

CERTIFICATION OF ENROLLMENT
ENGROSSED SUBSTITUTE SENATE BILL 5943

Chapter 386, Laws of 1995

54th Legislature
1995 Regular Session

CONVENTION AND TRADE CENTERS

EFFECTIVE DATE: 5/16/95

Passed by the Senate April 23, 1995
YEAS 26 NAYS 17

JOEL PRITCHARD
President of the Senate

Passed by the House April 13, 1995
YEAS 54 NAYS 42

CLYDE BALLARD
**Speaker of the
House of Representatives**

Approved May 16, 1995

MIKE LOWRY
Governor of the State of Washington

CERTIFICATE

I, Marty Brown, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE SENATE BILL 5943** as passed by the Senate and the House of Representatives on the dates hereon set forth.

MARTY BROWN
Secretary

FILED

May 16, 1995 - 11:36 a.m.

**Secretary of State
State of Washington**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

22 (b) In the event that any county has levied the tax authorized by
23 this section and has, prior to June 26, 1975, either pledged the tax
24 revenues for payment of principal and interest on city revenue or
25 general obligation bonds authorized and issued pursuant to RCW
26 67.28.150 through 67.28.160 or has authorized and issued revenue or
27 general obligation bonds pursuant to the provisions of RCW 67.28.150
28 through 67.28.160, such county shall be exempt from the provisions of
29 (a) of this subsection, to the extent that the tax revenues are pledged
30 for payment of principal and interest on bonds issued at any time
31 pursuant to the provisions of RCW 67.28.150 through 67.28.160:
32 PROVIDED, That so much of such pledged tax revenues, together with any
33 investment earnings thereon, not immediately necessary for actual
34 payment of principal and interest on such bonds may be used: (i) In
35 any county with a population of one million or more, for repayment
36 either of limited tax levy general obligation bonds or of any county
37 fund or account from which a loan was made, the proceeds from the bonds
38 or loan being used to pay for constructing, installing, improving, and

1 equipping stadium capital improvement projects, and to pay for any
2 engineering, planning, financial, legal and professional services
3 incident to the development of such stadium capital improvement
4 projects, regardless of the date the debt for such capital improvement
5 projects was or may be incurred; or (ii) in other counties, for county-
6 owned facilities for agricultural promotion. A county is exempt under
7 this subsection in respect to city revenue or general obligation bonds
8 issued after April 1, 1991, only if such bonds mature before January 1,
9 2013.

10 As used in this subsection (2)(b), "capital improvement projects"
11 may include, but not be limited to a stadium restaurant facility,
12 restroom facilities, artificial turf system, seating facilities,
13 parking facilities and scoreboard and information system adjacent to or
14 within a county owned stadium, together with equipment, utilities,
15 accessories and appurtenances necessary thereto. The stadium
16 restaurant authorized by this subsection (2)(b) shall be operated by a
17 private concessionaire under a contract with the county.

18 (c) No city within a county exempt under subsection (2)(b) of this
19 section may levy the tax authorized by this section so long as said
20 county is so exempt: PROVIDED, That in the event that any city in such
21 county has levied the tax authorized by this section and has, prior to
22 June 26, 1975, authorized and issued revenue or general obligation
23 bonds pursuant to the provisions of RCW 67.28.150 through 67.28.160,
24 such city may levy the tax so long as (~~and to the extent that~~) the
25 tax revenues are pledged for payment of principal and interest on bonds
26 issued at any time pursuant to the provisions of RCW 67.28.150 through
27 67.28.160.

28 (3) Any levy authorized by this section by a county that has levied
29 the tax authorized by this section and has, prior to June 26, 1975,
30 either pledged the tax revenues for payment of principal and interest
31 on city revenue or general obligation bonds authorized and issued
32 pursuant to RCW 67.28.150 through 67.28.160 or has authorized and
33 issued revenue or general obligation bonds pursuant to the provisions
34 of RCW 67.28.150 through 67.28.160 shall be subject to the following:

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

38 (i) Seventy-five percent from January 1, 1992, through December 31,
39 2000, and seventy percent from January 1, 2001, through December 31,

1 2012, for art museums, cultural museums, heritage museums, the arts,
2 and the performing arts. Moneys spent under this subsection (3)(a)(i)
3 shall be used for the purposes of this subsection (3)(a)(i) in all
4 parts of the county.

5 (ii) Twenty-five percent from January 1, 1992, through December 31,
6 2000, and thirty percent from January 1, 2001, through December 31,
7 2012, for the following purposes and in a manner reflecting the
8 following order of priority: Stadium capital improvements, as defined
9 in subsection (2)(b) of this section; acquisition of open space lands;
10 youth sports activities; and tourism promotion.

11 (b) At least seventy percent of moneys spent under (a)(i) of this
12 subsection for the period January 1, 1992, through December 31, 2000,
13 shall be used only for the purchase, design, construction, and
14 remodeling of performing arts, visual arts, heritage, and cultural
15 facilities, and for the purchase of fixed assets that will benefit art,
16 heritage, and cultural organizations. For purposes of this subsection,
17 fixed assets are tangible objects such as machinery and other equipment
18 intended to be held or used for ten years or more. Moneys received
19 under this subsection (3)(b) may be used for payment of principal and
20 interest on bonds issued for capital projects. Qualifying
21 organizations receiving moneys under this subsection (3)(b) must be
22 financially stable and have at least the following:

- 23 (i) A legally constituted and working board of directors;
- 24 (ii) A record of artistic, heritage, or cultural accomplishments;
- 25 (iii) Been in existence and operating for at least two years;
- 26 (iv) Demonstrated ability to maintain net current liabilities at
27 less than thirty percent of general operating expenses;
- 28 (v) Demonstrated ability to sustain operational capacity subsequent
29 to completion of projects or purchase of machinery and equipment; and
- 30 (vi) Evidence that there has been independent financial review of
31 the organization.

32 (c) At least forty percent of the revenues distributed pursuant to
33 (a)(i) of this subsection for the period January 1, 2001, through
34 December 31, 2012, shall be deposited in an account and shall be used
35 to establish an endowment. Principal in the account shall remain
36 permanent and irreducible. The earnings from investments of balances
37 in the account may only be used for the purposes of (a)(i) of this
38 subsection.

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

3 (e) Moneys distributed to art museums, cultural museums, heritage
4 museums, the arts, and the performing arts, and moneys distributed for
5 tourism promotion shall be in addition to and may not be used to
6 replace or supplant any other funding by the legislative body of the
7 county.

8 (f) As used in this section, "tourism promotion" includes
9 activities intended to attract visitors for overnight stays, arts,
10 heritage, and cultural events, and recreational, professional, and
11 amateur sports events. Moneys allocated to tourism promotion in a
12 class AA county shall be allocated to nonprofit organizations formed
13 for the express purpose of tourism promotion in the county. Such
14 organizations shall use moneys from the taxes to promote events in all
15 parts of the class AA county.

16 (g) No taxes collected under this section may be used for the
17 operation or maintenance of a public stadium that is financed directly
18 or indirectly by bonds to which the tax is pledged. Expenditures for
19 operation or maintenance include all expenditures other than
20 expenditures that directly result in new fixed assets or that directly
21 increase the capacity, life span, or operating economy of existing
22 fixed assets.

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

28 (i) If ~~((a substantial part of the operation and management of a
29 public stadium that is financed directly or indirectly by bonds to
30 which the tax is pledged is performed by a nonpublic entity or if))~~ a
31 public stadium is sold that is financed directly or indirectly by bonds
32 to which the tax is pledged, any bonds to which the tax is pledged
33 shall be retired.

34 (j) The county shall not lease a public stadium that is financed
35 directly or indirectly by bonds to which the tax is pledged to, or
36 authorize the use of the public stadium by, a professional major league
37 sports franchise unless the sports franchise gives the right of first
38 refusal to purchase the sports franchise, upon its sale, to local

1 government. This subsection (3)(j) does not apply to contracts in
2 existence on April 1, 1986.

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

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

8 (1) The legislative body of (~~(Pierce)~~) any county with a population
9 of over five hundred thousand but less than one million, within which
10 is a national park, and the (~~councils~~) legislative bodies of cities
11 in (~~Pierce county~~) these counties are each authorized to levy and
12 collect a special excise tax of not to exceed (~~(two)~~) five percent on
13 the sale of or charge made for the furnishing of lodging by a hotel,
14 rooming house, tourist court, motel, trailer camp, and the granting of
15 any similar license to use real property, as distinguished from the
16 renting or leasing of real property. For the purposes of this tax, it
17 shall be presumed that the occupancy of real property for a continuous
18 period of one month or more constitutes a rental or lease of real
19 property and not a mere license to use or to enjoy the same.

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

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

30 (4) All taxes levied and collected under this section shall be
31 credited to a special fund in the treasury of the county or city. Such
32 taxes shall be levied (~~(only)~~) as follows: (a) At least two percent
33 for the purpose of visitor and convention promotion and development,
34 including marketing of local convention facilities; and (b) at least
35 three percent for the acquisition, construction, expansion, marketing,
36 management, and financing of convention facilities, and facilities
37 necessary to support major tourism destination attractions that serve
38 a minimum of one million visitors per year. Until withdrawn for use,

1 the moneys accumulated in such fund may be invested in interest bearing
2 securities by the county or city treasurer in any manner authorized by
3 law.

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

6 (1) The legislative body of a county that qualified under RCW
7 67.28.180(2)(b) other than a county with a population of one million or
8 more and the legislative bodies of cities in the qualifying county are
9 each authorized to levy and collect a special excise tax of three
10 percent on the sale of or charge made for the furnishing of lodging by
11 a hotel, rooming house, tourist court, motel, trailer camp, and the
12 granting of any similar license to use real property, as distinguished
13 from the renting or leasing of real property. For the purposes of this
14 tax, it shall be presumed that the occupancy of real property for a
15 continuous period of one month or more constitutes a rental or lease of
16 real property and not a mere license to use or to enjoy the same.

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

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

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

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

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

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

28 (2) The corporation may acquire and transfer real and personal
29 property by lease, sublease, purchase, or sale, and further acquire
30 property by condemnation of privately owned property or rights to and
31 interests in such property pursuant to the procedure in chapter 8.04
32 RCW. However, acquisitions and transfers of real property, other than
33 by lease, may be made only if the acquisition or transfer is approved
34 by the director of financial management in consultation with the
35 chairpersons of the appropriate fiscal committees ~~((on ways and means))~~
36 of the senate and house of representatives. The corporation may accept
37 gifts or grants, request the financing provided for in RCW 67.40.030,
38 cause the state convention and trade center facilities to be
39 constructed, and do whatever is necessary or appropriate to carry out

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

21 (3) In order to allow the corporation flexibility in its personnel
22 policies, the corporation is exempt from chapter 41.06 RCW, chapter
23 41.05 RCW, RCW 43.01.040 through 43.01.044, chapter 41.04 RCW and
24 chapter 41.40 RCW.

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

27 (1) The proceeds from the sale of the bonds authorized in RCW
28 67.40.030, proceeds of the ((tax)) taxes imposed under RCW 67.40.090
29 and section 1 of this act, and all other moneys received by the state
30 convention and trade center from any public or private source which are
31 intended to fund the acquisition, design, construction, expansion,
32 exterior cleanup and repair of the Eagles building, conversion of
33 various retail and other space to meeting rooms, purchase of the land
34 and building known as the McKay Parcel, development of low-income
35 housing, or renovation of the center, and those expenditures authorized
36 under section 5 of this act shall be deposited in the state convention
37 and trade center account hereby created in the state treasury and in

1 such subaccounts as are deemed appropriate by the directors of the
2 corporation.

3 (2) Moneys in the account, including unanticipated revenues under
4 RCW 43.79.270, shall be used exclusively for the following purposes in
5 the following priority:

6 (a) For reimbursement of the state general fund under RCW
7 67.40.060;

8 (b) After appropriation by statute:

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

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

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

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

16 (c) For transfer to the state convention and trade center
17 operations account.

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

26 (4) In order to ensure consistent treatment of bonds authorized
27 under RCW 67.40.030 with applicable provisions of the Internal Revenue
28 Code of 1986, as amended, and notwithstanding RCW 43.84.092, investment
29 earnings on bond proceeds deposited in the state convention and trade
30 center account in the state treasury shall be retained in the account,
31 and shall be expended by the corporation for the purposes authorized
32 under chapter . . . , Laws of 1995 (this act) and in a manner consistent
33 with applicable provisions of the Internal Revenue Code of 1986, as
34 amended.

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

37 (1) The director of financial management, in consultation with the
38 chairpersons of the (~~ways and means~~) appropriate fiscal committees of

1 the senate and house of representatives, may authorize temporary
2 borrowing from the state treasury for the purpose of covering cash
3 deficiencies in the state convention and trade center account resulting
4 from project completion costs. Subject to the conditions and
5 limitations provided in this section, lines of credit may be authorized
6 at times and in amounts as the director of financial management
7 determines are advisable to meet current and/or anticipated cash
8 deficiencies. Each authorization shall distinctly specify the maximum
9 amount of cash deficiency which may be incurred and the maximum time
10 period during which the cash deficiency may continue. The total amount
11 of borrowing outstanding at any time shall never exceed the lesser of:

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

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

16 (2) Unless the due date under this subsection is extended by
17 statute, all amounts borrowed under the authority of this section shall
18 be repaid to the state treasury by June 30, (~~(1997)~~) 1999, together
19 with interest at a rate determined by the state treasurer to be
20 equivalent to the return on investments of the state treasury during
21 the period the amounts are borrowed. Borrowing may be authorized from
22 any excess balances in the state treasury, except the agricultural
23 permanent fund, the Millersylvania park permanent fund, the state
24 university permanent fund, the normal school permanent fund, the
25 permanent common school fund, and the scientific permanent fund.

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

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

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

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

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

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

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

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

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

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

10 (g) \$10,400,000 for purchase of the land and building known as the
11 McKay Parcel, for development of low-income housing, for development,
12 construction, and administrative costs related to completion of the
13 state convention and trade center, including settlement costs related
14 to construction litigation, and for partially refunding obligations
15 under the parking garage revenue note issued by the corporation to
16 Industrial Indemnity Company in connection with the agreement and
17 settlement identified in (a) of this subsection, from additional
18 general obligation bonds to be repaid from the special excise tax under
19 RCW 67.40.090. All proceeds from any sale of the McKay parcel shall be
20 deposited in the state convention and trade center account and shall
21 not be expended without appropriation by law;

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

25 (i) The proceeds of the sale of any properties owned by the state
26 convention and trade center that are not planned for use for state
27 convention and trade center operations, with the proceeds to be used
28 for development, construction, and administrative costs related to
29 completion of the state convention and trade center, including
30 settlement costs related to construction litigation.

31 (5) The borrowing authority provided in this section is in addition
32 to the authority to borrow from the general fund to meet the bond
33 retirement and interest requirements set forth in RCW 67.40.060. To
34 the extent the specific conditions and limitations provided in this
35 section conflict with the general conditions and limitations provided
36 for temporary cash deficiencies in RCW 43.88.260 (section 7, chapter
37 502, Laws of 1987), the specific conditions and limitations in this
38 section shall govern.

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

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

9 (1) Commencing April 1, 1982, there is imposed, and the department
10 of revenue shall collect, in King county a special excise tax on the
11 sale of or charge made for the furnishing of lodging by a hotel,
12 rooming house, tourist court, motel, or trailer camp, and the granting
13 of any similar license to use real property, as distinguished from the
14 renting or leasing of real property, except that no such tax may be
15 levied on any premises having fewer than sixty lodging units. It shall
16 be presumed that the occupancy of real property for a continuous period
17 of one month or more constitutes rental or lease of real property and
18 not a mere license to use or enjoy the same. The legislature on behalf
19 of the state pledges to maintain and continue this tax until the bonds
20 authorized by this chapter are fully redeemed, both principal and
21 interest.

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

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

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

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

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

37 (e) Except as otherwise provided in (d) of this subsection, on and
38 after the change date, the rate shall be six percent in the city of

1 Seattle and two and four-tenths percent in King county outside the city
2 of Seattle.

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

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

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

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

18 (b) From July 1, 1988, through December 31, 1992, inclusive,
19 eighty-three and thirty-three one-hundredths percent of the proceeds
20 shall be deposited in the state convention and trade center account.
21 The remainder shall be deposited in the state convention and trade
22 center operations account.

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

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

31 (4) Chapter 82.32 RCW applies to the tax imposed under this
32 section.

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

35 NEW SECTION. **Sec. 17.** If any provision of this act or its
36 application to any person or circumstance is held invalid, the

1 remainder of the act or the application of the provision to other
2 persons or circumstances is not affected.

3 NEW SECTION. **Sec. 18.** This act is necessary for the immediate
4 preservation of the public peace, health, or safety, or support of the
5 state government and its existing public institutions, and shall take
6 effect immediately.

Passed the Senate April 23, 1995.

Passed the House April 13, 1995.

Approved by the Governor May 16, 1995.

Filed in Office of Secretary of State May 16, 1995.