

2 **ESSB 5943** - H COMM AMD **NOT ADOPTED 4/13/95**

3 By Committee on Trade & Economic Development

4

5 Strike everything after the enacting clause and insert the
6 following:

7 "NEW SECTION. **Sec. 1.** (1) The governing body of a city, while not
8 required by legislative mandate to do so, may, after July 1, 1995, by
9 resolution or ordinance for the purposes authorized under sections 5
10 and 7 of this act, fix and impose a sales tax on the charge for rooms
11 to be used for lodging by transients in accordance with the terms of
12 chapter . . . , Laws of 1995 (this act). Such tax shall be collected
13 from those persons who are taxable by the state under RCW 67.40.090,
14 but only those taxable persons located within the boundaries of the
15 city imposing the tax. The rate of such tax imposed by a city shall be
16 two percent of the charge for rooms to be used for lodging by
17 transients. Any such tax imposed under this section shall not be
18 collected prior to January 1, 2000. The tax authorized under this
19 section shall be levied and collected in the same manner as those taxes
20 authorized under chapter 82.14 RCW. Penalties, receipts, abatements,
21 refunds, and all other similar matters relating to the tax shall be as
22 provided in chapter 82.08 RCW.

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

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

30 NEW SECTION. **Sec. 2.** When remitting sales tax receipts to the
31 state under RCW 82.14.050, the city treasurer, or its designee, shall
32 at the same time remit the sales taxes collected under section 1 of
33 this act for the municipality. The sum so collected and paid over on
34 behalf of the municipality shall be credited against the amount of the
35 tax otherwise due to the state from those same taxpayers under RCW

1 82.08.020(1).

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

10 (2) The sales tax authorized under section 1 of this act shall be
11 due and payable in the same manner as those taxes authorized under RCW
12 82.14.030.

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

17 NEW SECTION. **Sec. 5.** All taxes levied and collected under section
18 1 of this act shall be credited to the state convention and trade
19 center account in the state treasury and used solely by the corporation
20 formed under RCW 67.40.020 for the purpose of paying all or any part of
21 the cost associated with: The financing, design, acquisition,
22 construction, equipping, operating, maintaining, and reequipping of
23 convention center facilities related to the expansion recommended by
24 the convention center expansion and city facilities task force created
25 under section 148, chapter 6, Laws of 1994 sp. sess.; the acquisition,
26 construction, and relocation costs of replacement housing; and the
27 repayment of loans and advances from the state, including loans
28 authorized previously under this chapter, or to pay or secure the
29 payment of all or part of the principal of or interest on any state
30 bonds issued for purposes authorized under this chapter.

31 NEW SECTION. **Sec. 6.** Upon the effective date of this act, the
32 corporation may proceed with preliminary design and planning
33 activities, environmental studies, and real estate appraisals for
34 convention center improvements. No other expenditures may be made in
35 support of the expansion project recommended by the convention center

1 expansion and city facilities task force created under section 148,
2 chapter 6, Laws of 1994 sp. sess. prior to acceptance by the board of
3 directors of the corporation of an irrevocable commitment for funding
4 from public or private participants consistent with the expansion
5 development study task force recommendations report dated December
6 1994.

7 NEW SECTION. **Sec. 7.** (1) Moneys received from any tax imposed
8 under section 1 of this act shall be used for the purpose of providing
9 funds to the corporation for the costs associated with paying all or
10 any part of the cost associated with: The financing, design,
11 acquisition, construction, equipping, operating, maintaining, and
12 reequipping of convention center facilities; the acquisition,
13 construction, and relocation costs of replacement housing; and
14 repayment of loans and advances from the state, including loans
15 authorized previously under this chapter, or to pay or secure the
16 payment of all or part of the principal of or interest on any state
17 bonds issued for purposes authorized under this chapter.

18 (2) If any of the revenue from any local sales tax authorized under
19 section 1 of this act shall have been encumbered or pledged by the
20 state to secure the payment of any state bonds as authorized under RCW
21 67.40.030, then as long as that agreement or pledge shall be in effect,
22 the legislature shall not withdraw from the municipality the authority
23 to levy and collect the tax or the tax credit authorized under sections
24 1 and 2 of this act.

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

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

37 (2) Any levy authorized by this section shall be subject to the

1 following:

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

7 (b) In the event that any county has levied the tax authorized by
8 this section and has, prior to June 26, 1975, either pledged the tax
9 revenues for payment of principal and interest on city revenue or
10 general obligation bonds authorized and issued pursuant to RCW
11 67.28.150 through 67.28.160 or has authorized and issued revenue or
12 general obligation bonds pursuant to the provisions of RCW 67.28.150
13 through 67.28.160, such county shall be exempt from the provisions of
14 (a) of this subsection, to the extent that the tax revenues are pledged
15 for payment of principal and interest on bonds issued at any time
16 pursuant to the provisions of RCW 67.28.150 through 67.28.160:
17 PROVIDED, That so much of such pledged tax revenues, together with any
18 investment earnings thereon, not immediately necessary for actual
19 payment of principal and interest on such bonds may be used: (i) In
20 any county with a population of one million or more, for repayment
21 either of limited tax levy general obligation bonds or of any county
22 fund or account from which a loan was made, the proceeds from the bonds
23 or loan being used to pay for constructing, installing, improving, and
24 equipping stadium capital improvement projects, and to pay for any
25 engineering, planning, financial, legal and professional services
26 incident to the development of such stadium capital improvement
27 projects, regardless of the date the debt for such capital improvement
28 projects was or may be incurred; or (ii) in other counties, for county-
29 owned facilities for agricultural promotion. A county is exempt under
30 this subsection in respect to city revenue or general obligation bonds
31 issued after April 1, 1991, only if such bonds mature before January 1,
32 2013.

33 As used in this subsection (2)(b), "capital improvement projects"
34 may include, but not be limited to a stadium restaurant facility,
35 restroom facilities, artificial turf system, seating facilities,
36 parking facilities and scoreboard and information system adjacent to or
37 within a county owned stadium, together with equipment, utilities,
38 accessories and appurtenances necessary thereto. The stadium
39 restaurant authorized by this subsection (2)(b) shall be operated by a

1 private concessionaire under a contract with the county.

2 (c) No city within a county exempt under subsection (2)(b) of this
3 section may levy the tax authorized by this section so long as said
4 county is so exempt: PROVIDED, That in the event that any city in such
5 county has levied the tax authorized by this section and has, prior to
6 June 26, 1975, authorized and issued revenue or general obligation
7 bonds pursuant to the provisions of RCW 67.28.150 through 67.28.160,
8 such city may levy the tax so long as (~~and to the extent that~~) the
9 tax revenues are pledged for payment of principal and interest on bonds
10 issued at any time pursuant to the provisions of RCW 67.28.150 through
11 67.28.160.

12 (3) Any levy authorized by this section by a county that has levied
13 the tax authorized by this section and has, prior to June 26, 1975,
14 either pledged the tax revenues for payment of principal and interest
15 on city revenue or general obligation bonds authorized and issued
16 pursuant to RCW 67.28.150 through 67.28.160 or has authorized and
17 issued revenue or general obligation bonds pursuant to the provisions
18 of RCW 67.28.150 through 67.28.160 shall be subject to the following:

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

22 (i) Seventy-five percent from January 1, 1992, through December 31,
23 2000, and 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 shall be used for the purposes of this subsection (3)(a)(i) in all
27 parts of the county.

28 (ii) Twenty-five percent from January 1, 1992, through December 31,
29 2000, and thirty percent from January 1, 2001, through December 31,
30 2012, for the following purposes and in a manner reflecting the
31 following order of priority: Stadium capital improvements, as defined
32 in subsection (2)(b) of this section; acquisition of open space lands;
33 youth sports activities; and tourism promotion.

34 (b) At least seventy percent of moneys spent under (a)(i) of this
35 subsection for the period January 1, 1992, through December 31, 2000,
36 shall be used only for the purchase, design, construction, and
37 remodeling of performing arts, visual arts, heritage, and cultural
38 facilities, and for the purchase of fixed assets that will benefit art,
39 heritage, and cultural organizations. For purposes of this subsection,

1 fixed assets are tangible objects such as machinery and other equipment
2 intended to be held or used for ten years or more. Moneys received
3 under this subsection (3)(b) may be used for payment of principal and
4 interest on bonds issued for capital projects. Qualifying
5 organizations receiving moneys under this subsection (3)(b) must be
6 financially stable and have at least the following:

7 (i) A legally constituted and working board of directors;

8 (ii) A record of artistic, heritage, or cultural accomplishments;

9 (iii) Been in existence and operating for at least two years;

10 (iv) Demonstrated ability to maintain net current liabilities at
11 less than thirty percent of general operating expenses;

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

14 (vi) Evidence that there has been independent financial review of
15 the organization.

16 (c) At least forty percent of the revenues distributed pursuant to
17 (a)(i) of this subsection for the period January 1, 2001, through
18 December 31, 2012, shall be deposited in an account and shall be used
19 to establish an endowment. Principal in the account shall remain
20 permanent and irreducible. The earnings from investments of balances
21 in the account may only be used for the purposes of (a)(i) of this
22 subsection.

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

25 (e) Moneys distributed to art museums, cultural museums, heritage
26 museums, the arts, and the performing arts, and moneys distributed for
27 tourism promotion shall be in addition to and may not be used to
28 replace or supplant any other funding by the legislative body of the
29 county.

30 (f) As used in this section, "tourism promotion" includes
31 activities intended to attract visitors for overnight stays, arts,
32 heritage, and cultural events, and recreational, professional, and
33 amateur sports events. Moneys allocated to tourism promotion in a
34 class AA county shall be allocated to nonprofit organizations formed
35 for the express purpose of tourism promotion in the county. Such
36 organizations shall use moneys from the taxes to promote events in all
37 parts of the class AA county.

38 (g) No taxes collected under this section may be used for the
39 operation or maintenance of a public stadium that is financed directly

1 or indirectly by bonds to which the tax is pledged. Expenditures for
2 operation or maintenance include all expenditures other than
3 expenditures that directly result in new fixed assets or that directly
4 increase the capacity, life span, or operating economy of existing
5 fixed assets.

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

11 (i) If a substantial part of the operation and management of a
12 public stadium that is financed directly or indirectly by bonds to
13 which the tax is pledged is performed by a nonpublic entity or if a
14 public stadium is sold that is financed directly or indirectly by bonds
15 to which the tax is pledged, any bonds to which the tax is pledged
16 shall be retired.

17 (j) The county shall not lease a public stadium that is financed
18 directly or indirectly by bonds to which the tax is pledged to, or
19 authorize the use of the public stadium by, a professional major league
20 sports franchise unless the sports franchise gives the right of first
21 refusal to purchase the sports franchise, upon its sale, to local
22 government. This subsection (3)(j) does not apply to contracts in
23 existence on April 1, 1986.

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

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

29 (1) The legislative body of (~~Pierce~~) any county with a population
30 of over five hundred thousand but less than one million and the
31 (~~councils~~) legislative bodies of cities in (~~Pierce county~~) these
32 counties are each authorized to levy and collect a special excise tax
33 of not to exceed (~~two~~) five percent on the sale of or charge made for
34 the furnishing of lodging by a hotel, rooming house, tourist court,
35 motel, trailer camp, and the granting of any similar license to use
36 real property, as distinguished from the renting or leasing of real
37 property. For the purposes of this tax, it shall be presumed that the
38 occupancy of real property for a continuous period of one month or more

1 constitutes a rental or lease of real property and not a mere license
2 to use or to enjoy the same.

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

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

13 (4) All taxes levied and collected under this section shall be
14 credited to a special fund in the treasury of the county or city. Such
15 taxes shall be levied (~~only~~) as follows: (a) At least two percent
16 for the purpose of visitor and convention promotion and development,
17 including marketing of local convention facilities; and (b) at least
18 three percent for the acquisition, construction, expansion, marketing,
19 management, and financing of convention facilities, and facilities
20 necessary to support major tourism destination attractions that serve
21 a minimum of one million visitors per year. Until withdrawn for use,
22 the moneys accumulated in such fund may be invested in interest bearing
23 securities by the county or city treasurer in any manner authorized by
24 law.

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

27 (1) The legislative body of a county that qualified under RCW
28 67.28.180(2)(b) other than a county with a population of one million or
29 more and the legislative bodies of cities in the qualifying county are
30 each authorized to levy and collect a special excise tax of three
31 percent on the sale of or charge made for the furnishing of lodging by
32 a hotel, rooming house, tourist court, motel, trailer camp, and the
33 granting of any similar license to use real property, as distinguished
34 from the renting or leasing of real property. For the purposes of this
35 tax, it shall be presumed that the occupancy of real property for a
36 continuous period of one month or more constitutes a rental or lease of
37 real property and not a mere license to use or to enjoy the same.

38 (2) No (~~city may impose the special excise tax authorized in~~

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

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

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

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

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

20 (1) The governor is authorized to form a public nonprofit
21 corporation in the same manner as a private nonprofit corporation is
22 formed under chapter 24.03 RCW. The public corporation shall be an
23 instrumentality of the state and have all the powers and be subject to
24 the same restrictions as are permitted or prescribed to private
25 nonprofit corporations, but shall exercise those powers only for
26 carrying out the purposes of this chapter and those purposes
27 necessarily implied therefrom. The governor shall appoint a board of
28 nine directors for the corporation who shall serve terms of six years,
29 except that two of the original directors shall serve for two years and
30 two of the original directors shall serve for four years. After
31 January 1, 1991, at least one position on the board shall be filled by
32 a member representing management in the hotel or motel industry subject
33 to taxation under RCW 67.40.090. The directors may provide for the
34 payment of their expenses. The corporation may ~~((cause a state~~
35 ~~convention and trade center with an overall size of approximately three~~
36 ~~hundred thousand square feet to be designed and constructed on a site~~
37 ~~in the city of Seattle. In acquiring, designing, and constructing the~~

1 ~~state convention and trade center, the corporation shall consider the~~
2 ~~recommendations and proposals issued on December 11, 1981, by the joint~~
3 ~~select committee on the state convention and trade center)) acquire,~~
4 ~~construct, expand, and improve the state convention and trade center~~
5 ~~within the city of Seattle. Notwithstanding the provisions of~~
6 ~~subsection (2) of this section, the corporation may acquire, lease,~~
7 ~~sell, or otherwise encumber property rights, including but not limited~~
8 ~~to development or condominium rights, deemed by the corporation as~~
9 ~~necessary for facility expansion.~~

10 (2) The corporation may acquire and transfer real and personal
11 property by lease, sublease, purchase, or sale, and further acquire
12 property by condemnation of privately owned property or rights to and
13 interests in such property pursuant to the procedure in chapter 8.04
14 RCW. However, acquisitions and transfers of real property, other than
15 by lease, may be made only if the acquisition or transfer is approved
16 by the director of financial management in consultation with the
17 chairpersons of the appropriate fiscal committees (~~(on ways and means)~~)
18 of the senate and house of representatives. The corporation may accept
19 gifts or grants, request the financing provided for in RCW 67.40.030,
20 cause the state convention and trade center facilities to be
21 constructed, and do whatever is necessary or appropriate to carry out
22 those purposes. Upon approval by the director of financial management
23 in consultation with the chairpersons of the (~~(ways and means)~~)
24 appropriate fiscal committees of the house of representatives and the
25 senate, the corporation may enter into lease and sublease contracts for
26 a term exceeding the fiscal period in which these lease and sublease
27 contracts are made. The terms of sale or lease of properties acquired
28 by the corporation on February 9, 1987, pursuant to the property
29 purchase and settlement agreement entered into by the corporation on
30 June 12, 1986, including the McKay parcel which the corporation is
31 contractually obligated to sell under that agreement, shall also be
32 subject to the approval of the director of financial management in
33 consultation with the chairpersons of the (~~(ways and means)~~)
34 appropriate fiscal committees of the house of representatives and the
35 senate. No approval by the director of financial management is
36 required for leases of individual retail space, meeting rooms, or
37 convention-related facilities. In order to allow the corporation
38 flexibility to secure appropriate insurance by negotiation, the
39 corporation is exempt from RCW 48.30.270. The corporation shall

1 maintain, operate, promote, and manage the state convention and trade
2 center.

3 (3) In order to allow the corporation flexibility in its personnel
4 policies, the corporation is exempt from chapter 41.06 RCW, chapter
5 41.05 RCW, RCW 43.01.040 through 43.01.044, chapter 41.04 RCW and
6 chapter 41.40 RCW.

7 **Sec. 13.** RCW 67.40.030 and 1990 c 181 s 1 are each amended to read
8 as follows:

9 For the purpose of providing funds for the state convention and
10 trade center, the state finance committee is authorized to issue, upon
11 request of the corporation formed under RCW 67.40.020 and in one or
12 more offerings, general obligation bonds of the state of Washington in
13 the sum of (~~one~~) two hundred sixty million, seven hundred sixty-five
14 thousand dollars, or so much thereof as may be required, to finance
15 this project and all costs incidental thereto, to capitalize all or a
16 portion of interest during construction, to provide for expansion,
17 renovation, exterior cleanup and repair of the Eagles building,
18 conversion of various retail and other space to meeting rooms, and
19 contingency costs of the center, purchase of the McKay Parcel as
20 defined in the property and purchase agreement entered into by the
21 corporation on June 12, 1986, development of low-income housing and to
22 reimburse the general fund for expenditures in support of the project
23 and for those expenditures authorized under section 5 of this act. The
24 state finance committee may make such bond covenants as it deems
25 necessary to carry out the purposes of this section and this chapter.
26 No bonds authorized in this section may be offered for sale without
27 prior legislative appropriation.

28 **Sec. 14.** RCW 67.40.040 and 1991 sp.s. c 13 s 11 are each amended
29 to read as follows:

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

1 housing, or renovation of the center, and those expenditures authorized
2 under section 5 of this act shall be deposited in the state convention
3 and trade center account hereby created in the state treasury and in
4 such subaccounts as are deemed appropriate by the directors of the
5 corporation.

6 (2) Moneys in the account, including unanticipated revenues under
7 RCW 43.79.270, shall be used exclusively for the following purposes in
8 the following priority:

9 (a) For reimbursement of the state general fund under RCW
10 67.40.060;

11 (b) After appropriation by statute:

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

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

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

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

19 (c) For transfer to the state convention and trade center
20 operations account.

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

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

38 **Sec. 15.** RCW 67.40.045 and 1993 sp.s. c 12 s 9 are each amended to

1 read as follows:

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

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

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

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

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

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

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

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

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

39 (b) \$1,070,000 to be received by the corporation as a contribution

1 from the city of Seattle;

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

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

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

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

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

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

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

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

1 502, Laws of 1987), the specific conditions and limitations in this
2 section shall govern.

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

9 **Sec. 16.** RCW 67.40.090 and 1991 c 2 s 3 are each amended to read
10 as follows:

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

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

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

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

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

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

1 (e) Except as otherwise provided in (d) of this subsection, on and
2 after the change date, the rate shall be six percent in the city of
3 Seattle and two and four-tenths percent in King county outside the city
4 of Seattle.

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

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

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

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

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

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

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

33 (4) Chapter 82.32 RCW applies to the tax imposed under this
34 section.

35 NEW SECTION. **Sec. 17.** Sections 1 through 7 of this act are each
36 added to chapter 67.40 RCW.

37 NEW SECTION. **Sec. 18.** If any provision of this act or its

1 application to any person or circumstance is held invalid, the
2 remainder of the act or the application of the provision to other
3 persons or circumstances is not affected.

4 NEW SECTION. **Sec. 19.** This act is necessary for the immediate
5 preservation of the public peace, health, or safety, or support of the
6 state government and its existing public institutions, and shall take
7 effect immediately."

8 **ESSB 5943** - H COMM AMD
9 By Committee on Trade & Economic Development

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11 On page 1, line 1 of the title, after "centers;" strike the
12 remainder of the title and insert "amending RCW 67.28.182, 67.28.240,
13 67.40.020, 67.40.030, 67.40.040, 67.40.045, and 67.40.090; reenacting
14 and amending RCW 67.28.180; adding new sections to chapter 67.40 RCW;
15 repealing RCW 67.28.250; and declaring an emergency."

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