

2 **ESSB 5943** - H AMD
3 By Representative Van Luven

4 ADOPTED AS AMENDED 4/13/95

5 Strike everything after the enacting clause and insert the
6 following:

7 "NEW SECTION. **Sec. 1.** (1) The governing body of a city, while not
8 required by legislative mandate to do so, may, after July 1, 1995, by
9 resolution or ordinance for the purposes authorized under sections 5
10 and 7 of this act, fix and impose a sales tax on the charge for rooms
11 to be used for lodging by transients in accordance with the terms of
12 chapter . . . , Laws of 1995 (this act). Such tax shall be collected
13 from those persons who are taxable by the state under RCW 67.40.090,
14 but only those taxable persons located within the boundaries of the
15 city imposing the tax. The rate of such tax imposed by a city shall be
16 two percent of the charge for rooms to be used for lodging by
17 transients. Any such tax imposed under this section shall not be
18 collected prior to January 1, 2000. The tax authorized under this
19 section shall be levied and collected in the same manner as those taxes
20 authorized under chapter 82.14 RCW. Penalties, receipts, abatements,
21 refunds, and all other similar matters relating to the tax shall be as
22 provided in chapter 82.08 RCW.

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

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

30 NEW SECTION. **Sec. 2.** When remitting sales tax receipts to the
31 state under RCW 82.14.050, the city treasurer, or its designee, shall
32 at the same time remit the sales taxes collected under section 1 of
33 this act for the municipality. The sum so collected and paid over on
34 behalf of the municipality shall be credited against the amount of the

1 tax otherwise due to the state from those same taxpayers under RCW
2 82.08.020(1).

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

11 (2) The sales tax authorized under section 1 of this act shall be
12 due and payable in the same manner as those taxes authorized under RCW
13 82.14.030.

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

18 NEW SECTION. **Sec. 5.** All taxes levied and collected under section
19 1 of this act shall be credited to the state convention and trade
20 center account in the state treasury and used solely by the corporation
21 formed under RCW 67.40.020 for the purpose of paying all or any part of
22 the cost associated with: The financing, design, acquisition,
23 construction, equipping, operating, maintaining, and reequipping of
24 convention center facilities related to the expansion recommended by
25 the convention center expansion and city facilities task force created
26 under section 148, chapter 6, Laws of 1994 sp. sess.; the acquisition,
27 construction, and relocation costs of replacement housing; and the
28 repayment of loans and advances from the state, including loans
29 authorized previously under this chapter, or to pay or secure the
30 payment of all or part of the principal of or interest on any state
31 bonds issued for purposes authorized under this chapter.

32 NEW SECTION. **Sec. 6.** Upon the effective date of this act, the
33 corporation may proceed with preliminary design and planning
34 activities, environmental studies, and real estate appraisals for
35 convention center improvements. No other expenditures may be made in

1 support of the expansion project recommended by the convention center
2 expansion and city facilities task force created under section 148,
3 chapter 6, Laws of 1994 sp. sess. prior to acceptance by the board of
4 directors of the corporation of an irrevocable commitment for funding
5 from public or private participants consistent with the expansion
6 development study task force recommendations report dated December
7 1994.

8 NEW SECTION. **Sec. 7.** (1) Moneys received from any tax imposed
9 under section 1 of this act shall be used for the purpose of providing
10 funds to the corporation for the costs associated with paying all or
11 any part of the cost associated with: The financing, design,
12 acquisition, construction, equipping, operating, maintaining, and
13 reequipping of convention center facilities; the acquisition,
14 construction, and relocation costs of replacement housing; and
15 repayment of loans and advances from the state, including loans
16 authorized previously under this chapter, or to pay or secure the
17 payment of all or part of the principal of or interest on any state
18 bonds issued for purposes authorized under this chapter.

19 (2) If any of the revenue from any local sales tax authorized under
20 section 1 of this act shall have been encumbered or pledged by the
21 state to secure the payment of any state bonds as authorized under RCW
22 67.40.030, then as long as that agreement or pledge shall be in effect,
23 the legislature shall not withdraw from the municipality the authority
24 to levy and collect the tax or the tax credit authorized under sections
25 1 and 2 of this act.

26 **Sec. 8.** RCW 67.28.180 and 1991 c 363 s 139 and 1991 c 336 s 1 are
27 each reenacted and amended to read as follows:

28 (1) Subject to the conditions set forth in subsections (2) and (3)
29 of this section, the legislative body of any county or any city, is
30 authorized to levy and collect a special excise tax of not to exceed
31 two percent on the sale of or charge made for the furnishing of lodging
32 by a hotel, rooming house, tourist court, motel, trailer camp, and the
33 granting of any similar license to use real property, as distinguished
34 from the renting or leasing of real property: PROVIDED, That it shall
35 be presumed that the occupancy of real property for a continuous period
36 of one month or more constitutes a rental or lease of real property and
37 not a mere license to use or to enjoy the same.

1 (2) Any levy authorized by this section shall be subject to the
2 following:

3 (a) Any county ordinance or resolution adopted pursuant to this
4 section shall contain, in addition to all other provisions required to
5 conform to this chapter, a provision allowing a credit against the
6 county tax for the full amount of any city tax imposed pursuant to this
7 section upon the same taxable event.

8 (b) In the event that any county has levied the tax authorized by
9 this section and has, prior to June 26, 1975, either pledged the tax
10 revenues for payment of principal and interest on city revenue or
11 general obligation bonds authorized and issued pursuant to RCW
12 67.28.150 through 67.28.160 or has authorized and issued revenue or
13 general obligation bonds pursuant to the provisions of RCW 67.28.150
14 through 67.28.160, such county shall be exempt from the provisions of
15 (a) of this subsection, to the extent that the tax revenues are pledged
16 for payment of principal and interest on bonds issued at any time
17 pursuant to the provisions of RCW 67.28.150 through 67.28.160:
18 PROVIDED, That so much of such pledged tax revenues, together with any
19 investment earnings thereon, not immediately necessary for actual
20 payment of principal and interest on such bonds may be used: (i) In
21 any county with a population of one million or more, for repayment
22 either of limited tax levy general obligation bonds or of any county
23 fund or account from which a loan was made, the proceeds from the bonds
24 or loan being used to pay for constructing, installing, improving, and
25 equipping stadium capital improvement projects, and to pay for any
26 engineering, planning, financial, legal and professional services
27 incident to the development of such stadium capital improvement
28 projects, regardless of the date the debt for such capital improvement
29 projects was or may be incurred; or (ii) in other counties, for county-
30 owned facilities for agricultural promotion. A county is exempt under
31 this subsection in respect to city revenue or general obligation bonds
32 issued after April 1, 1991, only if such bonds mature before January 1,
33 2013.

34 As used in this subsection (2)(b), "capital improvement projects"
35 may include, but not be limited to a stadium restaurant facility,
36 restroom facilities, artificial turf system, seating facilities,
37 parking facilities and scoreboard and information system adjacent to or
38 within a county owned stadium, together with equipment, utilities,
39 accessories and appurtenances necessary thereto. The stadium

1 restaurant authorized by this subsection (2)(b) shall be operated by a
2 private concessionaire under a contract with the county.

3 (c) No city within a county exempt under subsection (2)(b) of this
4 section may levy the tax authorized by this section so long as said
5 county is so exempt: PROVIDED, That in the event that any city in such
6 county has levied the tax authorized by this section and has, prior to
7 June 26, 1975, authorized and issued revenue or general obligation
8 bonds pursuant to the provisions of RCW 67.28.150 through 67.28.160,
9 such city may levy the tax so long as (~~and to the extent that~~) the
10 tax revenues are pledged for payment of principal and interest on bonds
11 issued at any time pursuant to the provisions of RCW 67.28.150 through
12 67.28.160.

13 (3) Any levy authorized by this section by a county that has levied
14 the tax authorized by this section and has, prior to June 26, 1975,
15 either pledged the tax revenues for payment of principal and interest
16 on city revenue or general obligation bonds authorized and issued
17 pursuant to RCW 67.28.150 through 67.28.160 or has authorized and
18 issued revenue or general obligation bonds pursuant to the provisions
19 of RCW 67.28.150 through 67.28.160 shall be subject to the following:

20 (a) Taxes collected under this section in any calendar year in
21 excess of five million three hundred thousand dollars shall only be
22 used as follows:

23 (i) Seventy-five percent from January 1, 1992, through December 31,
24 2000, and seventy percent from January 1, 2001, through December 31,
25 2012, for art museums, cultural museums, heritage museums, the arts,
26 and the performing arts. Moneys spent under this subsection (3)(a)(i)
27 shall be used for the purposes of this subsection (3)(a)(i) in all
28 parts of the county.

29 (ii) Twenty-five percent from January 1, 1992, through December 31,
30 2000, and thirty percent from January 1, 2001, through December 31,
31 2012, for the following purposes and in a manner reflecting the
32 following order of priority: Stadium capital improvements, as defined
33 in subsection (2)(b) of this section; acquisition of open space lands;
34 youth sports activities; and tourism promotion.

35 (b) At least seventy percent of moneys spent under (a)(i) of this
36 subsection for the period January 1, 1992, through December 31, 2000,
37 shall be used only for the purchase, design, construction, and
38 remodeling of performing arts, visual arts, heritage, and cultural
39 facilities, and for the purchase of fixed assets that will benefit art,

1 heritage, and cultural organizations. For purposes of this subsection,
2 fixed assets are tangible objects such as machinery and other equipment
3 intended to be held or used for ten years or more. Moneys received
4 under this subsection (3)(b) may be used for payment of principal and
5 interest on bonds issued for capital projects. Qualifying
6 organizations receiving moneys under this subsection (3)(b) must be
7 financially stable and have at least the following:

- 8 (i) A legally constituted and working board of directors;
- 9 (ii) A record of artistic, heritage, or cultural accomplishments;
- 10 (iii) Been in existence and operating for at least two years;
- 11 (iv) Demonstrated ability to maintain net current liabilities at
12 less than thirty percent of general operating expenses;
- 13 (v) Demonstrated ability to sustain operational capacity subsequent
14 to completion of projects or purchase of machinery and equipment; and
- 15 (vi) Evidence that there has been independent financial review of
16 the organization.

17 (c) At least forty percent of the revenues distributed pursuant to
18 (a)(i) of this subsection for the period January 1, 2001, through
19 December 31, 2012, shall be deposited in an account and shall be used
20 to establish an endowment. Principal in the account shall remain
21 permanent and irreducible. The earnings from investments of balances
22 in the account may only be used for the purposes of (a)(i) of this
23 subsection.

24 (d) School districts and schools shall not receive revenues
25 distributed pursuant to (a)(i) of this subsection.

26 (e) Moneys distributed to art museums, cultural museums, heritage
27 museums, the arts, and the performing arts, and moneys distributed for
28 tourism promotion shall be in addition to and may not be used to
29 replace or supplant any other funding by the legislative body of the
30 county.

31 (f) As used in this section, "tourism promotion" includes
32 activities intended to attract visitors for overnight stays, arts,
33 heritage, and cultural events, and recreational, professional, and
34 amateur sports events. Moneys allocated to tourism promotion in a
35 class AA county shall be allocated to nonprofit organizations formed
36 for the express purpose of tourism promotion in the county. Such
37 organizations shall use moneys from the taxes to promote events in all
38 parts of the class AA county.

1 (g) No taxes collected under this section may be used for the
2 operation or maintenance of a public stadium that is financed directly
3 or indirectly by bonds to which the tax is pledged. Expenditures for
4 operation or maintenance include all expenditures other than
5 expenditures that directly result in new fixed assets or that directly
6 increase the capacity, life span, or operating economy of existing
7 fixed assets.

8 (h) No ad valorem property taxes may be used for debt service on
9 bonds issued for a public stadium that is financed by bonds to which
10 the tax is pledged, unless the taxes collected under this section are
11 or are projected to be insufficient to meet debt service requirements
12 on such bonds.

13 (i) If ~~((a substantial part of the operation and management of a
14 public stadium that is financed directly or indirectly by bonds to
15 which the tax is pledged is performed by a nonpublic entity or if))~~ a
16 public stadium is sold that is financed directly or indirectly by bonds
17 to which the tax is pledged, any bonds to which the tax is pledged
18 shall be retired.

19 (j) The county shall not lease a public stadium that is financed
20 directly or indirectly by bonds to which the tax is pledged to, or
21 authorize the use of the public stadium by, a professional major league
22 sports franchise unless the sports franchise gives the right of first
23 refusal to purchase the sports franchise, upon its sale, to local
24 government. This subsection (3)(j) does not apply to contracts in
25 existence on April 1, 1986.

26 If a court of competent jurisdiction declares any provision of this
27 subsection (3) invalid, then that invalid provision shall be null and
28 void and the remainder of this section is not affected.

29 **Sec. 9.** RCW 67.28.182 and 1987 c 483 s 2 are each amended to read
30 as follows:

31 (1) The legislative body of ~~((Pierce))~~ any county with a population
32 of over five hundred thousand but less than one million, within which
33 is a national park, and the ~~((councils))~~ legislative bodies of cities
34 in ~~((Pierce county))~~ these counties are each authorized to levy and
35 collect a special excise tax of not to exceed ~~((two))~~ five percent on
36 the sale of or charge made for the furnishing of lodging by a hotel,
37 rooming house, tourist court, motel, trailer camp, and the granting of
38 any similar license to use real property, as distinguished from the

1 renting or leasing of real property. For the purposes of this tax, it
2 shall be presumed that the occupancy of real property for a continuous
3 period of one month or more constitutes a rental or lease of real
4 property and not a mere license to use or to enjoy the same.

5 (2) Any county ordinance or resolution adopted under this section
6 shall contain, in addition to all other provisions required to conform
7 to this chapter, a provision allowing a credit against the county tax
8 for the full amount of any city tax imposed under this section upon the
9 same taxable event.

10 (3) Any seller, as defined in RCW 82.08.010, who is required to
11 collect any tax under this section shall pay over such tax to the
12 county or city as provided in RCW 67.28.200. The deduction from state
13 taxes under RCW 67.28.190 does not apply to taxes imposed under this
14 section.

15 (4) All taxes levied and collected under this section shall be
16 credited to a special fund in the treasury of the county or city. Such
17 taxes shall be levied (~~only~~) as follows: (a) At least two percent
18 for the purpose of visitor and convention promotion and development,
19 including marketing of local convention facilities; and (b) at least
20 three percent for the acquisition, construction, expansion, marketing,
21 management, and financing of convention facilities, and facilities
22 necessary to support major tourism destination attractions that serve
23 a minimum of one million visitors per year. Until withdrawn for use,
24 the moneys accumulated in such fund may be invested in interest bearing
25 securities by the county or city treasurer in any manner authorized by
26 law.

27 **Sec. 10.** RCW 67.28.240 and 1993 sp.s. c 16 s 3 are each amended to
28 read as follows:

29 (1) The legislative body of a county that qualified under RCW
30 67.28.180(2)(b) other than a county with a population of one million or
31 more and the legislative bodies of cities in the qualifying county are
32 each authorized to levy and collect a special excise tax of three
33 percent on the sale of or charge made for the furnishing of lodging by
34 a hotel, rooming house, tourist court, motel, trailer camp, and the
35 granting of any similar license to use real property, as distinguished
36 from the renting or leasing of real property. For the purposes of this
37 tax, it shall be presumed that the occupancy of real property for a

1 continuous period of one month or more constitutes a rental or lease of
2 real property and not a mere license to use or to enjoy the same.

3 ~~(2) No ((city may impose the special excise tax authorized in~~
4 ~~subsection (1) of this section during the time the city is imposing the~~
5 ~~tax under RCW 67.28.180, and no))~~ county may impose the special excise
6 tax authorized in subsection (1) of this section until such time as
7 those cities within the county containing at least one-half of the
8 total incorporated population have imposed the tax.

9 (3) Any county ordinance or resolution adopted under this section
10 shall contain, in addition to all other provisions required to conform
11 to this chapter, a provision allowing a credit against the county tax
12 for the full amount of any city tax imposed under this section upon the
13 same taxable event.

14 (4) Any seller, as defined in RCW 82.08.010, who is required to
15 collect any tax under this section shall pay over such tax to the
16 county or city as provided in RCW 67.28.200. The deduction from state
17 taxes under RCW 67.28.190 does not apply to taxes imposed under this
18 section.

19 NEW SECTION. **Sec. 11.** RCW 67.28.250 and 1992 c 156 s 2 & 1988
20 ex.s. c 1 s 22 are each repealed.

21 **Sec. 12.** RCW 67.40.020 and 1993 c 500 s 9 are each amended to read
22 as follows:

23 (1) The governor is authorized to form a public nonprofit
24 corporation in the same manner as a private nonprofit corporation is
25 formed under chapter 24.03 RCW. The public corporation shall be an
26 instrumentality of the state and have all the powers and be subject to
27 the same restrictions as are permitted or prescribed to private
28 nonprofit corporations, but shall exercise those powers only for
29 carrying out the purposes of this chapter and those purposes
30 necessarily implied therefrom. The governor shall appoint a board of
31 nine directors for the corporation who shall serve terms of six years,
32 except that two of the original directors shall serve for two years and
33 two of the original directors shall serve for four years. After
34 January 1, 1991, at least one position on the board shall be filled by
35 a member representing management in the hotel or motel industry subject
36 to taxation under RCW 67.40.090. The directors may provide for the
37 payment of their expenses. The corporation may ~~((cause a state~~

1 ~~convention and trade center with an overall size of approximately three~~
2 ~~hundred thousand square feet to be designed and constructed on a site~~
3 ~~in the city of Seattle. In acquiring, designing, and constructing the~~
4 ~~state convention and trade center, the corporation shall consider the~~
5 ~~recommendations and proposals issued on December 11, 1981, by the joint~~
6 ~~select committee on the state convention and trade center)) acquire,~~
7 ~~construct, expand, and improve the state convention and trade center~~
8 ~~within the city of Seattle. Notwithstanding the provisions of~~
9 ~~subsection (2) of this section, the corporation may acquire, lease,~~
10 ~~sell, or otherwise encumber property rights, including but not limited~~
11 ~~to development or condominium rights, deemed by the corporation as~~
12 ~~necessary for facility expansion.~~

13 (2) The corporation may acquire and transfer real and personal
14 property by lease, sublease, purchase, or sale, and further acquire
15 property by condemnation of privately owned property or rights to and
16 interests in such property pursuant to the procedure in chapter 8.04
17 RCW. However, acquisitions and transfers of real property, other than
18 by lease, may be made only if the acquisition or transfer is approved
19 by the director of financial management in consultation with the
20 chairpersons of the appropriate fiscal committees (~~(on ways and means)~~)
21 of the senate and house of representatives. The corporation may accept
22 gifts or grants, request the financing provided for in RCW 67.40.030,
23 cause the state convention and trade center facilities to be
24 constructed, and do whatever is necessary or appropriate to carry out
25 those purposes. Upon approval by the director of financial management
26 in consultation with the chairpersons of the (~~(ways and means)~~)
27 appropriate fiscal committees of the house of representatives and the
28 senate, the corporation may enter into lease and sublease contracts for
29 a term exceeding the fiscal period in which these lease and sublease
30 contracts are made. The terms of sale or lease of properties acquired
31 by the corporation on February 9, 1987, pursuant to the property
32 purchase and settlement agreement entered into by the corporation on
33 June 12, 1986, including the McKay parcel which the corporation is
34 contractually obligated to sell under that agreement, shall also be
35 subject to the approval of the director of financial management in
36 consultation with the chairpersons of the (~~(ways and means)~~)
37 appropriate fiscal committees of the house of representatives and the
38 senate. No approval by the director of financial management is
39 required for leases of individual retail space, meeting rooms, or

1 convention-related facilities. In order to allow the corporation
2 flexibility to secure appropriate insurance by negotiation, the
3 corporation is exempt from RCW 48.30.270. The corporation shall
4 maintain, operate, promote, and manage the state convention and trade
5 center.

6 (3) In order to allow the corporation flexibility in its personnel
7 policies, the corporation is exempt from chapter 41.06 RCW, chapter
8 41.05 RCW, RCW 43.01.040 through 43.01.044, chapter 41.04 RCW and
9 chapter 41.40 RCW.

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

12 (1) The proceeds from the sale of the bonds authorized in RCW
13 67.40.030, proceeds of the (~~tax~~) taxes imposed under RCW 67.40.090
14 and section 1 of this act, and all other moneys received by the state
15 convention and trade center from any public or private source which are
16 intended to fund the acquisition, design, construction, expansion,
17 exterior cleanup and repair of the Eagles building, conversion of
18 various retail and other space to meeting rooms, purchase of the land
19 and building known as the McKay Parcel, development of low-income
20 housing, or renovation of the center, and those expenditures authorized
21 under section 5 of this act shall be deposited in the state convention
22 and trade center account hereby created in the state treasury and in
23 such subaccounts as are deemed appropriate by the directors of the
24 corporation.

25 (2) Moneys in the account, including unanticipated revenues under
26 RCW 43.79.270, shall be used exclusively for the following purposes in
27 the following priority:

28 (a) For reimbursement of the state general fund under RCW
29 67.40.060;

30 (b) After appropriation by statute:

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

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

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

36 (~~(iii)~~) (iv) For reimbursement of any expenditures from the state
37 general fund in support of the state convention and trade center; and

1 (c) For transfer to the state convention and trade center
2 operations account.

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

11 (4) In order to ensure consistent treatment of bonds authorized
12 under RCW 67.40.030 with applicable provisions of the Internal Revenue
13 Code of 1986, as amended, and notwithstanding RCW 43.84.092, investment
14 earnings on bond proceeds deposited in the state convention and trade
15 center account in the state treasury shall be retained in the account,
16 and shall be expended by the corporation for the purposes authorized
17 under chapter . . . , Laws of 1995 (this act) and in a manner consistent
18 with applicable provisions of the Internal Revenue Code of 1986, as
19 amended.

20 **Sec. 14.** RCW 67.40.045 and 1993 sp.s. c 12 s 9 are each amended to
21 read as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

34 (g) \$10,400,000 for purchase of the land and building known as the
35 McKay Parcel, for development of low-income housing, for development,
36 construction, and administrative costs related to completion of the
37 state convention and trade center, including settlement costs related
38 to construction litigation, and for partially refunding obligations
39 under the parking garage revenue note issued by the corporation to

1 Industrial Indemnity Company in connection with the agreement and
2 settlement identified in (a) of this subsection, from additional
3 general obligation bonds to be repaid from the special excise tax under
4 RCW 67.40.090. All proceeds from any sale of the McKay parcel shall be
5 deposited in the state convention and trade center account and shall
6 not be expended without appropriation by law;

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

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

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

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

30 **Sec. 15.** RCW 67.40.090 and 1991 c 2 s 3 are each amended to read
31 as follows:

32 (1) Commencing April 1, 1982, there is imposed, and the department
33 of revenue shall collect, in King county a special excise tax on the
34 sale of or charge made for the furnishing of lodging by a hotel,
35 rooming house, tourist court, motel, or trailer camp, and the granting
36 of any similar license to use real property, as distinguished from the
37 renting or leasing of real property, except that no such tax may be
38 levied on any premises having fewer than sixty lodging units. It shall

1 be presumed that the occupancy of real property for a continuous period
2 of one month or more constitutes rental or lease of real property and
3 not a mere license to use or enjoy the same. The legislature on behalf
4 of the state pledges to maintain and continue this tax until the bonds
5 authorized by this chapter are fully redeemed, both principal and
6 interest.

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

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

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

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

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

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

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

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

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

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

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

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

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

16 (4) Chapter 82.32 RCW applies to the tax imposed under this
17 section.

18 NEW SECTION. **Sec. 16.** Sections 1 through 7 of this act are each
19 added to chapter 67.40 RCW.

20 NEW SECTION. **Sec. 17.** If any provision of this act or its
21 application to any person or circumstance is held invalid, the
22 remainder of the act or the application of the provision to other
23 persons or circumstances is not affected.

24 NEW SECTION. **Sec. 18.** This act is necessary for the immediate
25 preservation of the public peace, health, or safety, or support of the
26 state government and its existing public institutions, and shall take
27 effect immediately."

28 **ESSB 5943** - H AMD
29 By Representative Van Luven

30 ADOPTED AS AMENDED 4/13/95

31 On page 1, line 1 of the title, after "centers;" strike the
32 remainder of the title and insert "amending RCW 67.28.182, 67.28.240,
33 67.40.020, 67.40.040, 67.40.045, and 67.40.090; reenacting and amending

1 RCW 67.28.180; adding new sections to chapter 67.40 RCW; repealing RCW
2 67.28.250; and declaring an emergency."

3 **EFFECT: State Convention & Trade Center.** Authorizes the city of
4 Seattle to impose a 2% local hotel/motel tax for the purpose of state
5 convention & trade center expansion, including replacement housing.
6 Tax is effective after January 1, 2000, and remains in effect until
7 bonds are retired. Tax is a credit against the state sales tax. State
8 sales tax on construction activities at state convention & trade center
9 project deposited into center account.

10 **Convention Facilities.** Authorizes counties with a population
11 between 500,000 and 1 million to impose a 5 percent hotel/motel tax for
12 visitor promotion, acquisition, construction, financing of convention
13 facilities and facilities to support major tourism destination
14 attractions that serve 1 million or more visitors a year.

15 Allows any city or county to continue 2 percent hotel/motel tax as
16 long as proceeds used to retire bonds issued at any time for public
17 stadium, convention, performing arts, and visual arts facilities.

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