
SUBSTITUTE HOUSE BILL 1123

State of Washington

65th Legislature

2017 Regular Session

By House Community Development, Housing & Tribal Affairs (originally sponsored by Representatives Condotta, Ryu, Barkis, Kirby, Wilcox, Tarleton, McBride, Smith, Muri, Frame, Tharinger, Morris, and J. Walsh)

READ FIRST TIME 01/31/17.

1 AN ACT Relating to tourism marketing; reenacting and amending RCW
2 43.79A.040; adding a new section to chapter 82.08 RCW; adding a new
3 chapter to Title 43 RCW; and creating a new section.

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

5 NEW SECTION. **Sec. 1.** FINDINGS AND PURPOSE. (1) The legislature
6 finds that the tourism industry is the fourth largest economic sector
7 in the state of Washington and provides general economic benefit to
8 the state. Since 2011 there have been no general funds committed to
9 statewide tourism marketing and Washington is the only state without
10 a state-funded tourism office. Before 2011, the amount of funds
11 appropriated to statewide tourism marketing were not significant and,
12 in fact, Washington ranked forty-eighth in state tourism funding.
13 Washington has significant attractions and activities for tourists,
14 including many natural outdoor assets that draw visitors to
15 mountains, waterways, parks, and open spaces. There should be a
16 program to publicize these assets and activities to potential out-of-
17 state visitors that is implemented in an expeditious manner by
18 tourism professionals in the private sector.

19 (2) The purpose of this act is to establish the framework and
20 funding for a statewide tourism marketing program. The program needs
21 to have a structure that includes significant, stable, long-term

1 funding, and it should be implemented and managed by the tourism
2 industry. The source of funds should be from major sectors of the
3 tourism industry with government assistance in collecting these funds
4 and providing accountability for their expenditure. The dedicated
5 sales tax authorized for contributions made in this chapter will
6 bring direct benefits to those making contributions by bringing more
7 tourists into the state who will patronize the participating
8 businesses and create economic benefit for the state.

9 NEW SECTION. **Sec. 2.** DEFINITIONS. The definitions in this
10 section apply throughout this chapter unless the context clearly
11 requires otherwise.

12 (1) "Authority" means the Washington tourism marketing authority
13 created in section 3 of this act.

14 (2) "Board" means the Washington tourism marketing authority
15 board of directors.

16 (3) "Department" means the department of commerce.

17 (4) "Statewide tourism marketing account" means the account
18 created pursuant to section 5 of this act in the custody of the state
19 treasurer. This account must be the depository for contributions
20 collected pursuant to section 9 of this act and any legislative
21 appropriation, except as otherwise provided in section 6 of this act.

22 NEW SECTION. **Sec. 3.** WASHINGTON TOURISM MARKETING AUTHORITY—
23 ESTABLISHED. (1) The Washington tourism marketing authority is
24 established as a public body comprised of both private industry and
25 public members, constituting an instrumentality of the state of
26 Washington.

27 (2) The authority is responsible for acting as a business
28 management organization on behalf of the citizens of the state to
29 manage financial resources and contract for statewide tourism
30 marketing services.

31 (3) The department must provide administrative assistance to the
32 authority.

33 NEW SECTION. **Sec. 4.** BOARD OF DIRECTORS AND ADVISORY COMMITTEE.

34 (1) The authority must be governed by a board of directors. The board
35 of directors must consist of:

36 (a) One member from each of the two major caucuses of the house
37 of representatives and one alternate for each member selected to be

1 appointed by the speaker of the house of representatives and one
2 member from each of the two caucuses of the senate and one alternate
3 for each member to be appointed by the president of the senate;

4 (b) Nine representatives from the tourism industry and related
5 businesses including, but not limited to, hotel, restaurant, outdoor
6 recreation, attractions, retail, and rental car businesses appointed
7 by the department. The director must take into consideration
8 contributions of the particular industry or business represented to
9 tourism activities and marketing experience of the representative
10 when making board appointments. The director must accept and consider
11 board membership nominations from the tourism industry and related
12 businesses.

13 (2) There must be a nonvoting advisory committee to the board.
14 The advisory committee must consist of:

15 (a) Four ex officio members from the department, department of
16 revenue, state parks department, and department of transportation;
17 and

18 (b) One member from a federally recognized Indian tribe appointed
19 by the director of the department.

20 (3) Appointments by the director of the department must reflect
21 diversity in geography, size of businesses, gender, and ethnicity.

22 (4) The initial appointments under subsection (1)(a) and (b) of
23 this section must be appointed to terms as follows: Four members for
24 two-year terms, four members for three-year terms, and five members
25 for four-year terms, which must include the chair. After the initial
26 appointments, all appointments must be for four years.

27 (5) The board must select from its membership the chair of the
28 board and such other officers as it deems appropriate. The chair of
29 the board must be a member from the tourism industry or related
30 businesses.

31 (6) A majority of the board constitutes a quorum.

32 (7) The board must create its own bylaws in accordance with the
33 laws of the state of Washington.

34 (8) Any member of the board may be removed for misfeasance,
35 malfeasance, or willful neglect of duty after notice and a public
36 hearing, unless the notice and hearing are expressly waived in
37 writing by the affected member.

38 (9) If a vacancy occurs on the board, the director must fill the
39 same for the unexpired term.

1 (10) The members of the board serve without compensation but are
2 entitled to reimbursement, solely from the funds of the authority,
3 for expenses incurred in the discharge of their duties.

4 (11) The board must meet at least quarterly.

5 (12) No board member of the authority may serve on the board of
6 an organization that could be considered for the contract authorized
7 by RCW 43.79A.040.

8 NEW SECTION. **Sec. 5.** STATEWIDE TOURISM MARKETING ACCOUNT. (1)

9 The statewide tourism marketing account is created in the state
10 treasury. All receipts from contributions under section 7 of this act
11 and legislative appropriations must be deposited into the account.

12 (2) Expenditures from the account may be used only for expenses
13 related to implementation of a statewide tourism marketing program.
14 Expenditures from the account may only be made when a two to one
15 nonstate to state match is provided. State dollars must be matched
16 with nonstate cash contributions, the value of an advertising
17 equivalency contribution, or through an in-kind contribution. The
18 board must determine criteria for what qualifies as an in-kind
19 contribution. The chair of the authority or the chair's designee may
20 authorize expenditures from the account.

21 (3) In the event of a dispute concerning expenditure
22 authorization, a majority of the board may authorize expenditures for
23 the account.

24 (4) The account is subject to the allotment procedures under
25 chapter 43.88 RCW.

26 (5) State and nonstate funds must be accounted for separately.

27 (6) At the end of the 2017-2019 biennium, all revenues collected
28 pursuant to section 9 of this act that remain in the statewide
29 tourism marketing account and are not matched by nonstate funds must
30 revert to the general fund.

31 NEW SECTION. **Sec. 6.** USE OF FUNDS. (1) The authority must use
32 any funds legally available to it for any purpose specifically
33 authorized by this chapter including:

34 (a) Entering into a contract for a multiple-year statewide
35 tourism marketing plan with a statewide nonprofit organization
36 existing on the effective date of this section whose sole purpose is
37 marketing Washington to tourists. The marketing plan must include,
38 but is not limited to, focuses on rural tourism-dependent counties,

1 natural wonders and outdoor recreation opportunities of the state,
2 attraction of international tourists, identification of local
3 offerings for tourists, and assistance for tourism areas adversely
4 impacted by natural disasters. In the event that no such organization
5 exists on the effective date of this section or the initial
6 contractor ceases to exist, the authority may determine criteria for
7 a contractor to carry out a statewide marketing program;

8 (b) Contracting for the evaluation of the impact of the statewide
9 tourism marketing program; and

10 (c) Paying for administrative expenses of the authority, which
11 may not exceed two percent of the state portion of funds collected in
12 any fiscal year.

13 (2) All funds collected by the authority under this chapter,
14 including interest, dividends, and other profits, are and must remain
15 under the complete control of the authority and its board of
16 directors, be fully available to achieve the intent of this chapter,
17 and be used for the sole purpose of achieving the intent of this
18 chapter.

19 NEW SECTION. **Sec. 7.** GIFTS OR GRANTS TO THE WASHINGTON TOURISM
20 MARKETING AUTHORITY. The board may receive gifts, grants, or
21 endowments from public or private sources that are made from time to
22 time, in trust or otherwise, for the use and benefit of the purposes
23 of the authority and spend gift, grants, or endowments or income from
24 public or private sources according to their terms, unless the
25 receipt of gifts, grants, or endowments violates RCW 42.17A.560.

26 NEW SECTION. **Sec. 8.** SHORT TITLE. This chapter may be known and
27 cited as the statewide tourism marketing act.

28 NEW SECTION. **Sec. 9.** A new section is added to chapter 82.08
29 RCW to read as follows:

30 Beginning July 1, 2017, 0.1 percent of taxes collected pursuant
31 to RCW 82.08.020(1) on retail sales of lodging, car rentals, and
32 restaurants must be deposited into the statewide tourism marketing
33 account created in section 5 of this act, up to five million dollars
34 per biennium. The revenues collected under this section and deposited
35 into the statewide tourism marketing account are subject to nonstate
36 matching funds prior to expenditure as provided in section 5 of this
37 act.

1 **Sec. 10.** RCW 43.79A.040 and 2016 c 203 s 2, 2016 c 173 s 10,
2 2016 c 69 s 21, and 2016 c 39 s 7 are each reenacted and amended to
3 read as follows:

4 (1) Money in the treasurer's trust fund may be deposited,
5 invested, and reinvested by the state treasurer in accordance with
6 RCW 43.84.080 in the same manner and to the same extent as if the
7 money were in the state treasury, and may be commingled with moneys
8 in the state treasury for cash management and cash balance purposes.

9 (2) All income received from investment of the treasurer's trust
10 fund must be set aside in an account in the treasury trust fund to be
11 known as the investment income account.

12 (3) The investment income account may be utilized for the payment
13 of purchased banking services on behalf of treasurer's trust funds
14 including, but not limited to, depository, safekeeping, and
15 disbursement functions for the state treasurer or affected state
16 agencies. The investment income account is subject in all respects to
17 chapter 43.88 RCW, but no appropriation is required for payments to
18 financial institutions. Payments must occur prior to distribution of
19 earnings set forth in subsection (4) of this section.

20 (4)(a) Monthly, the state treasurer must distribute the earnings
21 credited to the investment income account to the state general fund
22 except under (b), (c), and (d) of this subsection.

23 (b) The following accounts and funds must receive their
24 proportionate share of earnings based upon each account's or fund's
25 average daily balance for the period: The 24/7 sobriety account, the
26 Washington promise scholarship account, the Washington advanced
27 college tuition payment program account, the Washington college
28 savings program account, the accessible communities account, the
29 Washington achieving a better life experience program account, the
30 community and technical college innovation account, the agricultural
31 local fund, the American Indian scholarship endowment fund, the
32 foster care scholarship endowment fund, the foster care endowed
33 scholarship trust fund, the contract harvesting revolving account,
34 the Washington state combined fund drive account, the commemorative
35 works account, the county enhanced 911 excise tax account, the toll
36 collection account, the developmental disabilities endowment trust
37 fund, the energy account, the fair fund, the family leave insurance
38 account, the food animal veterinarian conditional scholarship
39 account, the fruit and vegetable inspection account, the future
40 teachers conditional scholarship account, the game farm alternative

1 account, the GET ready for math and science scholarship account, the
2 Washington global health technologies and product development
3 account, the grain inspection revolving fund, the industrial
4 insurance rainy day fund, the juvenile accountability incentive
5 account, the law enforcement officers' and firefighters' plan 2
6 expense fund, the local tourism promotion account, the multiagency
7 permitting team account, the pilotage account, the produce railcar
8 pool account, the regional transportation investment district
9 account, the rural rehabilitation account, the statewide tourism
10 marketing account, the Washington sexual assault kit account, the
11 stadium and exhibition center account, the youth athletic facility
12 account, the self-insurance revolving fund, the children's trust
13 fund, the Washington horse racing commission Washington bred owners'
14 bonus fund and breeder awards account, the Washington horse racing
15 commission class C purse fund account, the individual development
16 account program account, the Washington horse racing commission
17 operating account, the life sciences discovery fund, the Washington
18 state heritage center account, the reduced cigarette ignition
19 propensity account, the center for childhood deafness and hearing
20 loss account, the school for the blind account, the Millersylvania
21 park trust fund, the public employees' and retirees' insurance
22 reserve fund, and the radiation perpetual maintenance fund.

23 (c) The following accounts and funds must receive eighty percent
24 of their proportionate share of earnings based upon each account's or
25 fund's average daily balance for the period: The advanced right-of-
26 way revolving fund, the advanced environmental mitigation revolving
27 account, the federal narcotics asset forfeitures account, the high
28 occupancy vehicle account, the local rail service assistance account,
29 and the miscellaneous transportation programs account.

30 (d) Any state agency that has independent authority over accounts
31 or funds not statutorily required to be held in the custody of the
32 state treasurer that deposits funds into a fund or account in the
33 custody of the state treasurer pursuant to an agreement with the
34 office of the state treasurer shall receive its proportionate share
35 of earnings based upon each account's or fund's average daily balance
36 for the period.

37 (5) In conformance with Article II, section 37 of the state
38 Constitution, no trust accounts or funds shall be allocated earnings
39 without the specific affirmative directive of this section.

1 NEW SECTION. **Sec. 11.** The joint legislative audit and review
2 committee must conduct an evaluation of the performance of the
3 authority created in chapter 43.--- RCW (the new chapter created in
4 section 12 of this act) and report its findings and recommendations
5 to the governor and the economic development committees of the senate
6 and house of representatives by December 1, 2020. The purpose of the
7 evaluation is to determine the extent to which the authority has
8 contributed to the growth of the tourism industry and economic
9 development of the state. An interim report by the authority is due
10 to the governor and economic development committees of the house of
11 representatives and senate by December 1, 2018. The report must
12 provide an update on the authority's progress in implementing a
13 statewide tourism marketing program.

14 NEW SECTION. **Sec. 12.** Sections 1 through 8 of this act
15 constitute a new chapter in Title 43 RCW.

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