
HOUSE BILL 2650

State of Washington

63rd Legislature

2014 Regular Session

By Representatives Fitzgibbon, Pettigrew, Sullivan, Orwall, Pollet, and Freeman

Read first time 01/23/14. Referred to Committee on Community Development, Housing & Tribal Affairs.

1 AN ACT Relating to allowing the use of lodging taxes for financing
2 workforce housing; and amending RCW 67.28.150, 67.28.160, and
3 67.28.180.

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

5 **Sec. 1.** RCW 67.28.150 and 1997 c 452 s 9 are each amended to read
6 as follows:

7 To carry out the purposes of this chapter including, but not
8 limited to, financing loans or grants to nonprofit organizations or
9 public housing authorities for affordable workforce housing within one-
10 half mile of a transit station, any municipality (~~shall have~~) has the
11 power to issue general obligation bonds within the limitations now or
12 hereafter prescribed by the laws of this state. Such general
13 obligation bonds (~~shall~~) must be authorized, executed, issued, and
14 made payable as other general obligation bonds of such municipality(~~+~~
15 ~~PROVIDED, That~~). However, the governing body of such municipality may
16 provide that such bonds mature in not to exceed forty years from the
17 date of their issue, may provide that such bonds also be made payable
18 from any special taxes provided for in this chapter, and may provide

1 that such bonds also be made payable from any otherwise unpledged
2 revenue, which may be derived from the ownership or operation of any
3 properties.

4 **Sec. 2.** RCW 67.28.160 and 1997 c 452 s 10 are each amended to read
5 as follows:

6 (1) To carry out the purposes of this chapter including, but not
7 limited to, financing a fund to make loans or grants to nonprofit
8 organizations or public housing authorities for affordable workforce
9 housing within one-half mile of a transit station, the legislative body
10 of any municipality (~~shall have~~) has the power to issue revenue bonds
11 without submitting the matter to the voters of the municipality(~~+~~
12 ~~PROVIDED, That~~). However, the legislative body (~~shall~~) must create
13 a special fund or funds for the sole purpose of paying the principal of
14 and interest on the bonds of each such issue, into which fund or funds
15 the legislative body may obligate the municipality to pay all or part
16 of amounts collected from the special taxes provided for in this
17 chapter, and/or to pay such amounts of the gross revenue of all or any
18 part of the facilities constructed, acquired, improved, added to,
19 repaired, or replaced pursuant to this chapter, as the legislative body
20 (~~shall~~) determines(~~+~~~~PROVIDED, FURTHER, That~~). The principal of
21 and interest on such bonds (~~shall be~~) is payable only out of such
22 special fund or funds, and the owners of such bonds (~~shall~~) must have
23 a lien and charge against the gross revenue pledged to such fund.

24 (~~Such~~) (a) The revenue bonds and the interest thereon issued
25 against (~~such~~) the fund or funds (~~shall~~) constitutes a claim of the
26 owners thereof only as against such fund or funds and the revenue
27 pledged therefor, and (~~shall~~) does not constitute a general
28 indebtedness of the municipality.

29 (b) Each (~~such~~) revenue bond (~~shall~~) must state upon its face
30 that it is payable from such special fund or funds, and all revenue
31 bonds issued under this chapter (~~shall be~~) are negotiable securities
32 within the provisions of the law of this state. (~~Such~~) The revenue
33 bonds may be registered either as to principal only or as to principal
34 and interest as provided in RCW 39.46.030, or may be bearer bonds(~~+~~
35 ~~shall~~). The revenue bonds must be:

36 (i) In such denominations as the legislative body (~~shall~~) deems
37 proper; (~~shall be~~)

1 (ii) Payable at such time or times and at such places, as (~~shall~~
2 be)) determined by the legislative body; (~~shall be~~))

3 (iii) Executed in such manner and bear interest at such rate or
4 rates, as (~~shall be~~)) determined by the legislative body(~~(-~~
5 ~~Such revenue bonds shall be~~)); and

6 (iv) Sold in such manner as the legislative body (~~shall~~)) deems to
7 be for the best interests of the municipality, either at public or
8 private sale.

9 (c) The legislative body may at the time of the issuance of
10 (~~such~~) the revenue bonds make (~~such~~) covenants with the owners of
11 (~~said~~) such bonds as it may deem necessary to secure and guaranty the
12 payment of the principal thereof and the interest thereon, including
13 but not being limited to covenants to set aside adequate reserves to
14 secure or guaranty the payment of such principal and interest, to
15 pledge and apply thereto part or all of any lawfully authorized special
16 taxes provided for in this chapter, to maintain rates, charges, or
17 rentals sufficient with other available moneys to pay such principal
18 and interest and to maintain adequate coverage over debt service, to
19 appoint a trustee or trustees for the bond owners, to safeguard the
20 expenditure of the proceeds of sale of such bonds and to fix the powers
21 and duties of such trustee or trustees and to make such other covenants
22 as the legislative body may deem necessary to accomplish the most
23 advantageous sale of such bonds. For revenue bonds issued for the
24 purpose of funding affordable workforce housing within one-half mile of
25 a transit station, the legislative body must require that the debt
26 service is limited to no more than fifty percent of the revenue from
27 such bonds. The legislative body may also provide that revenue bonds
28 payable out of the same source may later be issued on a parity with
29 revenue bonds being issued and sold.

30 (d) The legislative body may include in the principal amount of any
31 such revenue bond issue an amount for engineering, architectural,
32 planning, financial, legal, and other services and charges incident to
33 the acquisition or construction of public stadium facilities,
34 convention center facilities, performing arts center facilities, and/or
35 visual arts center facilities, an amount to establish necessary
36 reserves, an amount for working capital and an amount necessary for
37 interest during the period of construction of any facilities to be
38 financed from the proceeds of such issue plus six months. The

1 legislative body may, if it deems it in the best interest of the
2 municipality, provide in any contract for the construction or
3 acquisition of any facilities or additions or improvements thereto or
4 replacements or extensions thereof that payment therefor (~~shall~~) may
5 be made only in such revenue bonds.

6 (e) If the municipality (~~shall~~) fails to carry out or perform any
7 of its obligations or covenants made in the authorization, issuance,
8 and sale of such bonds, the owner of any such bond may bring action
9 against the municipality and compel the performance of any or all of
10 such covenants.

11 (2) Notwithstanding subsection (1) of this section, such bonds may
12 be issued and sold in accordance with chapter 39.46 RCW.

13 **Sec. 3.** RCW 67.28.180 and 2011 1st sp.s. c 38 s 1 are each amended
14 to read as follows:

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

20 (2) Any levy authorized by this section is subject to the
21 following:

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

27 (b)(i) In the event that any county has levied the tax authorized
28 by this section and has, prior to June 26, 1975, either pledged the tax
29 revenues for payment of principal and interest on city revenue or
30 general obligation bonds authorized and issued pursuant to RCW
31 67.28.150 through 67.28.160 or has authorized and issued revenue or
32 general obligation bonds pursuant to the provisions of RCW 67.28.150
33 through 67.28.160, such county is exempt from the provisions of (a) of
34 this subsection, to the extent that the tax revenues are pledged for
35 payment of principal and interest on bonds issued at any time pursuant
36 to the provisions of RCW 67.28.150 through 67.28.160. However, so much
37 of such pledged tax revenues, together with any investment earnings

1 thereon, not immediately necessary for actual payment of principal and
2 interest on such bonds may be used: (A) In any county with a
3 population of one million five hundred thousand or more, for repayment
4 either of limited tax levy general obligation bonds or of any county
5 fund or account from which a loan was made, the proceeds from the bonds
6 or loan being used to pay for constructing, installing, improving, and
7 equipping stadium capital improvement projects, and to pay for any
8 engineering, planning, financial, legal and professional services
9 incident to the development of such stadium capital improvement
10 projects, regardless of the date the debt for such capital improvement
11 projects was or may be incurred; (B) in any county with a population of
12 one million five hundred thousand or more, for repayment or refinancing
13 of bonded indebtedness incurred prior to January 1, 1997, for any
14 purpose authorized by this section or relating to stadium repairs or
15 rehabilitation, including but not limited to the cost of settling legal
16 claims, reimbursing operating funds, interest payments on short-term
17 loans, and any other purpose for which such debt has been incurred if
18 the county has created a public stadium authority to develop a stadium
19 and exhibition center under RCW 36.102.030; or (C) in other counties,
20 for county-owned facilities for agricultural promotion until January 1,
21 2009, and thereafter for any purpose authorized in this chapter.

22 (ii) A county is exempt under this subsection with respect to city
23 revenue or general obligation bonds issued after April 1, 1991, only if
24 such bonds mature before January 1, 2013. If any county located east
25 of the crest of the Cascade mountains has levied the tax authorized by
26 this section and has, prior to June 26, 1975, pledged the tax revenue
27 for payment of principal and interest on city revenue or general
28 obligation bonds, the county is exempt under this subsection with
29 respect to revenue or general obligation bonds issued after January 1,
30 2007, only if the bonds mature before January 1, 2035. Such a county
31 may only use funds under this subsection (2)(b) for constructing or
32 improving facilities authorized under this chapter, including county-
33 owned facilities for agricultural promotion.

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

1 utilities, accessories and appurtenances necessary thereto. The
2 stadium restaurant authorized by this subsection (2)(b) must be
3 operated by a private concessionaire under a contract with the county.

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

7 (ii) No city within a county with a population of one million five
8 hundred thousand or more may levy the tax authorized by this section.

9 (iii) However, in the event that any city in a county described in
10 (c)(i) or (ii) of this subsection (2) has levied the tax authorized by
11 this section and has, prior to June 26, 1975, authorized and issued
12 revenue or general obligation bonds pursuant to the provisions of RCW
13 67.28.150 through 67.28.160, such city may levy the tax so long as the
14 tax revenues are pledged for payment of principal and interest on bonds
15 issued at any time pursuant to the provisions of RCW 67.28.150 through
16 67.28.160.

17 (3) Any levy authorized by this section by a county that has a
18 population of one million five hundred thousand or more is subject to
19 the following:

20 (a) Taxes collected under this section in any calendar year before
21 2013 in excess of five million three hundred thousand dollars may only
22 be used as follows:

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

28 (ii) Thirty percent from January 1, 2001, through December 31,
29 2012, for the following purposes and in a manner reflecting the
30 following order of priority: Stadium purposes as authorized under
31 subsection (2)(b) of this section; acquisition of open space lands;
32 youth sports activities; and tourism promotion. If all or part of the
33 debt on the stadium is refinanced, all revenues under this subsection
34 (3)(a)(ii) must be used to retire the debt.

35 (b) From January 1, 2013, through December 31, 2015, all revenues
36 under this section (~~shall~~) must be used to retire the debt on the
37 stadium, until the debt on the stadium is retired. On and after the
38 date the debt on the stadium is retired, and through December 31, 2015,

1 all revenues under this section in a county of one million five hundred
2 thousand or more must be deposited in the special account under (e) of
3 this subsection.

4 (c) From January 1, 2016, through December 31, 2020, all revenues
5 under this section must be deposited in the stadium and exhibition
6 center account under RCW 43.99N.060.

7 (d) On and after January 1, 2021, the revenues under this section
8 must be used as follows:

9 (i) At least thirty-seven and one-half percent of the revenues
10 under this section must be deposited in the special account under (e)
11 of this subsection.

12 (ii) At least thirty-seven and one-half percent of the revenues
13 under this section must be used for contracts, loans, or grants to
14 nonprofit organizations or public housing authorities for affordable
15 workforce housing within one-half of a mile of a transit station, as
16 described under RCW 9.91.025 or for services for homeless youth, or to
17 repay general obligation bonds issued pursuant to RCW 67.28.150 to
18 finance such contracts, loans, or grants or revenue bonds issued
19 pursuant to RCW 67.28.160 to finance a fund to make such contracts,
20 loans, or grants.

21 (iii) The remainder must be used (~~for capital or operating~~
22 ~~programs that promote tourism and attract tourists to the county~~) to
23 repay general obligation or revenue bonds issued pursuant to RCW
24 67.28.150 and 67.28.160.

25 (e) At least forty percent of the revenues distributed pursuant to
26 (a)(i) of this subsection must be deposited in a special account. The
27 account may only be used for the purposes of (a)(i) of this subsection.

28 (f) School districts and schools may not receive revenues
29 distributed pursuant to (a)(i) of this subsection.

30 (g) Moneys distributed to art museums, cultural museums, heritage
31 museums, the arts, and the performing arts, and moneys distributed for
32 tourism promotion must be in addition to and may not be used to replace
33 or supplant any other funding by the legislative body of the county.

34 (h) For the purposes of this section:

35 (i) "Affordable workforce housing" means housing for a single
36 person, family, or unrelated persons living together whose income is
37 between thirty percent and eighty percent of the median income,

1 adjusted for household size, for the county where the housing is
2 located; and

3 (ii) "Tourism promotion" includes activities intended to attract
4 visitors for overnight stays, arts, heritage, and cultural events, and
5 recreational, professional, and amateur sports events. Moneys
6 allocated to tourism promotion in a county with a population of one
7 million or more must be allocated to local public organizations and
8 nonprofit organizations formed for the express purpose of tourism
9 promotion in the county. Such organizations must use moneys from the
10 taxes to promote events in all parts of the county.

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

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

23 (k) If a substantial part of the operation and management of a
24 public stadium that is financed directly or indirectly by bonds to
25 which the tax is pledged is performed by a nonpublic entity or if a
26 public stadium is sold that is financed directly or indirectly by bonds
27 to which the tax is pledged, any bonds to which the tax is pledged
28 (~~shall~~) must be retired. This subsection (3)(k) does not apply in
29 respect to a public stadium under chapter 36.102 RCW transferred to,
30 owned by, or constructed by a public facilities district under chapter
31 36.100 RCW or a stadium and exhibition center.

32 (l) The county may not lease a public stadium that is financed
33 directly or indirectly by bonds to which the tax is pledged to, or
34 authorize the use of the public stadium by, a professional major league
35 sports franchise unless the sports franchise gives the right of first
36 refusal to purchase the sports franchise, upon its sale, to local
37 government. This subsection (3)(l) does not apply to contracts in
38 existence on April 1, 1986.

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

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