

CERTIFICATION OF ENROLLMENT  
**ENGROSSED SUBSTITUTE SENATE BILL 6026**

58th Legislature  
2003 Regular Session

Passed by the Senate April 27, 2003  
YEAS 42 NAYS 6

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**President of the Senate**

Passed by the House April 27, 2003  
YEAS 74 NAYS 24

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**Speaker of the House of Representatives**

Approved

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**Governor of the State of Washington**

CERTIFICATE

I, Milton H. Doumit, Jr.,  
Secretary of the Senate of the  
State of Washington, do hereby  
certify that the attached is  
**ENGROSSED SUBSTITUTE SENATE BILL  
6026** as passed by the Senate and  
the House of Representatives on  
the dates hereon set forth.

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**Secretary**

FILED

**Secretary of State  
State of Washington**

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**ENGROSSED SUBSTITUTE SENATE BILL 6026**

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AS AMENDED BY THE HOUSE

Passed Legislature - 2003 Regular Session

**State of Washington                      58th Legislature                      2003 Regular Session**

**By** Senate Committee on Ways & Means (originally sponsored by Senator West)

READ FIRST TIME 03/10/03.

1            AN ACT Relating to authorizing special assessments to fund  
2 convention and tourism promotion; reenacting and amending RCW  
3 43.79A.040; and adding a new chapter to Title 35 RCW.

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

5            NEW SECTION.    **Sec. 1.** Unless the context clearly requires  
6 otherwise, the definitions in this section apply throughout this  
7 chapter.

8            (1) "Area" means a tourism promotion area.

9            (2) "Legislative authority" means the legislative authority of any  
10 county with a population greater than forty thousand but less than one  
11 million, or of any city or town within such a county, including  
12 unclassified cities or towns operating under special charters.

13            (3) "Lodging business" means a person that furnishes lodging  
14 taxable by the state under chapter 82.08 RCW that has forty or more  
15 lodging units.

16            (4) "Tourism promotion" means activities and expenditures designed  
17 to increase tourism and convention business, including but not limited  
18 to advertising, publicizing, or otherwise distributing information for

1 the purpose of attracting and welcoming tourists, and operating tourism  
2 destination marketing organizations.

3 NEW SECTION. **Sec. 2.** For the purpose of establishing a tourism  
4 promotion area, an initiation petition must be presented to the  
5 legislative authority having jurisdiction of the area in which the  
6 proposed tourism promotion area is to be located. The initiation  
7 petition must include the following:

- 8 (1) A description of the boundaries of the proposed area;
- 9 (2) The proposed uses and projects to which the proposed revenue  
10 from the charge shall be put and the total estimated costs;
- 11 (3) The estimated rate for the charge with a proposed breakdown by  
12 class of lodging business if such classification is to be used; and
- 13 (4) The signatures of the persons who operate lodging businesses in  
14 the proposed area who would pay sixty percent or more of the proposed  
15 charges.

16 NEW SECTION. **Sec. 3.** A legislative authority shall, after  
17 receiving a valid initiation petition under section 2 of this act,  
18 adopt a resolution of intention to establish an area. The resolution  
19 must state:

- 20 (1) The time and place of a hearing to be held by the legislative  
21 authority to consider the establishment of an area;
- 22 (2) A description of boundaries in the proposed area;
- 23 (3) The proposed area uses and projects to which the proposed  
24 revenues from the charge shall be dedicated and the total estimated  
25 cost of projects; and
- 26 (4) The estimated rate or rates of the charge with a proposed  
27 breakdown of classifications as described in section 5 of this act.

28 NEW SECTION. **Sec. 4.** (1) Except as provided in subsection (2) of  
29 this section, no legislative authority may establish a tourism  
30 promotion area that includes within the boundaries of the area:

- 31 (a) Any portion of an incorporated city or town, if the legislative  
32 authority is that of the county; and
- 33 (b) Any portion of the county outside of an incorporated city or  
34 town, if the legislative authority is that of the city or town.

1 (2) By interlocal agreement adopted pursuant to chapter 39.34 RCW,  
2 a county, city, or town may establish a tourism promotion area that  
3 includes within the boundaries of the area portions of its own  
4 jurisdiction and another jurisdiction, if the other jurisdiction is  
5 party to the agreement.

6 NEW SECTION. **Sec. 5.** A legislative authority may impose a charge  
7 on the furnishing of lodging by a lodging business located in the area.

8 (1) There shall not be more than six classifications upon which a  
9 charge can be imposed.

10 (2) Classifications can be based upon the number of rooms, room  
11 revenue, or location within the area.

12 (3) Each classification may have its own rate, which shall be  
13 expressed in terms of nights of stay.

14 (4) In no case may the rate under this section be in excess of two  
15 dollars per night of stay.

16 NEW SECTION. **Sec. 6.** Notice of a hearing held under section 3 of  
17 this act shall be given by:

18 (1) One publication of the resolution of intention in a newspaper  
19 of general circulation in the city or county in which the area is to be  
20 established; and

21 (2) Mailing a complete copy of the resolution of intention to each  
22 lodging business in the proposed area.

23 Publication and mailing shall be completed at least ten days prior  
24 to the date and time of the hearing.

25 NEW SECTION. **Sec. 7.** Whenever a hearing is held under section 3  
26 of this act, the legislative authority shall hear all protests and  
27 receive evidence for or against the proposed action. The legislative  
28 authority may continue the hearing from time to time. Proceedings  
29 shall terminate if protest is made by the lodging businesses in the  
30 area which would pay a majority of the proposed charges.

31 NEW SECTION. **Sec. 8.** Only after an initiation petition has been  
32 presented to the legislative authority under section 2 of this act and  
33 only after the legislative authority has conducted a hearing under  
34 section 3 of this act, may the legislative authority adopt an ordinance

1 to establish an area. If the legislative authority adopts an ordinance  
2 to establish an area, the ordinance shall contain the following  
3 information:

4 (1) The number, date, and title of the resolution of intention  
5 pursuant to which it was adopted;

6 (2) The time and place the hearing was held concerning the  
7 formation of the area;

8 (3) The description of the boundaries of the area;

9 (4) The initial or additional rate of charges to be imposed with a  
10 breakdown by classification, if such classification is used;

11 (5) A statement that an area has been established; and

12 (6) The uses to which the charge revenue shall be put. Uses shall  
13 conform to the uses declared in the initiation petition under section  
14 2 of this act.

15 NEW SECTION. **Sec. 9.** (1) The charge authorized by this chapter  
16 shall be administered by the department of revenue and shall be  
17 collected by lodging businesses from those persons who are taxable by  
18 the state under chapter 82.08 RCW. Chapter 82.32 RCW applies to the  
19 charge imposed under this chapter.

20 (2) At least seventy-five days prior to the effective date of the  
21 resolution or ordinance imposing the charge, the legislative authority  
22 shall contract for the administration and collection by the department  
23 of revenue.

24 (3) The charges authorized by this chapter that are collected by  
25 the department of revenue shall be deposited by the department in the  
26 local tourism promotion account created in section 10 of this act.

27 NEW SECTION. **Sec. 10.** The local tourism promotion account is  
28 created in the custody of the state treasurer. All receipts from the  
29 charges for tourism promotion must be deposited into this account.  
30 Expenditures from the account may only be used for tourism promotion.  
31 The state treasurer shall distribute the money in the account on a  
32 monthly basis to the legislative authority on whose behalf the money  
33 was collected.

34 NEW SECTION. **Sec. 11.** The charges imposed under this chapter are

1 in addition to the special assessments that may be levied under chapter  
2 35.87A RCW.

3 NEW SECTION. **Sec. 12.** The charges imposed under this chapter are  
4 not a tax on the "sale of lodging" for the purposes of RCW 82.14.410.

5 NEW SECTION. **Sec. 13.** (1) The legislative authority imposing the  
6 charge shall have sole discretion as to how the revenue derived from  
7 the charge is to be used to promote tourism. However, the legislative  
8 authority may appoint existing advisory boards or commissions to make  
9 recommendations as to its use, or the legislative authority may create  
10 a new advisory board or commission for the purpose.

11 (2) The legislative authority may contract with tourism destination  
12 marketing organizations or other similar organizations to administer  
13 the operation of the area, so long as the administration complies with  
14 all applicable provisions of law, including this chapter, and with all  
15 county, city, or town resolutions and ordinances, and with all  
16 regulations lawfully imposed by the state auditor or other state  
17 agencies.

18 NEW SECTION. **Sec. 14.** The legislative authority may disestablish  
19 an area by ordinance after a hearing before the legislative authority.  
20 The legislative authority shall adopt a resolution of intention to  
21 disestablish the area at least fifteen days prior to the hearing  
22 required by this section. The resolution shall give the time and place  
23 of the hearing.

24 **Sec. 15.** RCW 43.79A.040 and 2002 c 322 s 5, 2002 c 204 s 7, and  
25 2002 c 61 s 6 are each reenacted and amended to read as follows:

26 (1) Money in the treasurer's trust fund may be deposited, invested,  
27 and reinvested by the state treasurer in accordance with RCW 43.84.080  
28 in the same manner and to the same extent as if the money were in the  
29 state treasury.

30 (2) All income received from investment of the treasurer's trust  
31 fund shall be set aside in an account in the treasury trust fund to be  
32 known as the investment income account.

33 (3) The investment income account may be utilized for the payment  
34 of purchased banking services on behalf of treasurer's trust funds

1 including, but not limited to, depository, safekeeping, and  
2 disbursement functions for the state treasurer or affected state  
3 agencies. The investment income account is subject in all respects to  
4 chapter 43.88 RCW, but no appropriation is required for payments to  
5 financial institutions. Payments shall occur prior to distribution of  
6 earnings set forth in subsection (4) of this section.

7 (4)(a) Monthly, the state treasurer shall distribute the earnings  
8 credited to the investment income account to the state general fund  
9 except under (b) and (c) of this subsection.

10 (b) The following accounts and funds shall receive their  
11 proportionate share of earnings based upon each account's or fund's  
12 average daily balance for the period: The Washington promise  
13 scholarship account, the college savings program account, the  
14 Washington advanced college tuition payment program account, the  
15 agricultural local fund, the American Indian scholarship endowment  
16 fund, the basic health plan self-insurance reserve account, the  
17 Washington state combined fund drive account, the Washington  
18 international exchange scholarship endowment fund, the developmental  
19 disabilities endowment trust fund, the energy account, the fair fund,  
20 the fruit and vegetable inspection account, the game farm alternative  
21 account, the grain inspection revolving fund, the juvenile  
22 accountability incentive account, the local tourism promotion account,  
23 the rural rehabilitation account, the stadium and exhibition center  
24 account, the youth athletic facility account, the self-insurance  
25 revolving fund, the sulfur dioxide abatement account, and the  
26 children's trust fund. However, the earnings to be distributed shall  
27 first be reduced by the allocation to the state treasurer's service  
28 fund pursuant to RCW 43.08.190.

29 (c) The following accounts and funds shall receive eighty percent  
30 of their proportionate share of earnings based upon each account's or  
31 fund's average daily balance for the period: The advanced right of way  
32 revolving fund, the advanced environmental mitigation revolving  
33 account, the city and county advance right-of-way revolving fund, the  
34 federal narcotics asset forfeitures account, the high occupancy vehicle  
35 account, the local rail service assistance account, and the  
36 miscellaneous transportation programs account.

37 (5) In conformance with Article II, section 37 of the state

1 Constitution, no trust accounts or funds shall be allocated earnings  
2 without the specific affirmative directive of this section.

3 NEW SECTION. **Sec. 16.** Sections 1 through 14 of this act  
4 constitute a new chapter in Title 35 RCW.

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