
SUBSTITUTE HOUSE BILL 2038

State of Washington

55th Legislature

1997 Regular Session

By House Committee on Finance (originally sponsored by Representative B. Thomas)

Read first time 03/10/97.

1 AN ACT Relating to excise taxation of lodging; amending RCW
2 67.28.080, 67.28.120, 67.28.130, 67.28.150, 67.28.160, 67.28.170,
3 67.28.180, 67.28.184, 67.28.200, 67.40.100, 35.43.040, 59.18.440,
4 67.38.140, 67.40.110, 67.40.120, and 82.02.020; adding new sections to
5 chapter 67.28 RCW; creating new sections; repealing RCW 67.28.090,
6 67.28.100, 67.28.110, 67.28.182, 67.28.185, 67.28.190, 67.28.210,
7 67.28.240, 67.28.260, 67.28.270, 67.28.280, 67.28.290, 67.28.300,
8 67.28.310, 67.28.320, 67.28.360, and 67.28.370; providing an effective
9 date; and providing an expiration date.

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

11 NEW SECTION. **Sec. 1.** The intent of this act is to provide
12 uniform standards for local option excise taxation of lodging.

13 **Sec. 2.** RCW 67.28.080 and 1991 c 357 s 1 are each amended to read
14 as follows:

15 ~~((In any county located in whole or in part in a national scenic
16 area and the population of which county is less than 20,000, a
17 convention center facility may include a hotel, destination resort,
18 conference center, or similar or related facility. A convention center~~

1 ~~facility may include the land on which any of the foregoing structures~~
2 ~~or facilities are sited. A convention center facility may also include~~
3 ~~land necessary for the operation of a convention center facility)) The
4 definitions in this section apply throughout this chapter unless the
5 context clearly requires otherwise.~~

6 (1) "Acquisition" includes, but is not limited to, siting,
7 acquisition, design, construction, refurbishing, expansion, repair, and
8 improvement, including paying or securing the payment of all or any
9 portion of general obligation bonds, leases, revenue bonds, or other
10 obligations issued or incurred for such purpose or purposes under this
11 chapter.

12 (2) "Municipality" ((as used in this chapter)) means any county,
13 city or town of the state of Washington.

14 (3) "Operation" includes, but is not limited to, operation,
15 management, and marketing.

16 (4) "Person" ((as used in this chapter)) means the federal
17 government or any agency thereof, the state or any agency, subdivision,
18 taxing district or municipal corporation thereof other than county,
19 city or town, any private corporation, partnership, association, or
20 individual.

21 (5) "Tourism" means economic activity resulting from tourists,
22 which may include sales of overnight lodging, meals, tours, gifts, or
23 souvenirs.

24 (6) "Tourism promotion" means activities and expenditures designed
25 to increase tourism, including but not limited to advertising,
26 publicizing, or otherwise distributing information for the purpose of
27 attracting and welcoming tourists; developing strategies to expand
28 tourism; operating tourism promotion agencies; and funding marketing of
29 special events and festivals designed to attract tourists.

30 (7) "Tourism-related facility" means real or tangible personal
31 property with a usable life of three or more years and a monetary value
32 of ten thousand dollars or more used to support tourism or accommodate
33 tourism activities.

34 (8) "Tourist" means a person who travels from a place of residence
35 to a different town, city, county, state, or country, for purposes of
36 business, pleasure, recreation, education, arts, heritage, or culture.

37 NEW SECTION. Sec. 3. A new section is added to chapter 67.28 RCW
38 to read as follows:

1 (1) The legislative body of any municipality may impose an excise
2 tax on the sale of or charge made for the furnishing of lodging that is
3 subject to tax under chapter 82.08 RCW, at a rate not exceeding the
4 applicable limit under subsection (2) of this section. A tax under
5 this chapter shall not be imposed in increments smaller than tenths of
6 a percent.

7 (2)(a) If a municipality imposed taxes under this chapter and RCW
8 67.40.100 with a total rate exceeding four percent on January 1, 1997,
9 the rate of tax imposed under this chapter by the municipality shall
10 not exceed the total rate imposed by the municipality under this
11 chapter and RCW 67.40.100 on January 1, 1997.

12 (b) If a city or town is located in a county that imposed taxes
13 under this chapter with a total rate of four percent or more on January
14 1, 1997, the rate of tax imposed under this chapter by the city or town
15 shall not exceed two percent.

16 (c) If a city has a population of four hundred thousand or more and
17 is located in a county with a population of one million or more, the
18 rate of tax imposed under this chapter by the city shall not exceed the
19 lesser of four percent or a rate that, when combined with all other
20 taxes imposed upon sales of lodging in the municipality under this
21 chapter and chapters 36.100, 67.40, 82.08, and 82.14 RCW, equals
22 fifteen and two-tenths percent.

23 (d) If a municipality is not subject to a limit under (a), (b), or
24 (c) of this subsection, the rate of tax imposed under this chapter by
25 the municipality shall not exceed the lesser of four percent or a rate
26 that, when combined with all other taxes imposed upon sales of lodging
27 within the municipality under this chapter and chapters 36.100, 67.40,
28 82.08, and 82.14 RCW, equals twelve percent.

29 (3) Except as provided in RCW 67.28.180, any county ordinance or
30 resolution adopted under this section shall contain a provision
31 allowing a credit against the county tax for the full amount of any
32 city or town tax imposed under this section upon the same taxable
33 event.

34 (4) Tax imposed under this section on a sale of lodging shall be
35 credited against the amount of sales tax due to the state under chapter
36 82.08 RCW on the same sale of lodging, but the total credit for taxes
37 imposed by all municipalities on a sale of lodging shall not exceed the
38 amount that would be imposed under a two percent tax under this

1 section. This subsection does not apply to taxes which are credited
2 against the state sales tax under RCW 67.28.180.

3 NEW SECTION. **Sec. 4.** A new section is added to chapter 67.28 RCW
4 to read as follows:

5 All revenue from taxes imposed under this chapter shall be credited
6 to a special fund in the treasury of the municipality imposing such tax
7 and used solely for the purpose of paying all or any part of the cost
8 of tourism promotion, acquisition of tourism-related facilities, or
9 operation of tourism-related facilities. Municipalities may, under
10 chapter 39.34 RCW, agree to the utilization of revenue from taxes
11 imposed under this chapter for the purposes of funding a
12 multijurisdictional tourism-related facility.

13 NEW SECTION. **Sec. 5.** A new section is added to chapter 67.28 RCW
14 to read as follows:

15 (1) Before imposing a tax under section 3 of this act, a
16 municipality shall establish a lodging tax advisory committee under
17 this section. A lodging tax advisory committee shall consist of at
18 least five members, appointed by the legislative body of the
19 municipality, unless the municipality has a charter providing for a
20 different appointment authority. At least two members shall be
21 representatives of businesses required to collect tax under this
22 chapter, and at least two members shall be persons involved in
23 activities authorized to be funded by revenue received under this
24 chapter. Organizations representing businesses required to collect tax
25 under this chapter, organizations involved in activities authorized to
26 be funded by revenue received under this chapter, and local agencies
27 involved in tourism promotion may submit recommendations for membership
28 on the committee. The number of members who are representatives of
29 businesses required to collect tax under this chapter shall equal the
30 number of members who are involved in activities authorized to be
31 funded by revenue received under this chapter. One member shall be an
32 elected official of the municipality who shall serve as chair of the
33 committee. An advisory committee for a county may include one
34 nonvoting member who is an elected official of a city or town in the
35 county. An advisory committee for a city or town may include one
36 nonvoting member who is an elected official of the county in which the
37 city or town is located. An advisory committee for a city or town may

1 include one member who is an elected official of the county. The
2 appointing authority shall review the membership of the advisory
3 committee annually and make changes as appropriate.

4 (2) Any municipality that proposes imposition of a tax under this
5 chapter, an increase in the rate of a tax imposed under this chapter,
6 repeal of an exemption from a tax imposed under this chapter, or a
7 change in the use of revenue received under this chapter shall submit
8 the proposal to the lodging tax advisory committee for review and
9 comment. The submission shall occur at least forty-five days before
10 final action on or passage of the proposal by the municipality. The
11 advisory committee shall submit comments on the proposal in a timely
12 manner through generally applicable public comment procedures. The
13 comments shall include an analysis of the extent to which the proposal
14 will accommodate activities for tourists or increase tourism, and the
15 extent to which the proposal will affect the long-term stability of the
16 fund created under section 4 of this act. Failure of the advisory
17 committee to submit comments before final action on or passage of the
18 proposal shall not prevent the municipality from acting on the
19 proposal. A municipality is not required to submit an amended proposal
20 to an advisory committee under this section.

21 NEW SECTION. **Sec. 6.** (1) Each municipality imposing a tax under
22 chapter 67.28 RCW shall submit a report to the department of community,
23 trade, and economic development on October 1, 1998, and October 1,
24 2000. Each report shall include the following information:

- 25 (a) The rate of tax imposed under chapter 67.28 RCW;
26 (b) The total revenue received under chapter 67.28 RCW for each of
27 the preceding six years;
28 (c) A list of projects and activities funded with revenue received
29 under chapter 67.28 RCW; and
30 (d) The amount of revenue under chapter 67.28 RCW expended for each
31 project and activity.

32 (2) The department of community, trade, and economic development
33 shall summarize and analyze the data received under subsection (1) of
34 this section in a report submitted to the legislature on January 1,
35 1999, and January 1, 2001. The report shall include, but not be
36 limited to, analysis of factors contributing to growth in revenue
37 received under chapter 67.28 RCW and the effects of projects and

1 activities funded with revenue received under chapter 67.28 RCW on
2 tourism growth.

3 **Sec. 7.** RCW 67.28.120 and 1979 ex.s. c 222 s 1 are each amended to
4 read as follows:

5 Any municipality is authorized either individually or jointly with
6 any other municipality, or person, or any combination thereof, to
7 acquire (~~((by purchase, gift or grant, to lease as lessee,))~~) and to
8 (~~((construct, install, add to, improve, replace, repair, maintain,))~~)
9 operate (~~((and regulate the use of public stadium facilities, convention
10 center facilities, performing arts center facilities, and/or visual art
11 center))~~) tourism-related facilities, whether located within or without
12 such municipality(~~((, including but not limited to buildings,
13 structures, concession and service facilities, roads, bridges, walks,
14 ramps and other access facilities, terminal and parking facilities for
15 private vehicles and public transportation vehicles and systems,
16 together with all lands, properties, property rights, equipment,
17 utilities, accessories and appurtenances necessary for such public
18 stadium facilities, convention center facilities, performing arts
19 center facilities, or visual arts center facilities, and to pay for any
20 engineering, planning, financial, legal and professional services
21 incident to the development and operation of such public facilities))~~).

22 **Sec. 8.** RCW 67.28.130 and 1979 ex.s. c 222 s 2 are each amended to
23 read as follows:

24 Any municipality, taxing district, or municipal corporation is
25 authorized to convey or lease any lands, properties or facilities to
26 any other municipality for the development by such other municipality
27 of (~~((public stadium facilities, convention center facilities,
28 performing arts center facilities, and/or visual art center))~~) tourism-
29 related facilities or to provide for the joint use of such lands,
30 properties or facilities, or to participate in the financing of all or
31 any part of the public facilities on such terms as may be fixed by
32 agreement between the respective legislative bodies without submitting
33 the matter to the voters of such municipalities, unless the provisions
34 of general law applicable to the incurring of municipal indebtedness
35 shall require such submission.

1 **Sec. 9.** RCW 67.28.150 and 1984 c 186 s 56 are each amended to read
2 as follows:

3 To carry out the purposes of this chapter any municipality shall
4 have the power to issue general obligation bonds within the limitations
5 now or hereafter prescribed by the laws of this state. Such general
6 obligation bonds shall be authorized, executed, issued and made payable
7 as other general obligation bonds of such municipality: PROVIDED, That
8 the governing body of such municipality may provide that such bonds
9 mature in not to exceed forty years from the date of their issue, may
10 provide that such bonds also be made payable from any special taxes
11 provided for in ((RCW 67.28.180)) this chapter, and may provide that
12 such bonds also be made payable from any otherwise unpledged revenue
13 which may be derived from the ownership or operation of any properties.

14 **Sec. 10.** RCW 67.28.160 and 1983 c 167 s 168 are each amended to
15 read as follows:

16 (1) To carry out the purposes of this chapter the legislative body
17 of any municipality shall have the power to issue revenue bonds without
18 submitting the matter to the voters of the municipality: PROVIDED,
19 That the legislative body shall create a special fund or funds for the
20 sole purpose of paying the principal of and interest on the bonds of
21 each such issue, into which fund or funds the legislative body may
22 obligate the municipality to pay all or part of amounts collected from
23 the special taxes provided for in ((RCW 67.28.180)) this chapter,
24 and/or to pay such amounts of the gross revenue of all or any part of
25 the facilities constructed, acquired, improved, added to, repaired or
26 replaced pursuant to this chapter, as the legislative body shall
27 determine: PROVIDED, FURTHER, That the principal of and interest on
28 such bonds shall be payable only out of such special fund or funds, and
29 the owners of such bonds shall have a lien and charge against the gross
30 revenue pledged to such fund.

31 Such revenue bonds and the interest thereon issued against such
32 fund or funds shall constitute a claim of the owners thereof only as
33 against such fund or funds and the revenue pledged therefor, and shall
34 not constitute a general indebtedness of the municipality.

35 Each such revenue bond shall state upon its face that it is payable
36 from such special fund or funds, and all revenue bonds issued under
37 this chapter shall be negotiable securities within the provisions of
38 the law of this state. Such revenue bonds may be registered either as

1 to principal only or as to principal and interest as provided in RCW
2 39.46.030, or may be bearer bonds; shall be in such denominations as
3 the legislative body shall deem proper; shall be payable at such time
4 or times and at such places as shall be determined by the legislative
5 body; shall be executed in such manner and bear interest at such rate
6 or rates as shall be determined by the legislative body.

7 Such revenue bonds shall be sold in such manner as the legislative
8 body shall deem to be for the best interests of the municipality,
9 either at public or private sale.

10 The legislative body may at the time of the issuance of such
11 revenue bonds make such covenants with the owners of said bonds as it
12 may deem necessary to secure and guaranty the payment of the principal
13 thereof and the interest thereon, including but not being limited to
14 covenants to set aside adequate reserves to secure or guaranty the
15 payment of such principal and interest, to pledge and apply thereto
16 part or all of any lawfully authorized special taxes provided for in
17 (~~RCW 67.28.180~~) this chapter, to maintain rates, charges or rentals
18 sufficient with other available moneys to pay such principal and
19 interest and to maintain adequate coverage over debt service, to
20 appoint a trustee or trustees for the bond owners, to safeguard the
21 expenditure of the proceeds of sale of such bonds and to fix the powers
22 and duties of such trustee or trustees and to make such other covenants
23 as the legislative body may deem necessary to accomplish the most
24 advantageous sale of such bonds. The legislative body may also provide
25 that revenue bonds payable out of the same source may later be issued
26 on a parity with revenue bonds being issued and sold.

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

1 replacements or extensions thereof that payment therefor shall be made
2 only in such revenue bonds.

3 If the municipality shall fail to carry out or perform any of its
4 obligations or covenants made in the authorization, issuance and sale
5 of such bonds, the owner of any such bond may bring action against the
6 municipality and compel the performance of any or all of such
7 covenants.

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

10 **Sec. 11.** RCW 67.28.170 and 1979 ex.s. c 222 s 4 are each amended
11 to read as follows:

12 The legislative body of any municipality owning or operating
13 (~~((public stadium facilities, convention center facilities, performing
14 arts center facilities, and/or visual arts center))~~) tourism-related
15 facilities acquired (~~((or developed pursuant to))~~) under this chapter
16 shall have power to lease to any municipality or person, or to contract
17 for the use or operation by any municipality or person, of all or any
18 part of the facilities authorized by this chapter, including but not
19 limited to parking facilities, concession facilities of all kinds and
20 any property or property rights appurtenant to such (~~((stadium
21 facilities, convention center facilities, performing arts center
22 facilities, and/or visual arts center))~~) tourism-related facilities, for
23 such period and under such terms and conditions and upon such rentals,
24 fees and charges as such legislative body may determine, and may pledge
25 all or any portion of such rentals, fees and charges and all other
26 revenue derived from the ownership and/or operation of such facilities
27 to pay and to secure the payment of general obligation bonds and/or
28 revenue bonds of such municipality issued for authorized (~~((public
29 stadium, convention center, performing arts center, and/or visual arts
30 center))~~) tourism-related facilities purposes.

31 **Sec. 12.** RCW 67.28.180 and 1995 1st sp.s. c 14 s 10 are each
32 amended to read as follows:

33 (1) (~~((Subject to the conditions set forth in subsections (2) and
34 (3) of this section, the legislative body of any county or any city, is
35 authorized to levy and collect a special excise tax of not to exceed
36 two percent on the sale of or charge made for the furnishing of lodging
37 by a hotel, rooming house, tourist court, motel, trailer camp, and the~~

1 ~~granting of any similar license to use real property, as distinguished~~
2 ~~from the renting or leasing of real property: PROVIDED, That it shall~~
3 ~~be presumed that the occupancy of real property for a continuous period~~
4 ~~of one month or more constitutes a rental or lease of real property and~~
5 ~~not a mere license to use or to enjoy the same.)) (a) Tax imposed under~~
6 section 3 of this act on a sale of lodging by a county exempt under
7 subsection (2) of this section shall be credited against the amount of
8 sales tax due to the state under chapter 82.08 RCW on the same sale of
9 lodging, but the credit under this subsection (1)(a) shall not exceed
10 the amount that would be imposed under a two percent tax under section
11 3 of this act.

12 (b) If a city in a county exempt under subsection (2) of this
13 section has imposed a tax under this chapter and has, prior to June 26,
14 1975, authorized and issued revenue or general obligation bonds
15 pursuant to the provisions of RCW 67.28.150 through 67.28.160, the tax
16 imposed under section 3 of this act on a sale of lodging by such city
17 shall be credited against the amount of sales tax due to the state
18 under chapter 82.08 RCW on the same sale of lodging, but the credit
19 under this subsection (1)(b) shall not exceed the amount that would be
20 collected under a two percent tax under section 3 of this act.

21 ~~(2) ((Any levy authorized by this section shall be subject to the~~
22 ~~following:~~

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

28 ~~(b)) In the event that any county has levied ((the tax authorized~~
29 ~~by this section)) a tax under this chapter and has, prior to June 26,~~
30 ~~1975, either pledged the tax revenues for payment of principal and~~
31 ~~interest on city revenue or general obligation bonds authorized and~~
32 ~~issued pursuant to RCW 67.28.150 through 67.28.160 or has authorized~~
33 ~~and issued revenue or general obligation bonds pursuant to the~~
34 ~~provisions of RCW 67.28.150 through 67.28.160, such county shall be~~
35 ~~exempt from ((the provisions of (a) of this subsection)) section 3(3)~~
36 of this act, to the extent that the tax rate imposed by the county
37 under this chapter does not exceed two percent and the revenues are
38 pledged for payment of principal and interest on bonds issued at any
39 time pursuant to the provisions of RCW 67.28.150 through 67.28.160:

1 PROVIDED, That so much of such pledged tax revenues, together with any
2 investment earnings thereon, not immediately necessary for actual
3 payment of principal and interest on such bonds may be used: ((+i))
4 (a) In any county with a population of one million or more, for
5 repayment either of limited tax levy general obligation bonds or of any
6 county fund or account from which a loan was made, the proceeds from
7 the bonds or loan being used to pay for constructing, installing,
8 improving, and equipping stadium capital improvement projects, and to
9 pay for any engineering, planning, financial, legal and professional
10 services incident to the development of such stadium capital
11 improvement projects, regardless of the date the debt for such capital
12 improvement projects was or may be incurred; or ((+ii)) (b) in other
13 counties, for county-owned facilities for agricultural promotion. A
14 county is exempt under this subsection in respect to city revenue or
15 general obligation bonds issued after April 1, 1991, only if such bonds
16 mature before January 1, 2013.

17 As used in this subsection (2)((+b)), "capital improvement
18 projects" may include, but not be limited to a stadium restaurant
19 facility, restroom facilities, artificial turf system, seating
20 facilities, parking facilities and scoreboard and information system
21 adjacent to or within a county owned stadium, together with equipment,
22 utilities, accessories and appurtenances necessary thereto. The
23 stadium restaurant authorized by this subsection (2)((+b)) shall be
24 operated by a private concessionaire under a contract with the county.

25 ~~((c) No city within a county exempt under subsection (2)(b) of
26 this section may levy the tax authorized by this section so long as
27 said county is so exempt: PROVIDED, That in the event that any city in
28 such county has levied the tax authorized by this section and has,
29 prior to June 26, 1975, authorized and issued revenue or general
30 obligation bonds pursuant to the provisions of RCW 67.28.150 through
31 67.28.160, such city may levy the tax so long as the tax revenues are
32 pledged for payment of principal and interest on bonds issued at any
33 time pursuant to the provisions of RCW 67.28.150 through 67.28.160.))~~

34 (3) Any levy ~~((authorized by this section))~~ under this chapter by
35 a county that ~~((has levied the tax authorized by this section and has,
36 prior to June 26, 1975, either pledged the tax revenues for payment of
37 principal and interest on city revenue or general obligation bonds
38 authorized and issued pursuant to RCW 67.28.150 through 67.28.160 or
39 has authorized and issued revenue or general obligation bonds pursuant~~

1 to the provisions of RCW ~~67.28.150 through 67.28.160~~) is exempt under
2 subsection (2) of this section shall be subject to the following:

3 (a) Taxes collected under this (~~section~~) chapter in any calendar
4 year in excess of five million three hundred thousand dollars shall
5 only be used as follows:

6 (i) Seventy-five percent from January 1, 1992, through December 31,
7 2000, and seventy percent from January 1, 2001, through December 31,
8 2012, for art museums, cultural museums, heritage museums, the arts,
9 and the performing arts. Moneys spent under this subsection (3)(a)(i)
10 shall be used for the purposes of this subsection (3)(a)(i) in all
11 parts of the county.

12 (ii) Twenty-five percent from January 1, 1992, through December 31,
13 2000, and thirty percent from January 1, 2001, through December 31,
14 2012, for the following purposes and in a manner reflecting the
15 following order of priority: Stadium capital improvements, as defined
16 in subsection (2)(~~b~~) of this section; acquisition of open space
17 lands; youth sports activities; and tourism promotion.

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

- 30 (i) A legally constituted and working board of directors;
31 (ii) A record of artistic, heritage, or cultural accomplishments;
32 (iii) Been in existence and operating for at least two years;
33 (iv) Demonstrated ability to maintain net current liabilities at
34 less than thirty percent of general operating expenses;
35 (v) Demonstrated ability to sustain operational capacity subsequent
36 to completion of projects or purchase of machinery and equipment; and
37 (vi) Evidence that there has been independent financial review of
38 the organization.

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

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

10 (e) Moneys distributed to art museums, cultural museums, heritage
11 museums, the arts, and the performing arts, and moneys distributed for
12 tourism promotion shall be in addition to and may not be used to
13 replace or supplant any other funding by the legislative body of the
14 county.

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

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

30 (h) No ad valorem property taxes may be used for debt service on
31 bonds issued for a public stadium that is financed by bonds to which
32 the tax is pledged, unless the taxes (~~collected~~) distributed under
33 this section are or are projected to be insufficient to meet debt
34 service requirements on such bonds.

35 (i) If a substantial part of the operation and management of a
36 public stadium that is financed directly or indirectly by bonds to
37 which the tax is pledged is performed by a nonpublic entity or if a
38 public stadium is sold that is financed directly or indirectly by bonds
39 to which the tax is pledged, any bonds to which the tax is pledged

1 shall be retired. This subsection (3)(i) does not apply in respect to
2 a public stadium transferred to, owned by, or constructed by a public
3 facilities district under chapter 36.100 RCW.

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

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

14 (4) This section expires January 1, 2013.

15 **Sec. 13.** RCW 67.28.184 and 1987 1st ex.s. c 8 s 7 are each amended
16 to read as follows:

17 No city imposing the tax authorized under ~~((RCW 67.28.180))~~ this
18 chapter may use the tax proceeds directly or indirectly to acquire,
19 construct, operate, or maintain facilities or land intended to be used
20 by a professional sports franchise if the county within which the city
21 is located uses the proceeds of its tax imposed under ~~((RCW 67.28.180))~~
22 this chapter to directly or indirectly acquire, construct, operate, or
23 maintain a facility used by a professional sports franchise.

24 **Sec. 14.** RCW 67.28.200 and 1993 c 389 s 2 are each amended to read
25 as follows:

26 The legislative body of any ~~((county or city))~~ municipality may
27 establish reasonable exemptions ~~((and may adopt such reasonable rules~~
28 ~~and regulations as may be necessary for the levy and collection of~~
29 ~~the))~~ for taxes authorized under this chapter. The department of
30 revenue shall perform the collection of such taxes on behalf of such
31 ~~((county or city))~~ municipality at no cost to such ~~((county or city))~~
32 municipality.

33 **Sec. 15.** RCW 67.40.100 and 1990 c 242 s 1 are each amended to read
34 as follows:

35 ~~((1))~~ Except as provided in chapters 67.28 and 82.14 RCW and
36 ~~((subsection (2) of this))~~ section 3 of this act, after January 1,

1 1983, no city, town, or county in which the tax under RCW 67.40.090 is
2 imposed may impose a license fee or tax on the act or privilege of
3 engaging in business to furnish lodging by a hotel, rooming house,
4 tourist court, motel, trailer camp, or similar facilities in excess of
5 the rate imposed upon other persons engaged in the business of making
6 sales at retail as that term is defined in chapter 82.04 RCW.

7 ~~((2) A city incorporated before January 1, 1982, with a population
8 over sixty thousand located in a county with a population over one
9 million, other than the city of Seattle, may impose a special excise
10 tax under the following conditions:~~

11 ~~(a) The proceeds of the tax must be used for the acquisition,
12 design, construction, and marketing of convention and trade facilities
13 and may be used for and pledged to the payment of bonds, leases, or
14 other obligations issued or incurred for such purposes. The proceeds
15 of the tax may be used for maintenance and operation only as part of a
16 budget which includes the use of the tax for debt service and
17 marketing.~~

18 ~~(b) The legislative body of the city, before imposing the tax, must
19 authorize a complete study and investigation of the desirability and
20 economic feasibility of the proposed convention and trade facilities.~~

21 ~~(c) The rate of the tax shall not exceed three percent.~~

22 ~~(d) The tax shall be imposed on the sale of or charge made for the
23 furnishing of lodging by a hotel, rooming house, tourist court, motel,
24 or trailer camp, and the granting of any similar license to use real
25 property, as distinguished from the renting or leasing of real
26 property, except that no such tax may be levied on any premises having
27 fewer than sixty lodging units.))~~

28 **Sec. 16.** RCW 35.43.040 and 1989 c 277 s 1 are each amended to read
29 as follows:

30 Whenever the public interest or convenience may require, the
31 legislative authority of any city or town may order the whole or any
32 part of any local improvement including but not restricted to those, or
33 any combination thereof, listed below to be constructed, reconstructed,
34 repaired, or renewed and landscaping including but not restricted to
35 the planting, setting out, cultivating, maintaining, and renewing of
36 shade or ornamental trees and shrubbery thereon; may order any and all
37 work to be done necessary for completion thereof; and may levy and

1 collect special assessments on property specially benefited thereby to
2 pay the whole or any part of the expense thereof, viz:

3 (1) Alleys, avenues, boulevards, lanes, park drives, parkways,
4 parking facilities, public places, public squares, public streets,
5 their grading, regrading, planking, replanking, paving, repaving,
6 macadamizing, remacadamizing, graveling, regraveling, piling, repiling,
7 capping, recapping, or other improvement; if the management and control
8 of park drives, parkways, and boulevards is vested in a board of park
9 commissioners, the plans and specifications for their improvement must
10 be approved by the board of park commissioners before their adoption;

11 (2) Auxiliary water systems;

12 (3) Auditoriums, field houses, gymnasiums, swimming pools, or other
13 recreational, playground, museum, cultural, or arts facilities or
14 structures;

15 (4) Bridges, culverts, and trestles and approaches thereto;

16 (5) Bulkheads and retaining walls;

17 (6) Dikes and embankments;

18 (7) Drains, sewers, and sewer appurtenances which as to trunk
19 sewers shall include as nearly as possible all the territory which can
20 be drained through the trunk sewer and subsewers connected thereto;

21 (8) Escalators or moving sidewalks together with the expense of
22 operation and maintenance;

23 (9) Parks and playgrounds;

24 (10) Sidewalks, curbing, and crosswalks;

25 (11) Street lighting systems together with the expense of
26 furnishing electrical energy, maintenance, and operation;

27 (12) Underground utilities transmission lines;

28 (13) Water mains, hydrants, and appurtenances which as to trunk
29 water mains shall include as nearly as possible all the territory in
30 the zone or district to which water may be distributed from the trunk
31 water mains through lateral service and distribution mains and
32 services;

33 (14) Fences, culverts, syphons, or coverings or any other feasible
34 safeguards along, in place of, or over open canals or ditches to
35 protect the public from the hazards thereof;

36 (15) Roadbeds, trackage, signalization, storage facilities for
37 rolling stock, overhead and underground wiring, and any other
38 stationary equipment reasonably necessary for the operation of an
39 electrified public streetcar line;

1 (16) Systems of surface, underground, or overhead railways,
2 tramways, buses, or any other means of local transportation except
3 taxis, and including passenger, terminal, station parking, and related
4 facilities and properties, and such other facilities as may be
5 necessary for passenger and vehicular access to and from such terminal,
6 station, parking, and related facilities and properties, together with
7 all lands, rights of way, property, equipment, and accessories
8 necessary for such systems and facilities;

9 (17) Convention center facilities or structures in cities
10 (~~imposing a special excise tax pursuant to RCW 67.40.100(2)~~)
11 incorporated before January 1, 1982, with a population over sixty
12 thousand located in a county with a population over one million, other
13 than the city of Seattle. Assessments for purposes of convention
14 center facilities or structures may be levied only to the extent
15 necessary to cover a funding shortfall that occurs when funds received
16 from special excise taxes imposed pursuant to chapter 67.28 RCW
17 (~~67.28.180 and 67.40.100(2)~~) are insufficient to fund the annual debt
18 service for such facilities or structures, and may not be levied on
19 property exclusively maintained as single-family or multifamily
20 permanent residences whether they are rented, leased, or owner
21 occupied; and

22 (18) Programs of aquatic plant control, lake or river restoration,
23 or water quality enhancement. Such programs shall identify all the
24 area of any lake or river which will be improved and shall include the
25 adjacent waterfront property specially benefited by such programs of
26 improvements. Assessments may be levied only on waterfront property
27 including any waterfront property owned by the department of natural
28 resources or any other state agency. Notice of an assessment on a
29 private leasehold in public property shall comply with provisions of
30 chapter 79.44 RCW. Programs under this subsection shall extend for a
31 term of not more than five years.

32 **Sec. 17.** RCW 59.18.440 and 1995 c 399 s 151 are each amended to
33 read as follows:

34 (1) Any city, town, county, or municipal corporation that is
35 required to develop a comprehensive plan under RCW 36.70A.040(1) is
36 authorized to require, after reasonable notice to the public and a
37 public hearing, property owners to provide their portion of reasonable
38 relocation assistance to low-income tenants upon the demolition,

1 substantial rehabilitation whether due to code enforcement or any other
2 reason, or change of use of residential property, or upon the removal
3 of use restrictions in an assisted-housing development. No city, town,
4 county, or municipal corporation may require property owners to provide
5 relocation assistance to low-income tenants, as defined in this
6 chapter, upon the demolition, substantial rehabilitation, upon the
7 change of use of residential property, or upon the removal of use
8 restrictions in an assisted-housing development, except as expressly
9 authorized herein or when authorized or required by state or federal
10 law. As used in this section, "assisted housing development" means a
11 multifamily rental housing development that either receives government
12 assistance and is defined as federally assisted housing in RCW
13 59.28.020, or that receives other federal, state, or local government
14 assistance and is subject to use restrictions.

15 (2) As used in this section, "low-income tenants" means tenants
16 whose combined total income per dwelling unit is at or below fifty
17 percent of the median income, adjusted for family size, in the county
18 where the tenants reside.

19 The department of community, trade, and economic development shall
20 adopt rules defining county median income in accordance with the
21 definitions promulgated by the federal department of housing and urban
22 development.

23 (3) A requirement that property owners provide relocation
24 assistance shall include the amounts of such assistance to be provided
25 to low-income tenants. In determining such amounts, the jurisdiction
26 imposing the requirement shall evaluate, and receive public testimony
27 on, what relocation expenses displaced tenants would reasonably incur
28 in that jurisdiction including:

29 (a) Actual physical moving costs and expenses;

30 (b) Advance payments required for moving into a new residence such
31 as the cost of first and last month's rent and security and damage
32 deposits;

33 (c) Utility connection fees and deposits; and

34 (d) Anticipated additional rent and utility costs in the residence
35 for one year after relocation.

36 (4)(a) Relocation assistance provided to low-income tenants under
37 this section shall not exceed two thousand dollars for each dwelling
38 unit displaced by actions of the property owner under subsection (1) of
39 this section. A city, town, county, or municipal corporation may make

1 future annual adjustments to the maximum amount of relocation
2 assistance required under this subsection in order to reflect any
3 changes in the housing component of the consumer price index as
4 published by the United States department of labor, bureau of labor
5 statistics.

6 (b) The property owner's portion of any relocation assistance
7 provided to low-income tenants under this section shall not exceed one-
8 half of the required relocation assistance under (a) of this subsection
9 in cash or services.

10 (c) The portion of relocation assistance not covered by the
11 property owner under (b) of this subsection shall be paid by the city,
12 town, county, or municipal corporation authorized to require relocation
13 assistance under subsection (1) of this section. The relocation
14 assistance may be paid from proceeds collected from the excise tax
15 imposed under RCW 82.46.010.

16 (5) A city, town, county, or municipal corporation requiring the
17 provision of relocation assistance under this section shall adopt
18 policies, procedures, or regulations to implement such requirement.
19 Such policies, procedures, or regulations shall include provisions for
20 administrative hearings to resolve disputes between tenants and
21 property owners relating to relocation assistance or unlawful detainer
22 actions during relocation, and shall require a decision within thirty
23 days of a request for a hearing by either a tenant or property owner.

24 Judicial review of an administrative hearing decision relating to
25 relocation assistance may be had by filing a petition, within ten days
26 of the decision, in the superior court in the county where the
27 residential property is located. Judicial review shall be confined to
28 the record of the administrative hearing and the court may reverse the
29 decision only if the administrative findings, inferences, conclusions,
30 or decision is:

31 (a) In violation of constitutional provisions;

32 (b) In excess of the authority or jurisdiction of the
33 administrative hearing officer;

34 (c) Made upon unlawful procedure or otherwise is contrary to law;
35 or

36 (d) Arbitrary and capricious.

37 (6) Any city, town, county, or municipal corporation may require
38 relocation assistance, under the terms of this section, for otherwise
39 eligible tenants whose living arrangements are exempted from the

1 provisions of this chapter under RCW 59.18.040(3) and if the living
2 arrangement is considered to be a rental or lease (~~pursuant to RCW~~
3 ~~67.28.180(1)~~) not defined as a retail sale under RCW 82.04.050.

4 (7)(a) Persons who move from a dwelling unit prior to the
5 application by the owner of the dwelling unit for any governmental
6 permit necessary for the demolition, substantial rehabilitation, or
7 change of use of residential property or prior to any notification or
8 filing required for condominium conversion shall not be entitled to the
9 assistance authorized by this section.

10 (b) Persons who move into a dwelling unit after the application for
11 any necessary governmental permit or after any required condominium
12 conversion notification or filing shall not be entitled to the
13 assistance authorized by this section if such persons receive written
14 notice from the property owner prior to taking possession of the
15 dwelling unit that specifically describes the activity or condition
16 that may result in their temporary or permanent displacement and
17 advises them of their ineligibility for relocation assistance.

18 **Sec. 18.** RCW 67.38.140 and 1982 1st ex.s. c 22 s 14 are each
19 amended to read as follows:

20 The county or counties and each component city included in the
21 district collecting or planning to collect the hotel/motel tax
22 (~~pursuant to~~) under chapter 67.28 RCW ((67.28.180)) may contribute
23 such revenue (~~towards the expense for maintaining and operating the~~
24 ~~cultural arts, stadium and convention system~~) in such manner as shall
25 be agreed upon between them, consistent with this chapter and chapter
26 67.28 RCW.

27 **Sec. 19.** RCW 67.40.110 and 1987 1st ex.s. c 8 s 8 are each amended
28 to read as follows:

29 No city imposing the tax authorized under chapter 67.28 RCW
30 ((67.40.100(2))) may use the tax proceeds directly or indirectly to
31 acquire, construct, operate, or maintain facilities or land intended to
32 be used by a professional sports franchise if the county within which
33 the city is located uses the proceeds of its tax imposed under chapter
34 67.28 RCW ((67.28.180)) to directly or indirectly acquire, construct,
35 operate, or maintain a facility used by a professional sports
36 franchise.

1 **Sec. 20.** RCW 67.40.120 and 1991 c 336 s 2 are each amended to read
2 as follows:

3 The state convention and trade center corporation may contract with
4 the Seattle-King county convention and visitors bureau for marketing
5 the convention and trade center facility and services. Any contract
6 with the Seattle-King county convention and visitors bureau shall
7 include, but is not limited to, the following condition: Each dollar
8 in convention and trade center operations account funds provided to the
9 Seattle-King county convention and visitors bureau shall be matched by
10 at least one dollar and ten cents in nonstate funds. "Nonstate funds"
11 does not include funds received under chapter 67.28 RCW (~~67.28.180~~)).

12 **Sec. 21.** RCW 82.02.020 and 1996 c 230 s 1612 are each amended to
13 read as follows:

14 Except only as expressly provided in (~~RCW 67.28.180 and 67.28.190~~
15 ~~and the provisions of~~)) chapters 67.28 and 82.14 RCW, the state
16 preempts the field of imposing taxes upon retail sales of tangible
17 personal property, the use of tangible personal property, parimutuel
18 wagering authorized pursuant to RCW 67.16.060, conveyances, and
19 cigarettes, and no county, town, or other municipal subdivision shall
20 have the right to impose taxes of that nature. Except as provided in
21 RCW 82.02.050 through 82.02.090, no county, city, town, or other
22 municipal corporation shall impose any tax, fee, or charge, either
23 direct or indirect, on the construction or reconstruction of
24 residential buildings, commercial buildings, industrial buildings, or
25 on any other building or building space or appurtenance thereto, or on
26 the development, subdivision, classification, or reclassification of
27 land. However, this section does not preclude dedications of land or
28 easements within the proposed development or plat which the county,
29 city, town, or other municipal corporation can demonstrate are
30 reasonably necessary as a direct result of the proposed development or
31 plat to which the dedication of land or easement is to apply.

32 This section does not prohibit voluntary agreements with counties,
33 cities, towns, or other municipal corporations that allow a payment in
34 lieu of a dedication of land or to mitigate a direct impact that has
35 been identified as a consequence of a proposed development,
36 subdivision, or plat. A local government shall not use such voluntary
37 agreements for local off-site transportation improvements within the
38 geographic boundaries of the area or areas covered by an adopted

1 transportation program authorized by chapter 39.92 RCW. Any such
2 voluntary agreement is subject to the following provisions:

3 (1) The payment shall be held in a reserve account and may only be
4 expended to fund a capital improvement agreed upon by the parties to
5 mitigate the identified, direct impact;

6 (2) The payment shall be expended in all cases within five years of
7 collection; and

8 (3) Any payment not so expended shall be refunded with interest at
9 the rate applied to judgments to the property owners of record at the
10 time of the refund; however, if the payment is not expended within five
11 years due to delay attributable to the developer, the payment shall be
12 refunded without interest.

13 No county, city, town, or other municipal corporation shall require
14 any payment as part of such a voluntary agreement which the county,
15 city, town, or other municipal corporation cannot establish is
16 reasonably necessary as a direct result of the proposed development or
17 plat.

18 Nothing in this section prohibits cities, towns, counties, or other
19 municipal corporations from collecting reasonable fees from an
20 applicant for a permit or other governmental approval to cover the cost
21 to the city, town, county, or other municipal corporation of processing
22 applications, inspecting and reviewing plans, or preparing detailed
23 statements required by chapter 43.21C RCW.

24 This section does not limit the existing authority of any county,
25 city, town, or other municipal corporation to impose special
26 assessments on property specifically benefitted thereby in the manner
27 prescribed by law.

28 Nothing in this section prohibits counties, cities, or towns from
29 imposing or permits counties, cities, or towns to impose water, sewer,
30 natural gas, drainage utility, and drainage system charges: PROVIDED,
31 That no such charge shall exceed the proportionate share of such
32 utility or system's capital costs which the county, city, or town can
33 demonstrate are attributable to the property being charged: PROVIDED
34 FURTHER, That these provisions shall not be interpreted to expand or
35 contract any existing authority of counties, cities, or towns to impose
36 such charges.

37 Nothing in this section prohibits a transportation benefit district
38 from imposing fees or charges authorized in RCW 36.73.120 nor prohibits

1 the legislative authority of a county, city, or town from approving the
2 imposition of such fees within a transportation benefit district.

3 Nothing in this section prohibits counties, cities, or towns from
4 imposing transportation impact fees authorized pursuant to chapter
5 39.92 RCW.

6 Nothing in this section prohibits counties, cities, or towns from
7 requiring property owners to provide relocation assistance to tenants
8 under RCW 59.18.440 and 59.18.450.

9 This section does not apply to special purpose districts formed and
10 acting pursuant to Titles 54, 57, or 87 RCW, nor is the authority
11 conferred by these titles affected.

12 NEW SECTION. **Sec. 22.** The following acts or parts of acts are
13 each repealed:

- 14 (1) RCW 67.28.090 and 1991 c 363 s 138 & 1967 c 236 s 2;
- 15 (2) RCW 67.28.100 and 1967 c 236 s 3;
- 16 (3) RCW 67.28.110 and 1967 c 236 s 4;
- 17 (4) RCW 67.28.182 and 1995 c 386 s 9 & 1987 c 483 s 2;
- 18 (5) RCW 67.28.185 and 1975 1st ex.s. c 225 s 2;
- 19 (6) RCW 67.28.190 and 1967 c 236 s 12;
- 20 (7) RCW 67.28.210 and 1996 c 159 s 4, 1995 c 290 s 1, & 1994 c 290
21 s 1;
- 22 (8) RCW 67.28.240 and 1995 c 386 s 10, 1993 sp.s. c 16 s 3, 1991 c
23 363 s 140, & 1988 ex.s. c 1 s 21;
- 24 (9) RCW 67.28.260 and 1991 c 331 s 1;
- 25 (10) RCW 67.28.270 and 1995 c 290 s 2 & 1991 c 357 s 4;
- 26 (11) RCW 67.28.280 and 1993 c 389 s 1;
- 27 (12) RCW 67.28.290 and 1993 sp.s. c 16 s 1;
- 28 (13) RCW 67.28.300 and 1994 c 65 s 1;
- 29 (14) RCW 67.28.310 and 1995 c 340 s 1;
- 30 (15) RCW 67.28.320 and 1996 c 159 s 1;
- 31 (16) RCW 67.28.360 and 1996 c 159 s 2; and
- 32 (17) RCW 67.28.370 and 1996 c 159 s 3.

33 NEW SECTION. **Sec. 23.** This act does not affect any existing right
34 acquired or liability or obligation incurred under the sections amended
35 or repealed in this act or under any rule or order adopted under those
36 sections, nor does it affect any proceeding instituted under those
37 sections. As provided in RCW 1.12.020, the sections amended or

1 repealed in this act are continued by section 3 of this act for
2 purposes such as redemption payments on bonds issued in reliance on
3 taxes imposed under those sections. Any moneys held in a fund created
4 under a section repealed in this act shall be deposited in a fund
5 created under section 4 of this act.

6 NEW SECTION. **Sec. 24.** If any provision of this act or its
7 application to any person or circumstance is held invalid, the
8 remainder of the act or the application of the provision to other
9 persons or circumstances is not affected.

10 NEW SECTION. **Sec. 25.** This act takes effect January 1, 1998.

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