose of the organization must be the advancement and
34 preservation of science or technology, the visual or performing arts,
35 zoology, botany, anthropology, heritage, or natural history and any
36 organization must directly provide programming or experiences
37 available to the general public. Any organization with the primary
38 purpose of advancing and preserving zoology such as zoos and

1 aquariums must be or support a facility that is accredited by the
2 association of zoos and aquariums or its functional successor. A
3 state-related cultural organization may be a cultural organization.

4 (4) "Designated entity" means the entity designated by the
5 legislative authority of a county creating the program, as required
6 under section 601(1)(d) of this act. The entity may be a public
7 agency, including the state arts commission established under chapter
8 43.46 RCW, or a Washington nonprofit corporation that is not a
9 cultural organization eligible for funding under this chapter.

10 (5) "Designated public agency" means the public agency designated
11 by the legislative authority of a county creating the program, as
12 required under section 601(2)(h) of this act.

13 (6) "Program" means a cultural access program established by a
14 county by ordinance.

15 (7) "Revenues" means revenues from all sources generated by a
16 cultural organization, consistent with generally accepted accounting
17 practices and any program guidelines, excluding: (a) Revenues
18 associated with capital projects other than major maintenance
19 projects including, but not limited to, capital campaign expenses;
20 (b) funds provided under this chapter; (c) revenue that would be
21 considered unrelated business taxable income under the internal
22 revenue code of 1986, as amended; and (d) with respect to a state-
23 related cultural organization, state funding received by it or for
24 the institution it supports. Revenues include transfers from an
25 organization's endowment or reserves and may include the value of in-
26 kind goods and services to the extent permitted under any program
27 guidelines.

28 (8) "State-related cultural organization" means an organization
29 incorporated as a nonprofit corporation under the laws of the state
30 of Washington and recognized by the internal revenue service as
31 described in section 501(c)(3) of the internal revenue code of 1986,
32 as amended, with a primary purpose and directly providing programming
33 or experiences available to the general public consistent with the
34 requirements for recognition as a cultural organization under this
35 chapter operating in a facility owned and supported by the state, a
36 state agency, or state educational institution.

37 **PART III**

38 **CULTURAL ACCESS PROGRAM**

1 NEW SECTION. **Sec. 301.** CREATION. (1) Any county legislative
2 authority may create a cultural access program by ordinance.

3 (2) Any contiguous group of counties may create a program by
4 entering into an interlocal agreement under chapter 39.34 RCW,
5 approved by resolution of the county legislative authorities.

6 (3) A city may create a cultural access program if the county
7 legislative authority in which the city is located adopts a
8 resolution stating that the county forfeits its option to create a
9 program or does not place a proposition before the people to create
10 such a program by June 30, 2017. In the event the exception in this
11 subsection occurs, all references in this chapter to a county must
12 include a city that has exercised its authority under this
13 subsection, unless the context clearly requires otherwise.

14 NEW SECTION. **Sec. 302.** START-UP FUNDING AND CONDITIONAL
15 FORMATION. (1) The county creating a program may advance to the
16 program funding for its administrative costs, including the cost of
17 informing the public about the formation of the program, how it is
18 proposed to be funded, and the public benefits to be realized if it
19 is successful. However, this subsection does not authorize the
20 preparation and distribution of information to the general public for
21 the purpose of influencing the outcome of any election called for
22 voter authorization of a proposed tax to support a program.

23 (2) The county creating a program may provide for repayment of
24 any start-up funding advanced to a program from the proceeds of taxes
25 authorized under sections 401 through 403 of this act and approved by
26 voters after the taxes are first collected. The funds may be repaid
27 to such county with interest at the internal rate of return on the
28 invested funds of such county.

29 NEW SECTION. **Sec. 303.** NONSUPPLANTATION. In creating a program
30 under this chapter, any county creating the program must affirm that
31 any funding such county usually and customarily provides to cultural
32 organizations similar to funding that would be available to those
33 organizations under this chapter may not be replaced or materially
34 diminished as a result of funding becoming available under this
35 chapter. If an organization designated to receive funds under this
36 chapter is a state-related cultural organization, the funds received
37 under this chapter may not replace or materially diminish any funding
38 usually or customarily provided by the state.

1 (4) All revenue from taxes imposed under this chapter must be
2 credited to a special fund in the treasury of the county imposing
3 such tax and used solely for the purpose of paying all or any part of
4 the cost of cultural access programs as provided in this chapter.

5 NEW SECTION. **Sec. 402.** A new section is added to chapter 82.14
6 RCW to read as follows:

7 SALES AND USE TAXES. (1) The legislative authority of a county or
8 a city may impose a sales and use tax of up to one-tenth of one
9 percent of the selling price in the case of a sales tax, or value of
10 the article used, in the case of a use tax, for the purposes
11 authorized under chapter 36.--- RCW (the new chapter created in
12 section 702 of this act). The legislative authority of the county or
13 city may impose the sales and use tax by ordinance and must condition
14 its imposition on the specific authorization of a majority of the
15 voters voting on a proposition submitted at a special or general
16 election held after June 30, 2016. The ordinance and ballot
17 proposition may provide for the tax to apply for a period of up to
18 seven consecutive years.

19 (2) The tax authorized in this section is in addition to any
20 other taxes authorized by law and must be collected from those
21 persons who are taxable by the state under chapters 82.08 and 82.12
22 RCW upon the occurrence of any taxable event.

23 (3) The legislative authority of a county or city may reimpose a
24 tax imposed under this section for one or more additional periods of
25 up to seven consecutive years. The legislative authority of the
26 county or city may only reimpose the sales and use tax by ordinance
27 and on the prior specific authorization of a majority of the voters
28 voting on a proposition submitted at a special or general election.

29 (4) Moneys collected under this section may only be used for the
30 purposes set forth in section 601 of this act.

31 (5) The department must perform the collection of taxes under
32 this section on behalf of a county or city at no cost to the county
33 or city, and the state treasurer must distribute those taxes as
34 available on a monthly basis to the county or city or, upon the
35 direction of the county or city, to its treasurer or a fiscal agent,
36 paying agent, or trustee for obligations issued or incurred by the
37 program.

38 (6) The definitions in section 201 of this act apply to this
39 section.

1 NEW SECTION. **Sec. 403.** A new section is added to chapter 84.52
2 RCW to read as follows:

3 PROPERTY TAX. (1) The legislative authority of a county or city
4 may impose an additional regular property tax levy for the purposes
5 authorized under chapter 36.--- RCW (the new chapter created in
6 section 702 of this act). The legislative authority of the county or
7 city may impose the additional levy by ordinance and must condition
8 its imposition of the levy upon prior specific authorization of a
9 majority of the voters voting on a proposition submitted at a special
10 or general election held after June 30, 2016. The ordinance and the
11 ballot proposition must set forth the total dollar amount to be
12 collected in the first year of the levy and the estimated levy rate
13 for the first year and may provide for a levy for a period of up to
14 seven consecutive years. The total dollar amount to be set forth in
15 the ordinance and the ballot proposition may not exceed an amount
16 equal to: The total taxable retail sales and taxable uses in the
17 county or the city levying the property tax for the most recent
18 calendar year as reported by the department multiplied by one-tenth
19 of one percent. Any county or city levying the property tax in this
20 section must calculate the total dollar amount to be collected using
21 the most recent calendar year publicly available data of taxable
22 retail sales published on the department's web site.

23 (2) The legislative authority of a county or city may reimpose an
24 additional regular property tax levy imposed under subsection (1) of
25 this section for one or more additional periods of up to seven
26 consecutive years. The legislative authority of the county or city
27 may only reimpose the regular property tax levy by ordinance and on
28 the prior specific authorization of a majority of the voters voting
29 on a proposition submitted at a special or general election. The
30 ordinance and the ballot proposition must set forth the total dollar
31 amount to be collected in the first year and the estimated levy rate
32 for the first year of the reimposed levy. The total dollar amount to
33 be set forth in the ordinance and the ballot proposition may not
34 exceed an amount equal to: The total taxable retail sales and taxable
35 uses in the county or the city levying the property tax for the most
36 recent calendar year as reported by the department multiplied by one-
37 tenth of one percent. Any county or city levying the property tax in
38 this section must calculate the total dollar amount to be collected
39 using the most recent calendar year publicly available data of
40 taxable retail sales published on the department's web site.

1 (3) In the event a county or city is levying property taxes under
2 this section that, in combination with property taxes levied by other
3 taxing districts, exceed the limitation in RCW 84.52.050 or
4 84.52.043(2), the county's or city's property tax levy under this
5 section must be reduced or eliminated consistent with RCW 84.52.010.

6 (4) The limitation in RCW 84.55.010 does not apply to the first
7 levy imposed under subsection (1) of this section or to the first
8 levy reimposed under subsection (2) of this section.

9 (5) The limitations in RCW 84.52.043(1) do not apply to the tax
10 levy authorized in this section.

11 (6) Moneys collected under this section may only be used for the
12 purposes set forth in section 601 of this act.

13 (7) The definitions in section 201 of this act apply to this
14 section.

15 **Sec. 404.** RCW 84.52.010 and 2011 1st sp.s. c 28 s 2 are each
16 amended to read as follows:

17 (1) Except as is permitted under RCW 84.55.050, all taxes must be
18 levied or voted in specific amounts.

19 (2) The rate percent of all taxes for state and county purposes,
20 and purposes of taxing districts coextensive with the county, must be
21 determined, calculated and fixed by the county assessors of the
22 respective counties, within the limitations provided by law, upon the
23 assessed valuation of the property of the county, as shown by the
24 completed tax rolls of the county, and the rate percent of all taxes
25 levied for purposes of taxing districts within any county must be
26 determined, calculated and fixed by the county assessors of the
27 respective counties, within the limitations provided by law, upon the
28 assessed valuation of the property of the taxing districts
29 respectively.

30 (3) When a county assessor finds that the aggregate rate of tax
31 levy on any property, that is subject to the limitations set forth in
32 RCW 84.52.043 or 84.52.050, exceeds the limitations provided in
33 either of these sections, the assessor must recompute and establish a
34 consolidated levy in the following manner:

35 (a) The full certified rates of tax levy for state, county,
36 county road district, and city or town purposes must be extended on
37 the tax rolls in amounts not exceeding the limitations established by
38 law; however any state levy takes precedence over all other levies
39 and may not be reduced for any purpose other than that required by

1 RCW 84.55.010. If, as a result of the levies imposed under RCW
2 36.54.130, 84.34.230, 84.52.069, 84.52.105, the portion of the levy
3 by a metropolitan park district that was protected under RCW
4 84.52.120, 84.52.125, 84.52.135, 84.52.140, and the protected portion
5 of the levy under RCW 86.15.160 by flood control zone districts in a
6 county with a population of seven hundred seventy-five thousand or
7 more that are coextensive with a county, the combined rate of regular
8 property tax levies that are subject to the one percent limitation
9 exceeds one percent of the true and fair value of any property, then
10 these levies must be reduced as follows:

11 (i) The portion of the levy by a metropolitan park district that
12 has a population of less than one hundred fifty thousand and is
13 located in a county with a population of one million five hundred
14 thousand or more that is protected under RCW 84.52.120 must be
15 reduced until the combined rate no longer exceeds one percent of the
16 true and fair value of any property or must be eliminated;

17 (ii) If the combined rate of regular property tax levies that are
18 subject to the one percent limitation still exceeds one percent of
19 the true and fair value of any property, the protected portion of the
20 levy imposed under RCW 86.15.160 by a flood control zone district in
21 a county with a population of seven hundred seventy-five thousand or
22 more that is coextensive with a county must be reduced until the
23 combined rate no longer exceeds one percent of the true and fair
24 value of any property or must be eliminated;

25 (iii) If the combined rate of regular property tax levies that
26 are subject to the one percent limitation still exceeds one percent
27 of the true and fair value of any property, the levy imposed by a
28 county under RCW 84.52.140 must be reduced until the combined rate no
29 longer exceeds one percent of the true and fair value of any property
30 or must be eliminated;

31 (iv) If the combined rate of regular property tax levies that are
32 subject to the one percent limitation still exceeds one percent of
33 the true and fair value of any property, the portion of the levy by a
34 fire protection district that is protected under RCW 84.52.125 must
35 be reduced until the combined rate no longer exceeds one percent of
36 the true and fair value of any property or must be eliminated;

37 (v) If the combined rate of regular property tax levies that are
38 subject to the one percent limitation still exceeds one percent of
39 the true and fair value of any property, the levy imposed by a county
40 under RCW 84.52.135 must be reduced until the combined rate no longer

1 exceeds one percent of the true and fair value of any property or
2 must be eliminated;

3 (vi) If the combined rate of regular property tax levies that are
4 subject to the one percent limitation still exceeds one percent of
5 the true and fair value of any property, the levy imposed by a ferry
6 district under RCW 36.54.130 must be reduced until the combined rate
7 no longer exceeds one percent of the true and fair value of any
8 property or must be eliminated;

9 (vii) If the combined rate of regular property tax levies that
10 are subject to the one percent limitation still exceeds one percent
11 of the true and fair value of any property, the portion of the levy
12 by a metropolitan park district with a population of one hundred
13 fifty thousand or more that is protected under RCW 84.52.120 must be
14 reduced until the combined rate no longer exceeds one percent of the
15 true and fair value of any property or must be eliminated;

16 (viii) If the combined rate of regular property tax levies that
17 are subject to the one percent limitation still exceeds one percent
18 of the true and fair value of any property, then the levies imposed
19 under RCW 84.34.230, 84.52.105, and any portion of the levy imposed
20 under RCW 84.52.069 that is in excess of thirty cents per thousand
21 dollars of assessed value, must be reduced on a pro rata basis until
22 the combined rate no longer exceeds one percent of the true and fair
23 value of any property or must be eliminated; and

24 (ix) If the combined rate of regular property tax levies that are
25 subject to the one percent limitation still exceeds one percent of
26 the true and fair value of any property, then the thirty cents per
27 thousand dollars of assessed value of tax levy imposed under RCW
28 84.52.069 must be reduced until the combined rate no longer exceeds
29 one percent of the true and fair value of any property or must be
30 eliminated.

31 (b) The certified rates of tax levy subject to these limitations
32 by all junior taxing districts imposing taxes on such property must
33 be reduced or eliminated as follows to bring the consolidated levy of
34 taxes on such property within the provisions of these limitations:

35 (i) First, the certified property tax levy rates of the junior
36 taxing district authorized under section 403 of this act must be
37 reduced on a pro rata basis or eliminated;

38 (ii) Second, if the consolidated tax levy rate still exceeds
39 these limitations, the certified property tax levy rates of those
40 junior taxing districts authorized under RCW 36.68.525, 36.69.145,

1 35.95A.100, and 67.38.130 must be reduced on a pro rata basis or
2 eliminated;

3 ~~((ii) Second))~~ (iii) Third, if the consolidated tax levy rate
4 still exceeds these limitations, the certified property tax levy
5 rates of flood control zone districts other than the portion of a
6 levy protected under RCW 84.52.815 must be reduced on a pro rata
7 basis or eliminated;

8 ~~((iii) Third))~~ (iv) Fourth, if the consolidated tax levy rate
9 still exceeds these limitations, the certified property tax levy
10 rates of all other junior taxing districts, other than fire
11 protection districts, regional fire protection service authorities,
12 library districts, the first fifty cent per thousand dollars of
13 assessed valuation levies for metropolitan park districts, and the
14 first fifty cent per thousand dollars of assessed valuation levies
15 for public hospital districts, must be reduced on a pro rata basis or
16 eliminated;

17 ~~((iv) Fourth))~~ (v) Fifth, if the consolidated tax levy rate
18 still exceeds these limitations, the first fifty cent per thousand
19 dollars of assessed valuation levies for metropolitan park districts
20 created on or after January 1, 2002, must be reduced on a pro rata
21 basis or eliminated;

22 ~~((v) Fifth))~~ (vi) Sixth, if the consolidated tax levy rate still
23 exceeds these limitations, the certified property tax levy rates
24 authorized to fire protection districts under RCW 52.16.140 and
25 52.16.160 and regional fire protection service authorities under RCW
26 52.26.140(1) (b) and (c) must be reduced on a pro rata basis or
27 eliminated; and

28 ~~((vi) Sixth))~~ (vii) Seventh, if the consolidated tax levy rate
29 still exceeds these limitations, the certified property tax levy
30 rates authorized for fire protection districts under RCW 52.16.130,
31 regional fire protection service authorities under RCW
32 52.26.140(1)(a), library districts, metropolitan park districts
33 created before January 1, 2002, under their first fifty cent per
34 thousand dollars of assessed valuation levy, and public hospital
35 districts under their first fifty cent per thousand dollars of
36 assessed valuation levy, must be reduced on a pro rata basis or
37 eliminated.

38 **Sec. 405.** RCW 84.52.010 and 2009 c 551 s 7 are each amended to
39 read as follows:

1 (1) Except as is permitted under RCW 84.55.050, all taxes
2 (~~shall~~) must be levied or voted in specific amounts.

3 (2) The rate percent of all taxes for state and county purposes,
4 and purposes of taxing districts coextensive with the county,
5 (~~shall~~) must be determined, calculated and fixed by the county
6 assessors of the respective counties, within the limitations provided
7 by law, upon the assessed valuation of the property of the county, as
8 shown by the completed tax rolls of the county, and the rate percent
9 of all taxes levied for purposes of taxing districts within any
10 county (~~shall~~) must be determined, calculated and fixed by the
11 county assessors of the respective counties, within the limitations
12 provided by law, upon the assessed valuation of the property of the
13 taxing districts respectively.

14 (3) When a county assessor finds that the aggregate rate of tax
15 levy on any property, that is subject to the limitations set forth in
16 RCW 84.52.043 or 84.52.050, exceeds the limitations provided in
17 either of these sections, the assessor (~~shall~~) must recompute and
18 establish a consolidated levy in the following manner:

19 (~~(1)~~) (a) The full certified rates of tax levy for state,
20 county, county road district, and city or town purposes (~~shall~~)
21 must be extended on the tax rolls in amounts not exceeding the
22 limitations established by law; however any state levy (~~shall~~)
23 takes precedence over all other levies and (~~shall~~) may not be
24 reduced for any purpose other than that required by RCW 84.55.010.
25 If, as a result of the levies imposed under RCW 36.54.130, 84.34.230,
26 84.52.069, 84.52.105, the portion of the levy by a metropolitan park
27 district that was protected under RCW 84.52.120, 84.52.125,
28 84.52.135, and 84.52.140, the combined rate of regular property tax
29 levies that are subject to the one percent limitation exceeds one
30 percent of the true and fair value of any property, then these levies
31 (~~shall~~) must be reduced as follows:

32 (~~(a)~~) (i) The levy imposed by a county under RCW 84.52.140
33 (~~shall~~) must be reduced until the combined rate no longer exceeds
34 one percent of the true and fair value of any property or (~~shall~~)
35 must be eliminated;

36 (~~(b)~~) (ii) If the combined rate of regular property tax levies
37 that are subject to the one percent limitation still exceeds one
38 percent of the true and fair value of any property, the portion of
39 the levy by a fire protection district that is protected under RCW
40 84.52.125 (~~shall~~) must be reduced until the combined rate no longer

1 exceeds one percent of the true and fair value of any property or
2 (~~shall~~) must be eliminated;

3 (~~(c)~~) (iii) If the combined rate of regular property tax levies
4 that are subject to the one percent limitation still exceeds one
5 percent of the true and fair value of any property, the levy imposed
6 by a county under RCW 84.52.135 must be reduced until the combined
7 rate no longer exceeds one percent of the true and fair value of any
8 property or must be eliminated;

9 (~~(d)~~) (iv) If the combined rate of regular property tax levies
10 that are subject to the one percent limitation still exceeds one
11 percent of the true and fair value of any property, the levy imposed
12 by a ferry district under RCW 36.54.130 must be reduced until the
13 combined rate no longer exceeds one percent of the true and fair
14 value of any property or must be eliminated;

15 (~~(e)~~) (v) If the combined rate of regular property tax levies
16 that are subject to the one percent limitation still exceeds one
17 percent of the true and fair value of any property, the portion of
18 the levy by a metropolitan park district that is protected under RCW
19 84.52.120 (~~shall~~) must be reduced until the combined rate no longer
20 exceeds one percent of the true and fair value of any property or
21 (~~shall~~) must be eliminated;

22 (~~(f)~~) (vi) If the combined rate of regular property tax levies
23 that are subject to the one percent limitation still exceeds one
24 percent of the true and fair value of any property, then the levies
25 imposed under RCW 84.34.230, 84.52.105, and any portion of the levy
26 imposed under RCW 84.52.069 that is in excess of thirty cents per
27 thousand dollars of assessed value, (~~shall~~) must be reduced on a
28 pro rata basis until the combined rate no longer exceeds one percent
29 of the true and fair value of any property or (~~shall~~) must be
30 eliminated; and

31 (~~(g)~~) (vii) If the combined rate of regular property tax levies
32 that are subject to the one percent limitation still exceeds one
33 percent of the true and fair value of any property, then the thirty
34 cents per thousand dollars of assessed value of tax levy imposed
35 under RCW 84.52.069 (~~shall~~) must be reduced until the combined rate
36 no longer exceeds one percent of the true and fair value of any
37 property or eliminated.

38 (~~(2)~~) (b) The certified rates of tax levy subject to these
39 limitations by all junior taxing districts imposing taxes on such
40 property (~~shall~~) must be reduced or eliminated as follows to bring

1 the consolidated levy of taxes on such property within the provisions
2 of these limitations:

3 ~~((a))~~ (i) First, the certified property tax levy rates of the
4 junior taxing district authorized under section 403 of this act must
5 be reduced on a pro rata basis or eliminated;

6 (ii) Second, if the consolidated tax levy rate still exceeds
7 these limitations, the certified property tax levy rates of those
8 junior taxing districts authorized under RCW 36.68.525, 36.69.145,
9 35.95A.100, and 67.38.130 ~~((shall))~~ must be reduced on a pro rata
10 basis or eliminated;

11 ~~((b) Second))~~ (iii) Third, if the consolidated tax levy rate
12 still exceeds these limitations, the certified property tax levy
13 rates of flood control zone districts ~~((shall))~~ must be reduced on a
14 pro rata basis or eliminated;

15 ~~((c) Third))~~ (iv) Fourth, if the consolidated tax levy rate
16 still exceeds these limitations, the certified property tax levy
17 rates of all other junior taxing districts, other than fire
18 protection districts, regional fire protection service authorities,
19 library districts, the first fifty cent per thousand dollars of
20 assessed valuation levies for metropolitan park districts, and the
21 first fifty cent per thousand dollars of assessed valuation levies
22 for public hospital districts, ~~((shall))~~ must be reduced on a pro
23 rata basis or eliminated;

24 ~~((d) Fourth))~~ (v) Fifth, if the consolidated tax levy rate still
25 exceeds these limitations, the first fifty cent per thousand dollars
26 of assessed valuation levies for metropolitan park districts created
27 on or after January 1, 2002, ~~((shall))~~ must be reduced on a pro rata
28 basis or eliminated;

29 ~~((e) Fifth))~~ (vi) Sixth, if the consolidated tax levy rate still
30 exceeds these limitations, the certified property tax levy rates
31 authorized to fire protection districts under RCW 52.16.140 and
32 52.16.160 and regional fire protection service authorities under RCW
33 52.26.140(1) (b) and (c) ~~((shall))~~ must be reduced on a pro rata
34 basis or eliminated; and

35 ~~((f) Sixth))~~ (vii) Seventh, if the consolidated tax levy rate
36 still exceeds these limitations, the certified property tax levy
37 rates authorized for fire protection districts under RCW 52.16.130,
38 regional fire protection service authorities under RCW
39 52.26.140(1)(a), library districts, metropolitan park districts
40 created before January 1, 2002, under their first fifty cent per

1 thousand dollars of assessed valuation levy, and public hospital
2 districts under their first fifty cent per thousand dollars of
3 assessed valuation levy, (~~shall~~) must be reduced on a pro rata
4 basis or eliminated.

5 **PART V**

6 **PUBLIC BENEFITS AND PUBLIC SCHOOL CULTURAL ACCESS PROGRAM**

7 NEW SECTION. **Sec. 501.** PUBLIC BENEFITS. (1) A program created
8 under this chapter must provide or continue to provide funding
9 authorized under this chapter only to cultural organizations that
10 provide discernible public benefits. Each program created under this
11 chapter must identify a range of public benefits that cultural
12 organizations may provide or continue to provide in satisfaction of
13 this requirement for eligibility to receive funding authorized under
14 this chapter. The public benefits include, without limitation:
15 Reasonable opportunities for access to facilities, programs, and
16 services on a reduced or no admission fee basis, particularly for
17 diverse and underserved populations and communities; providing,
18 through technological and other means, services or programs in
19 locations other than an organization's own facilities; providing
20 educational programs and experiences both at an organization's own
21 facilities and in schools and other venues; broadening cultural
22 programs, performances, and exhibitions for the enlightenment and
23 entertainment of the public; supporting collaborative relationships
24 with other cultural organizations in order to extend the reach and
25 impact of the collaborating organizations for the benefit of the
26 public; and, in the case of community-based cultural organizations,
27 organizational capacity-building projects or activities that an
28 organization can demonstrate, to the reasonable satisfaction of the
29 designated entity, will enhance the ability of the organization to
30 provide or continue to provide meaningful public benefits not
31 otherwise achievable.

32 (2) Each program created under this chapter must adopt guidelines
33 establishing a baseline standard of continuous performance with
34 respect to the provision of public benefits required under this
35 chapter and for evaluating the eligibility of any cultural
36 organization to receive funds under this chapter based on the
37 continuous performance of the organization in the provision of the
38 public benefits. The guidelines must include: (a) Procedures for

1 notifying any organization at risk of losing its eligibility to
2 receive funds under this chapter for failure to achieve the program's
3 baseline standard of performance with respect to the continuous
4 provision of public benefits; and (b) measures or procedures
5 available to the organization for either retaining or recovering
6 eligibility, as appropriate.

7 NEW SECTION. **Sec. 502.** PUBLIC SCHOOL CULTURAL ACCESS PROGRAM.

8 (1) A program created under this chapter must develop and provide a
9 public school cultural access program, as provided in section 601 of
10 this act.

11 (2) To the extent practicable consistent with available
12 resources, the public school cultural access element of a program of
13 a county described in section 601(2) of this act must include the
14 following attributes:

15 (a) Provide benefits designed to increase public school student
16 access to the programming offered and facilities operated by regional
17 and community-based cultural organizations receiving funding under
18 this chapter;

19 (b) Offer benefits to every public school in the county while
20 scaling the range of benefits available to and the frequency of
21 opportunities to participate by any particular school to coincide
22 with the relative percentage of students attending the school who
23 participate in the national free or reduced-price school meals
24 program;

25 (c) Benefits provided under the public school cultural access
26 program must include, without limitation:

27 (i) Establishing and operating, within funding provided to
28 support the public school cultural access program under this
29 subsection, of a centralized service available to regional and
30 community-based cultural organizations receiving funding under this
31 chapter and public schools in the county to coordinate opportunities
32 for public school student access to the programs and activities
33 offered by the organizations both at the facilities and venues
34 operated by the organizations and through programs and experiences
35 provided by the organizations at schools and elsewhere;

36 (ii) Providing directly or otherwise funding and arranging for
37 transportation for public school students to attend and participate
38 in the programs and activities offered by such organizations;

1 (iii) In consultation with cultural organizations located within
2 the county, preparing and maintaining a readily accessible and
3 current guide cataloging access opportunities and facilitating
4 scheduling;

5 (iv) Coordinating closely with cultural organizations to maximize
6 student utilization of available opportunities in a cost-efficient
7 manner including possible scheduling on a single day opportunities
8 for different grade levels at any one school and participation in
9 multiple programs or activities in the same general area for which
10 program-funded transportation is provided;

11 (v) Supporting the development of tools, materials, and media by
12 cultural organizations to ensure that school access programs and
13 activities correlate with school curricula and extend the reach of
14 access programs and activities for classroom use with or without
15 direct on-site participation, to the extent practicable;

16 (vi) Building meaningful partnerships with public schools and
17 cultural organizations in order to maximize participation in school
18 access programs and activities and ensure their relevance and
19 effectiveness;

20 (d) When a program determines that its program element required
21 under (c)(i) through (vi) of this subsection has achieved sufficient
22 scale and participation among public schools located within its
23 boundaries and that it has resources remaining to devote to
24 additional public school cultural access programs without diminishing
25 such participation, the county may develop and financially support
26 other public school cultural access activities in conjunction with
27 cultural organizations receiving funds under this chapter; public
28 school districts; and other public or nonprofit organizations that
29 support cultural access. Any funding for development and support of
30 such activities provided to cultural organizations receiving funds
31 under this subsection must only be used to supplement the public
32 benefits provided by such organizations as required under this
33 chapter and may not be used by such organizations to replace or
34 diminish funding for such required public benefits;

35 (e) Preparation of an annual public school cultural access plan
36 for review and adoption prior to implementation; and

37 (f) Compilation of an annual report documenting the reach and
38 evaluating the effectiveness of program-funded public school cultural
39 access efforts, including recommendations to the county for
40 improvements.

PART VI
USE OF FUNDS

1
2
3 NEW SECTION. **Sec. 601.** ALLOCATION. (1) A program in a county
4 with a population of less than one million five hundred thousand must
5 allocate the proceeds of taxes authorized under sections 402 and 403
6 of this act as follows:

7 (a) If any start-up funding has been provided to the program
8 under section 302 of this act with the expectation that the funding
9 will be repaid, the program must annually reserve from total funds
10 available funding sufficient to provide for repayment of such start-
11 up funding until any such start-up funding has been fully repaid;

12 (b) The funding determined by the county forming such a program
13 to be reserved for program costs, including direct administrative
14 costs, and repaying any start-up funding provided under section 302
15 of this act. Information disclosing the amount of funding to be
16 reserved for program administrative costs must be included in any
17 proposition submitted to voters under section 402 or 403 of this act;

18 (c) The county must determine the percentage of total funds
19 available annually to be reserved for a public school cultural access
20 program established and managed by the county to increase access to
21 cultural activities and programming for public school students
22 resident in the county. The activities and programming need not be
23 located or provided within the county. In developing its program, the
24 county may consider the attributes prescribed for a public school
25 cultural access program required to be undertaken under section
26 502(2) of this act and may also consider providing funding for music
27 and arts education in public schools that is in addition to that
28 provided for in the program of basic education funding;

29 (d) Remaining funds available annually, including all funds not
30 initially reserved under (a), (b), and (c) of this subsection as well
31 as funds not distributed by the county from the reserved funds must
32 be distributed by the county to the entity designated by the
33 legislative authority of the county creating the program. The county
34 must determine:

35 (i) Guidelines, consistent with the requirements of this chapter,
36 it deems necessary or appropriate for determining the eligibility of
37 cultural organizations to receive funding under this chapter;

1 (ii) Criteria for the award of funds to eligible cultural
2 organizations, including the public benefits to be derived from
3 projects submitted for funding;

4 (iii) The amount of funding to be allocated to support designated
5 entity administrative costs;

6 (iv) Criteria for the identification by the county or, if so
7 directed by the county, by the designated entity of any cultural
8 organization or organizations that would receive annual distributions
9 of funds in such amounts determined by the county or, if so directed
10 by the county, the designated entity; and

11 (v) Procedures to be used by the designated entity in awarding
12 funding to other cultural organizations that may, but are not
13 required to include a periodic competitive process for awarding funds
14 for particular purposes or projects proposed by eligible cultural
15 organizations;

16 (e) In evaluating requests for funding authorized under this
17 chapter, the designated entity responsible for the distribution of
18 the funds must consider the public benefits that any cultural
19 organizations represented will be derived from proposed projects. At
20 the conclusion of a project approved for funding, such organization
21 is required to report to the designated entity on the public benefits
22 realized;

23 (f) Funds distributed to cultural organizations may be used to
24 support cultural and educational activities, programs, and
25 initiatives; public benefits and communications; and basic
26 operations. Funds may also be used for: (i) Capital expenditures or
27 acquisitions including, but not limited to, the acquisition of or
28 construction of improvements to real property; and (ii) technology,
29 equipment, and supplies reasonably related to or necessary for a
30 project otherwise eligible for funding under this chapter. Program
31 guidelines may also determine the circumstances under which funds may
32 be used to fund start-up expenses of new community-based cultural
33 organizations;

34 (g) If the county or designated entity determine the eligibility
35 of a cultural organization to receive funding or the relative
36 magnitude of the funding it receives on the basis of its budget,
37 revenues, or expenses, any determination with respect to a qualifying
38 state-related cultural organization must exclude any state funding
39 received by the organization or for the institution it supports.

1 (2) A county with a population of more than one million five
2 hundred thousand must allocate the proceeds of the taxes authorized
3 under sections 402 and 403 of this act as follows:

4 (a) If any start-up funding has been provided to the program
5 under section 302 of this act with the expectation that the funding
6 will be repaid, the program must annually reserve from total funds
7 available annually funding sufficient to provide for repayment of
8 such start-up funding until any such start-up funding has been fully
9 repaid;

10 (b) After allocating any funds as required in (a) of this
11 subsection, up to one and one-fourth percent of total funds available
12 annually may be used for program administrative costs;

13 (c) After allocating funds as required in (a) and (b) of this
14 subsection, ten percent of remaining funds available annually must be
15 used to fund a public school cultural access program to be
16 administered by the program;

17 (d) Seventy-five percent of total remaining funds available
18 annually excluding funds initially reserved under (a), (b), and (c)
19 of this subsection must be reserved for distribution by the program
20 to regional cultural organizations that are cultural organizations
21 that own, operate, or support cultural facilities or provide
22 performances, exhibits, educational programs, experiences, or
23 entertainment that widely benefit and are broadly attended by the
24 public, subject to further definition under guidelines adopted by the
25 program. A regional cultural organization may also generally be
26 characterized under program guidelines as a financially stable,
27 substantial organization with full-time support and program staff,
28 maintaining a broad-based membership, having year-round or enduring
29 seasonal operations, being a substantial financial contributor to the
30 development, operation, and maintenance of the organization's
31 principal venue or venues, and providing substantial public benefits.
32 The funding must be provided only to those regional cultural
33 organizations that the program determines, on an annual basis, to
34 have met the following guidelines:

35 (i) For at least the preceding three years, the organization has
36 been continuously in good standing as a nonprofit corporation under
37 the laws of the state of Washington;

38 (ii) The organization has its principal location or locations and
39 conducts the majority of its activities within the county area
40 primarily for the benefit of county residents;

1 (iii) The organization has not declared bankruptcy or suspended
2 or substantially curtailed operations for a period longer than six
3 months during the preceding two years;

4 (iv) The organization provided to the program audited annual
5 financial statements for at least its two most recent fiscal years;

6 (v) Over the three preceding years, the organization has minimum
7 average annual revenues of at least one million two hundred fifty
8 thousand dollars. The program must annually and cumulatively adjust
9 the minimum revenues by the annual percentage change in the consumer
10 price index for the prior year for the Seattle-Tacoma-Bellevue,
11 Washington metropolitan statistical area for all urban consumer, all
12 goods, as published by the United States department of labor, bureau
13 of labor statistics. The minimum revenues requirement, adjusted for
14 inflation as provided in this section, remains effective through the
15 date on which the initial tax authorized by the voters under section
16 402 or 403 of this act expires. Thereafter, the program must, at the
17 beginning of each subsequent period of funding as approved by the
18 voters, establish initial minimum average annual revenues of not less
19 than the amount of the minimum revenues required during the final
20 year of the immediately preceding period of funding;

21 (vi) For purposes of determining the eligibility of a regional
22 organization to receive funding or the relative magnitude of the
23 funding it receives on the basis of its revenues, any determination
24 with respect to a qualifying state-related cultural organization must
25 exclude any state funding received by the organization or for the
26 institution it supports; and

27 (vii) Any additional guidelines, consistent with section 201 of
28 this act and this section, as the program deems necessary or
29 appropriate for determining the eligibility of prospective regional
30 cultural organizations to receive funding under this section and for
31 establishing the amount of funding any organization may receive;

32 (e) Funds available under (d) of this subsection must be
33 distributed among eligible regional cultural organizations based on
34 an annual ranking of eligible organizations by the combined size of
35 their average annual revenues and their average annual attendance,
36 both over the three preceding years. However, an organization's
37 attendance must have twice the weight of the organization's revenues
38 in determining its relative ranking. Available funds must be
39 distributed proportionally among eligible organizations, consistent
40 with the ranking, such that the organization with the largest

1 combined revenues and weighted attendance would receive the most
2 funding and the organization with the smallest combined revenues and
3 weighted attendance would receive the least funding. However, no
4 organization may receive funds in excess of fifteen percent of its
5 average annual revenues over the three preceding years. Any funds
6 available under (d) of this subsection not distributed to regional
7 cultural organizations as a result of application of the formula
8 provided under this subsection (2)(e) must be allocated by the
9 program for distribution under (g) of this subsection;

10 (f) Funds distributed to regional cultural organizations under
11 (d) of this subsection must be used to support cultural and
12 educational activities, programs and initiatives, public benefits and
13 communications, and basic operations. No funds distributed to
14 regional cultural organizations under (d) of this subsection may be
15 used for capital expenditures or acquisitions including, but not
16 limited to, the acquisition of or the construction of improvements to
17 real property;

18 (g) In addition to providing or continuing to provide public
19 benefits identified by the program under this section, regional
20 cultural organizations receiving funding under this subsection (2)
21 must participate in good faith in the program's public school
22 cultural access program required under section 502 of this act. The
23 regional cultural organizations must provide or continue to provide
24 public benefits under this section in addition to participating in
25 the public school cultural access program. Each regional cultural
26 organization receiving funds authorized under this chapter pursuant
27 to a program allocation formula must annually, prior to year end,
28 preview for the program public benefits the organization's plans to
29 provide or continue to provide in the following year and report on
30 public benefits it provided or continued to provide during the
31 current year;

32 (h) Remaining funds available annually, including funds not
33 initially reserved under (a) through (d) of this subsection as well
34 as funds not distributed by the program from the reserved funds must
35 be distributed by the program to the public agency designated by the
36 legislative authority of the county creating such a program;

37 (i) Funds distributed by the designated public agencies under (h)
38 of this subsection must be applied as follows:

1 (i) Not more than eight percent of such funds must be used for
2 administrative costs of the public agency designated by a county
3 creating the program; and

4 (ii) The balance must be used to fund community-based cultural
5 organizations that are cultural organizations or a community
6 preservation and development authority formed under chapter 43.167
7 RCW prior to January 1, 2011, that primarily function, focus their
8 activities, and are supported or patronized within a local community
9 and are not a regional cultural organization, subject to further
10 definition under guidelines adopted by the designated public agency.
11 Designated public agencies must adopt:

12 (A) Guidelines, consistent with the requirements of this chapter,
13 it deems necessary or appropriate for determining the eligibility of
14 community-based cultural organizations to receive funding under this
15 chapter and for establishing the amount of funding any organization
16 may receive;

17 (B) Criteria for the award of funds to eligible community-based
18 cultural organizations, including the public benefits to be derived
19 from projects submitted for funding; and

20 (C) Procedures for conducting, at least annually, a competitive
21 process for the award of available funding;

22 (j) Funds distributed to community-based cultural organizations
23 may be used to support cultural and educational activities, programs,
24 and initiatives; public benefits and communications; and basic
25 operations. Funds may also be used for: (i) Capital expenditures or
26 acquisitions including, but not limited to, the acquisition of or
27 construction of improvements to real property; and (ii) technology,
28 equipment, and supplies reasonably related to or necessary for a
29 project otherwise eligible for funding under this chapter. Program
30 guidelines may also determine the circumstances under which funds may
31 be used to fund start-up expenses of new community-based cultural
32 organizations.

33 **PART VII**

34 **MISCELLANEOUS**

35 NEW SECTION. **Sec. 701.** No direct or collateral attack on any
36 program purported to be authorized or created in conformance with
37 this chapter may be commenced more than thirty days after creation.

1 NEW SECTION. **Sec. 702.** Sections 101 through 305, 401, 501, 502,
2 and 601 of this act constitute a new chapter in Title 36 RCW.

3 NEW SECTION. **Sec. 703.** If any provision of this act or its
4 application to any person or circumstance is held invalid, the
5 remainder of the act or the application of the provision to other
6 persons or circumstances is not affected.

7 NEW SECTION. **Sec. 704.** The provisions of this act must be
8 liberally construed to effectuate the policies and purposes of this
9 act.

10 NEW SECTION. **Sec. 705.** Section 404 of this act expires January
11 1, 2018.

12 NEW SECTION. **Sec. 706.** Section 405 of this act takes effect
13 January 1, 2018.

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