

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 1276

Chapter 228, Laws of 2007

60th Legislature
2007 Regular Session

TOURISM PARTNERSHIP

EFFECTIVE DATE: 07/22/07

Passed by the House April 14, 2007
Yeas 93 Nays 1

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate April 5, 2007
Yeas 49 Nays 0

BRAD OWEN

President of the Senate

Approved April 30, 2007, 1:53 p.m.

CHRISTINE GREGOIRE

Governor of the State of Washington

CERTIFICATE

I, Richard Nafziger, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1276** as passed by the House of Representatives and the Senate on the dates hereon set forth.

RICHARD NAFZIGER

Chief Clerk

FILED

April 30, 2007

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 1276

AS AMENDED BY THE SENATE

Passed Legislature - 2007 Regular Session

State of Washington 60th Legislature 2007 Regular Session

By House Committee on Community & Economic Development & Trade
(originally sponsored by Representatives Linville, McDonald, Dunshee,
Chase, Upthegrove, Strow, Dunn, Haler, VanDeWege, McCune, Kenney,
Roberts and Morrell; by request of Governor Gregoire)

READ FIRST TIME 02/28/07.

1 AN ACT Relating to creating a public-private tourism partnership;
2 amending RCW 67.40.040, 43.330.096, 43.330.090, and 43.330.094; adding
3 a new chapter to Title 43 RCW; creating a new section; recodifying RCW
4 43.330.096; and repealing RCW 43.330.095.

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

PART 1

WASHINGTON TOURISM COMMISSION

8 NEW SECTION. **Sec. 101.** The definitions in this section apply
9 throughout this chapter unless the context clearly requires otherwise.

10 (1) "Commission" means the Washington tourism commission.

11 (2) "Department" means the department of community, trade, and
12 economic development.

13 (3) "Director" means the director of the department.

14 (4) "Executive director" means the executive director of the
15 commission.

16 NEW SECTION. **Sec. 102.** (1) The Washington tourism commission is
17 created.

1 (2) The commission shall be cochaired by the director of the
2 department or the director's designee, and by an industry-member
3 representative who is elected by the commission members.

4 (3) The commission shall have nineteen members. In appointing
5 members, the governor shall endeavor to balance the geographic and
6 demographic composition of the commission to include members with
7 special expertise from tourism organizations, local jurisdictions, and
8 small businesses directly engaged in tourism-related activities.
9 Before making appointments to the Washington tourism commission, the
10 governor shall consider nominations from recognized organizations that
11 represent the entities or interests identified in this section.
12 Commission members shall be appointed by the governor as follows:

13 (a) Three members to represent the lodging industry, at least two
14 of which shall be chosen from a list of three nominees per position
15 submitted by the state's largest lodging industry trade association.
16 Members should represent all property categories and different regions
17 of the state;

18 (b) Three representatives from nonprofit destination marketing
19 organizations or visitor and convention bureaus;

20 (c) Three industry representatives from the arts, entertainment,
21 attractions, or recreation industry;

22 (d) Four private industry representatives, two from each of the
23 business categories in this subsection:

24 (i) The food, beverage, and wine industries; and

25 (ii) The travel and transportation industries;

26 (e) Four legislative members, one from each major caucus of the
27 senate, designated by the president of the senate, and one from each
28 major caucus of the house of representatives, designated by the speaker
29 of the house of representatives;

30 (f) The chairman of the Washington convention and trade center; and

31 (g) The director or the director's designee.

32 (4)(a) Terms of nonlegislative members shall be three years, except
33 that initial terms shall be staggered such that terms of one-third of
34 the initial members shall expire each year.

35 (b) Terms of legislative members shall be two years.

36 (c) Vacancies shall be appointed in the same manner as the original
37 appointment.

1 (d) A member appointed by the governor may not be absent from more
2 than fifty percent of the regularly scheduled meetings in any one
3 calendar year. Any member who exceeds this absence limitation is
4 deemed to have withdrawn from the office and may be replaced by the
5 governor.

6 (5) Members shall be reimbursed for travel expenses as provided in
7 RCW 43.03.050 and 43.03.060.

8 (6) The commission shall meet at least four times per year, but may
9 meet more frequently as necessary.

10 (7) A majority of members currently appointed constitutes a quorum.

11 (8) Staff support shall be provided by the department, and staff
12 shall report to the executive director.

13 (9) The director, in consultation with the commission, shall
14 appoint an executive director.

15 (10) The commission may adopt rules under chapter 34.05 RCW as
16 necessary to carry out the purposes of this chapter.

17 NEW SECTION. **Sec. 103.** (1) The commission shall pursue a
18 coordinated program to expand the tourism industry throughout the state
19 in cooperation with the public and private tourism development
20 organizations. The commission shall develop and approve, and update as
21 necessary, a six-year strategic plan that includes, but is not limited
22 to:

23 (a) Promoting Washington as a tourism destination to national and
24 international markets to include nature-based and wildlife viewing
25 tourism;

26 (b) Providing information to businesses and local communities on
27 tourism opportunities that could expand local revenues;

28 (c) Assisting local communities to strengthen their tourism
29 partnerships, including their relationships with state and local
30 agencies;

31 (d) Providing leadership training and assistance to local
32 communities to facilitate the development and implementation of local
33 tourism plans;

34 (e) Coordinating the development of a statewide tourism marketing
35 plan that must be adopted by March 31, 2008, and every two years
36 thereafter. If the commission does not adopt a marketing plan by March
37 31st of even-numbered years, the director has the authority to approve

1 a tourism marketing plan for implementation. The plan shall
2 specifically address mechanisms for: (i) Funding national and
3 international marketing and nature-based tourism efforts; (ii)
4 interagency cooperation; and (iii) integrating the state plan with
5 local tourism plans.

6 (2) The commission may, in carrying out its efforts to expand the
7 tourism industry in the state:

8 (a) Solicit and receive gifts, grants, funds, fees, and endowments,
9 in trust or otherwise, from tribal, local, or other governmental
10 entities, as well as private sources, and may expend the same or any
11 income therefrom for tourism purposes. All revenue received for
12 tourism purposes shall be deposited into the tourism enterprise account
13 created in section 105 of this act;

14 (b) Host conferences and strategic planning workshops relating to
15 the promotion of nature-based and wildlife viewing tourism;

16 (c) Conduct or contract for tourism-related studies;

17 (d) Contract with individuals, businesses, or public entities to
18 carry out its tourism-related activities under this section; and

19 (e) Provide tourism-related organizations with marketing and other
20 technical assistance.

21 (3) Staff shall implement the strategic plan and the tourism
22 marketing plan.

23 NEW SECTION. **Sec. 104.** (1) A tourism competitive grant program is
24 created as an ongoing program to enhance local efforts that support
25 tourism-related activities. The commission shall develop and publicize
26 formal selection criteria for the grant program. Subject to available
27 funding, the commission shall solicit applications and award grants to
28 successful applicants at least once a year.

29 (2) Eligible applicants include, but are not limited to, local
30 governments, nonprofit organizations, and federally recognized Indian
31 tribes.

32 (3) Criteria should include the return on investment of state
33 funding, the availability of other financial resources to the
34 applicant, the level of community support, and other criteria deemed
35 necessary by the commission.

36 (4) Maximum grant amounts shall be determined by the commission.
37 Grant awards must reflect geographic and demographic diversity and a

1 variety of activities. Successful applicants must provide matching
2 funds equal to the amount of the grant. In-kind donations shall not be
3 considered in the match calculation.

4 (5) No portion of the grant may be used for an applicant's
5 administrative costs.

6 NEW SECTION. **Sec. 105.** The tourism enterprise account is created
7 in the custody of the state treasurer.

8 (1) All receipts from section 103(2)(a) of this act must be
9 deposited into the account. Only the executive director or the
10 executive director's designee may authorize expenditures from the
11 account. The account is subject to allotment procedures under chapter
12 43.88 RCW, but an appropriation is not required for expenditures.

13 (2) Moneys transferred from the state convention and trade account
14 to this account, as provided in RCW 67.40.040, shall be available for
15 expenditure in accordance with the requirements of this section. As
16 provided under subsection (3) of this section, moneys must be matched
17 with private sector cash contributions, the value of an advertising
18 equivalency contribution, or through an in-kind contribution. The
19 commission shall determine criteria for what qualifies as an in-kind
20 contribution. The moneys subject to match may be expended as private
21 match is received or with evidence of qualified expenditure.

22 (3)(a) Twenty-five percent of the moneys transferred in fiscal year
23 2009 are subject to a match;

24 (b) Fifty percent of the moneys transferred in fiscal year 2010 are
25 subject to a match; and

26 (c) One hundred percent of the moneys transferred in fiscal year
27 2011, and thereafter, are subject to a match.

28 (4) Expenditures from the account may be used by the department of
29 community, trade, and economic development only for the purposes of
30 expanding and promoting the tourism industry in the state of
31 Washington.

32 **Sec. 106.** RCW 67.40.040 and 2005 c 518 s 936 are each amended to
33 read as follows:

34 (1) The proceeds from the sale of the bonds authorized in RCW
35 67.40.030, proceeds of the taxes imposed under RCW 67.40.090 and
36 67.40.130, and all other moneys received by the state convention and

1 trade center from any public or private source which are intended to
2 fund the acquisition, design, construction, expansion, exterior cleanup
3 and repair of the Eagles building, conversion of various retail and
4 other space to meeting rooms, purchase of the land and building known
5 as the McKay Parcel, development of low-income housing, or renovation
6 of the center, and those expenditures authorized under RCW 67.40.170
7 shall be deposited in the state convention and trade center account
8 hereby created in the state treasury and in such subaccounts as are
9 deemed appropriate by the directors of the corporation.

10 (2) Moneys in the account, including unanticipated revenues under
11 RCW 43.79.270, shall be used exclusively for the following purposes in
12 the following priority:

13 (a) For reimbursement of the state general fund under RCW
14 67.40.060;

15 (b) After appropriation by statute:

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

18 (ii) For expenditures authorized in RCW 67.40.170;

19 (iii) For acquisition, design, and construction of the state
20 convention and trade center; (~~and~~)

21 (iv) For debt service for the acquisition, design, and construction
22 and retrofit of the museum of history and industry museum property or
23 other future expansions of the convention center as approved by the
24 legislature; and

25 (v) For reimbursement of any expenditures from the state general
26 fund in support of the state convention and trade center; and

27 (c) For transfer to the state convention and trade center
28 operations account.

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

37 (4) In order to ensure consistent treatment of bonds authorized
38 under RCW 67.40.030 with applicable provisions of the Internal Revenue

1 Code of 1986, as amended, and notwithstanding RCW 43.84.092, investment
2 earnings on bond proceeds deposited in the state convention and trade
3 center account in the state treasury shall be retained in the account,
4 and shall be expended by the corporation for the purposes authorized
5 under chapter 386, Laws of 1995 and in a manner consistent with
6 applicable provisions of the Internal Revenue Code of 1986, as amended.

7 ~~(5) ((During the 2005-2007 fiscal biennium, the legislature may~~
8 ~~transfer from the state convention and trade center account to the~~
9 ~~state general fund such amounts as reflect the excess fund balance of~~
10 ~~the account.))~~ Subject to the conditions in subsection (6) of this
11 section, starting in fiscal year 2008, the state treasurer shall
12 transfer:

13 (a) The sum of four million dollars, or as much as may be available
14 pursuant to conditions set forth in this section, from the state
15 convention and trade center account to the tourism enterprise account,
16 with the maximum transfer being four million dollars per fiscal year;
17 and

18 (b) The sum of five hundred thousand dollars, or as much as may be
19 available pursuant to conditions set forth in this section, from the
20 state convention and trade center account to the tourism development
21 and promotion account, with the maximum transfer being five hundred
22 thousand dollars per fiscal year.

23 (6)(a) Funds required for debt service payments and reserves for
24 bonds issued under RCW 67.40.030; for debt service authorized under RCW
25 67.40.170; and for the issuance and sale of financial instruments
26 associated with the acquisition, design, construction, and retrofit of
27 the museum of history and industry museum property or for other future
28 expansions of the center, as approved by the legislature, shall be
29 maintained within the state convention and trade center account.

30 (b) No less than six million one hundred fifty thousand dollars per
31 year shall be retained in the state convention and trade center account
32 for funding capital maintenance as required by the center's long-term
33 capital plan, facility enhancements, unanticipated replacements, and
34 operating reserves for the convention center operation. This amount
35 shall be escalated annually as follows:

36 (i) Four percent for annual inflation for capital maintenance,
37 repairs, and replacement;

38 (ii) An additional two percent for enhancement to the facility; and

1 (iii) An additional three percent for growth in expenditure due to
2 aging of the facility and the need to maintain an operating reserve.

3 (c) Sufficient funds shall be reserved within the state convention
4 and trade center account to fund operating appropriations for the
5 annual operation of the convention center.

6 **Sec. 107.** RCW 43.330.096 and 1998 c 299 s 5 are each amended to
7 read as follows:

8 ~~((1))~~ On or before June 30th of each fiscal year, the
9 ~~((department))~~ commission shall submit a report to the appropriate
10 policy and fiscal committees of the house of representatives and senate
11 that describes the tourism development program for the previous fiscal
12 year and quantifies the financial benefits to the state. The report
13 must contain information concerning targeted markets, benefits to
14 different areas of the state, return on the state's investment, grants
15 disbursed under the tourism competitive grant program, a copy of the
16 most recent strategic plan, and other relevant information related to
17 tourism development.

18 ~~((2) This section expires June 30, 2008.)~~

19 **PART 2**

20 **TECHNICAL AND MISCELLANEOUS PROVISIONS**

21 **Sec. 201.** RCW 43.330.090 and 2006 c 105 s 1 are each amended to
22 read as follows:

23 (1) The department shall work with private sector organizations,
24 industry and cluster associations, federal agencies, state agencies
25 that use a cluster-based approach to service delivery, local
26 governments, local associate development organizations, and higher
27 education and training institutions in the development of industry
28 cluster-based strategies to diversify the economy, facilitate
29 technology transfer and diffusion, and increase value-added production.
30 The industry clusters targeted by the department may include, but are
31 not limited to, aerospace, agriculture, food processing, forest
32 products, marine services, health and biomedical, software, digital and
33 interactive media, transportation and distribution, and
34 microelectronics. The department shall, on a continuing basis,
35 evaluate the potential return to the state from devoting additional

1 resources to an industry cluster-based approach to economic development
2 and identifying and assisting additional clusters. The department
3 shall use information gathered in each service delivery region in
4 formulating its industry cluster-based strategies and shall assist
5 local communities in identifying regional industry clusters and
6 developing industry cluster-based strategies.

7 ~~(2) ((The department shall pursue a coordinated program to expand
8 the tourism industry throughout the state in cooperation with the
9 public and private tourism development organizations. The department,
10 in operating its tourism program, shall:~~

11 ~~(a) Promote Washington as a tourism destination to national and
12 international markets to include nature based and wildlife viewing
13 tourism;~~

14 ~~(b) Provide information to businesses and local communities on
15 tourism opportunities that could expand local revenues;~~

16 ~~(c) Assist local communities to strengthen their tourism
17 partnerships, including their relationships with state and local
18 agencies;~~

19 ~~(d) Provide leadership training and assistance to local communities
20 to facilitate the development and implementation of local tourism
21 plans;~~

22 ~~(e) Coordinate the development of a statewide tourism and marketing
23 plan. The department's tourism planning efforts shall be carried out
24 in conjunction with public and private tourism development
25 organizations including the department of fish and wildlife and other
26 appropriate agencies. The plan shall specifically address mechanisms
27 for: (i) Funding national and international marketing and nature based
28 tourism efforts; (ii) interagency cooperation; and (iii) integrating
29 the state plan with local tourism plans.~~

30 ~~(3) The department may, in carrying out its efforts to expand the
31 tourism industry in the state:~~

32 ~~(a) Solicit and receive gifts, grants, funds, fees, and endowments,
33 in trust or otherwise, from tribal, local or other governmental
34 entities, as well as private sources, and may expend the same or any
35 income therefrom for tourism purposes. All revenue received for
36 tourism purposes shall be deposited into the tourism development and
37 promotion account created in RCW 43.330.094;~~

1 ~~(b) Host conferences and strategic planning workshops relating to~~
2 ~~the promotion of nature based and wildlife viewing tourism;~~

3 ~~(c) Conduct or contract for tourism related studies;~~

4 ~~(d) Contract with individuals, businesses, or public entities to~~
5 ~~carry out its tourism related activities under this section;~~

6 ~~(e) Provide tourism related organizations with marketing and other~~
7 ~~technical assistance;~~

8 ~~(f) Evaluate and make recommendations on proposed tourism related~~
9 ~~policies.~~

10 ~~(4))~~(a) The department shall promote, market, and encourage growth
11 in the production of films and videos, as well as television
12 commercials within the state; to this end the department is directed to
13 assist in the location of a film and video production studio within the
14 state.

15 (b) The department may, in carrying out its efforts to encourage
16 film and video production in the state, solicit and receive gifts,
17 grants, funds, fees, and endowments, in trust or otherwise, from
18 tribal, local, or other governmental entities, as well as private
19 sources, and may expend the same or any income therefrom for the
20 encouragement of film and video production. All revenue received for
21 such purposes shall be deposited into the film and video promotion
22 account created in RCW 43.330.092.

23 ~~((5))~~ (3) In assisting in the development of regional and
24 statewide industry cluster-based strategies, the department's
25 activities shall include, but are not limited to:

26 (a) Facilitating regional focus group discussions and conducting
27 studies to identify industry clusters, appraise the current information
28 linkages within a cluster, and identify issues of common concern within
29 a cluster;

30 (b) Supporting industry and cluster associations, publications of
31 association and cluster directories, and related efforts to create or
32 expand the activities of industry and cluster associations;

33 (c) Administering a competitive grant program to fund activities
34 designed to further regional cluster growth. In administering the
35 program, the department shall work with an industry cluster advisory
36 committee with equal representation from the work force training and
37 education coordinating board, the state board for community and

1 technical colleges, the employment security department, business, and
2 labor.

3 (i) The industry cluster advisory committee shall recommend
4 criteria for evaluating applications for grant funds and recommend
5 applicants for receipt of grant funds.

6 (ii) Applicants must include organizations from at least two
7 counties and participants from the local business community. Eligible
8 organizations include, but are not limited to, local governments,
9 economic development councils, chambers of commerce, federally
10 recognized Indian tribes, work force development councils, and
11 educational institutions.

12 (iii) Applications must evidence financial participation of the
13 partner organizations.

14 (iv) Priority shall be given to applicants which will use the grant
15 funds to build linkages and joint projects, to develop common resources
16 and common training, and to develop common research and development
17 projects or facilities.

18 (v) The maximum amount of a grant is one hundred thousand dollars.

19 (vi) A maximum of one hundred thousand dollars total can go to
20 King, Pierce, Kitsap, and Snohomish counties combined.

21 (vii) No more than ten percent of funds received for the grant
22 program may be used by the department for administrative costs.

23 ~~((+6+))~~ (4) As used in subsection ~~((+5+))~~ (3) of this section,
24 "industry cluster" means a geographic concentration of interdependent
25 competitive firms that do business with each other. "Industry cluster"
26 also includes firms that sell inside and outside of the geographic
27 region as well as support firms that supply raw materials, components,
28 and business services.

29 **Sec. 202.** RCW 43.330.094 and 2003 c 153 s 4 are each amended to
30 read as follows:

31 The tourism development and promotion account is created in the
32 state treasury. All receipts from RCW 36.102.060(10) ~~((and~~
33 ~~43.330.090(3)(a))~~) must be deposited into the account. Moneys in the
34 account ~~((received under RCW 36.102.060(10))~~) may be spent only after
35 appropriation. ~~((No appropriation is required for expenditures from~~
36 ~~moneys received under RCW 43.330.090(3)(a).))~~ Expenditures from the

1 account may be used by the department of community, trade, and economic
2 development only for the purposes of expanding and promoting the
3 tourism industry in the state of Washington.

4 NEW SECTION. **Sec. 203.** RCW 43.330.095 (Tourism development
5 advisory committee) and 1998 c 299 s 2 are each repealed.

6 NEW SECTION. **Sec. 204.** Part headings used in this act are not any
7 part of the law.

8 NEW SECTION. **Sec. 205.** RCW 43.330.096 is recodified in the new
9 chapter created in section 206 of this act.

10 NEW SECTION. **Sec. 206.** Sections 101 through 105 of this act
11 constitute a new chapter in Title 43 RCW.

Passed by the House April 14, 2007.

Passed by the Senate April 5, 2007.

Approved by the Governor April 30, 2007.

Filed in Office of Secretary of State April 30, 2007.