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SENATE BILL 6659

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State of Washington

58th Legislature

2004 Regular Session

By Senator Honeyford

Read first time 01/28/2004. Referred to Committee on Economic Development.

1 AN ACT Relating to the county credit exemption against city lodging  
2 taxes; and amending RCW 67.28.180.

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

4 **Sec. 1.** RCW 67.28.180 and 2002 c 178 s 2 are each amended to read  
5 as follows:

6 (1) Subject to the conditions set forth in subsections (2) and (3)  
7 of this section, the legislative body of any county or any city, is  
8 authorized to levy and collect a special excise tax of not to exceed  
9 two percent on the sale of or charge made for the furnishing of lodging  
10 that is subject to tax under chapter 82.08 RCW.

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

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

18 (b)(i) In the event that any county has levied the tax authorized  
19 by this section and has, prior to June 26, 1975, either pledged the tax

1 revenues for payment of principal and interest on city revenue or  
2 general obligation bonds authorized and issued pursuant to RCW  
3 67.28.150 through 67.28.160 or has authorized and issued revenue or  
4 general obligation bonds pursuant to the provisions of RCW 67.28.150  
5 through 67.28.160, such county shall be exempt from the provisions of  
6 (a) of this subsection, to the extent that the tax revenues are pledged  
7 for payment of principal and interest on bonds issued at any time  
8 pursuant to the provisions of RCW 67.28.150 through 67.28.160:  
9 PROVIDED, That so much of such pledged tax revenues, together with any  
10 investment earnings thereon, not immediately necessary for actual  
11 payment of principal and interest on such bonds may be used: ~~((+i))~~  
12 (A) In any county with a population of one million or more, for  
13 repayment either of limited tax levy general obligation bonds or of any  
14 county fund or account from which a loan was made, the proceeds from  
15 the bonds or loan being used to pay for constructing, installing,  
16 improving, and equipping stadium capital improvement projects, and to  
17 pay for any engineering, planning, financial, legal and professional  
18 services incident to the development of such stadium capital  
19 improvement projects, regardless of the date the debt for such capital  
20 improvement projects was or may be incurred; ~~((+ii))~~ (B) in any county  
21 with a population of one million or more, for repayment or refinancing  
22 of bonded indebtedness incurred prior to January 1, 1997, for any  
23 purpose authorized by this section or relating to stadium repairs or  
24 rehabilitation, including but not limited to the cost of settling legal  
25 claims, reimbursing operating funds, interest payments on short-term  
26 loans, and any other purpose for which such debt has been incurred if  
27 the county has created a public stadium authority to develop a stadium  
28 and exhibition center under RCW 36.102.030; or ~~((+iii))~~ (C) in other  
29 counties, for county-owned facilities for agricultural promotion. A  
30 county with a population of one million or more is exempt under this  
31 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. A county with a population of less than one million is exempt  
34 under this subsection only if the county has also qualified as a  
35 distressed county under section 3, chapter 366, Laws of 1997, and the  
36 exemption shall not continue beyond the twenty-five year period  
37 established under RCW 82.14.370(4).

1       (ii) As used in this subsection (2)(b), "capital improvement  
2 projects" may include, but not be limited to a stadium restaurant  
3 facility, restroom facilities, artificial turf system, seating  
4 facilities, parking facilities and scoreboard and information system  
5 adjacent to or within a county owned stadium, together with equipment,  
6 utilities, accessories and appurtenances necessary thereto. The  
7 stadium restaurant authorized by this subsection (2)(b) shall be  
8 operated by a private concessionaire under a contract with the county.

9       (iii) As used in this subsection (2)(b), "agricultural promotion"  
10 may include, but is not limited to, shows of livestock, foods derived  
11 from livestock, or skills in handling of livestock.

12       (c)(i) No city within a county exempt under subsection (2)(b) of  
13 this section may levy the tax authorized by this section so long as  
14 said county is so exempt.

15       (ii) If bonds have been issued under RCW 43.99N.020 and any  
16 necessary property transfers have been made under RCW 36.102.100, no  
17 city within a county with a population of one million or more may levy  
18 the tax authorized by this section before January 1, 2021.

19       (iii) However, in the event that any city in a county described in  
20 (i) or (ii) of this subsection (2)(c) has levied the tax authorized by  
21 this section and has, prior to June 26, 1975, authorized and issued  
22 revenue or general obligation bonds pursuant to the provisions of RCW  
23 67.28.150 through 67.28.160, such city may levy the tax so long as the  
24 tax revenues are pledged for payment of principal and interest on bonds  
25 issued at any time pursuant to the provisions of RCW 67.28.150 through  
26 67.28.160.

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

34       (a) Taxes collected under this section in any calendar year before  
35 2013 in excess of five million three hundred thousand dollars shall  
36 only be used as follows:

37       (i) Seventy-five percent from January 1, 1992, through December 31,  
38 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 purposes as authorized under  
9 subsection (2)(b) of this section; acquisition of open space lands;  
10 youth sports activities; and tourism promotion. If all or part of the  
11 debt on the stadium is refinanced, all revenues under this subsection  
12 (3)(a)(ii) shall be used to retire the debt.

13 (b) From January 1, 2013, through December 31, 2015, in a county  
14 with a population of one million or more, all revenues under this  
15 section shall be used to retire the debt on the stadium, or deposited  
16 in the stadium and exhibition center account under RCW 43.99N.060 after  
17 the debt on the stadium is retired.

18 (c) From January 1, 2016, through December 31, 2020, in a county  
19 with a population of one million or more, all revenues under this  
20 section shall be deposited in the stadium and exhibition center account  
21 under RCW 43.99N.060.

22 (d) At least seventy percent of moneys spent under (a)(i) of this  
23 subsection for the period January 1, 1992, through December 31, 2000,  
24 shall be used only for the purchase, design, construction, and  
25 remodeling of performing arts, visual arts, heritage, and cultural  
26 facilities, and for the purchase of fixed assets that will benefit art,  
27 heritage, and cultural organizations. For purposes of this subsection,  
28 fixed assets are tangible objects such as machinery and other equipment  
29 intended to be held or used for ten years or more. Moneys received  
30 under this subsection (3)(d) may be used for payment of principal and  
31 interest on bonds issued for capital projects. Qualifying  
32 organizations receiving moneys under this subsection (3)(d) must be  
33 financially stable and have at least the following:

- 34 (i) A legally constituted and working board of directors;
- 35 (ii) A record of artistic, heritage, or cultural accomplishments;
- 36 (iii) Been in existence and operating for at least two years;
- 37 (iv) Demonstrated ability to maintain net current liabilities at  
38 less than thirty percent of general operating expenses;

1 (v) Demonstrated ability to sustain operational capacity subsequent  
2 to completion of projects or purchase of machinery and equipment; and

3 (vi) Evidence that there has been independent financial review of  
4 the organization.

5 (e) At least forty percent of the revenues distributed pursuant to  
6 (a)(i) of this subsection for the period January 1, 2001, through  
7 December 31, 2012, shall be deposited in an account and shall be used  
8 to establish an endowment. Principal in the account shall remain  
9 permanent and irreducible. The earnings from investments of balances  
10 in the account may only be used for the purposes of (a)(i) of this  
11 subsection.

12 (f) School districts and schools shall not receive revenues  
13 distributed pursuant to (a)(i) of this subsection.

14 (g) Moneys distributed to art museums, cultural museums, heritage  
15 museums, the arts, and the performing arts, and moneys distributed for  
16 tourism promotion shall be in addition to and may not be used to  
17 replace or supplant any other funding by the legislative body of the  
18 county.

19 (h) As used in this section, "tourism promotion" includes  
20 activities intended to attract visitors for overnight stays, arts,  
21 heritage, and cultural events, and recreational, professional, and  
22 amateur sports events. Moneys allocated to tourism promotion in a  
23 class AA county shall be allocated to nonprofit organizations formed  
24 for the express purpose of tourism promotion in the county. Such  
25 organizations shall use moneys from the taxes to promote events in all  
26 parts of the class AA county.

27 (i) No taxes collected under this section may be used for the  
28 operation or maintenance of a public stadium that is financed directly  
29 or indirectly by bonds to which the tax is pledged. Expenditures for  
30 operation or maintenance include all expenditures other than  
31 expenditures that directly result in new fixed assets or that directly  
32 increase the capacity, life span, or operating economy of existing  
33 fixed assets.

34 (j) No ad valorem property taxes may be used for debt service on  
35 bonds issued for a public stadium that is financed by bonds to which  
36 the tax is pledged, unless the taxes collected under this section are  
37 or are projected to be insufficient to meet debt service requirements  
38 on such bonds.

1 (k) If a substantial part of the operation and management of a  
2 public stadium that is financed directly or indirectly by bonds to  
3 which the tax is pledged is performed by a nonpublic entity or if a  
4 public stadium is sold that is financed directly or indirectly by bonds  
5 to which the tax is pledged, any bonds to which the tax is pledged  
6 shall be retired. This subsection (3)(k) does not apply in respect to  
7 a public stadium under chapter 36.102 RCW transferred to, owned by, or  
8 constructed by a public facilities district under chapter 36.100 RCW or  
9 a stadium and exhibition center.

10 (l) The county shall not lease a public stadium that is financed  
11 directly or indirectly by bonds to which the tax is pledged to, or  
12 authorize the use of the public stadium by, a professional major league  
13 sports franchise unless the sports franchise gives the right of first  
14 refusal to purchase the sports franchise, upon its sale, to local  
15 government. This subsection (3)(l) does not apply to contracts in  
16 existence on April 1, 1986.

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

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