

ESSB 6026 - H COMM AMD
By Committee on Finance

ADOPTED 04/27/2003

1 Strike everything after the enacting clause and insert the
2 following:

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

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

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

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

14 (4) "Tourism promotion" means activities and expenditures designed
15 to increase tourism and convention business, including but not limited
16 to advertising, publicizing, or otherwise distributing information for
17 the purpose of attracting and welcoming tourists, and operating tourism
18 destination marketing organizations.

19 NEW SECTION. **Sec. 2.** For the purpose of establishing a tourism
20 promotion area, an initiation petition must be presented to the
21 legislative authority having jurisdiction of the area in which the
22 proposed tourism promotion area is to be located. The initiation
23 petition must include the following:

24 (1) A description of the boundaries of the proposed area;

25 (2) The proposed uses and projects to which the proposed revenue
26 from the charge shall be put and the total estimated costs;

27 (3) The estimated rate for the charge with a proposed breakdown by
28 class of lodging business if such classification is to be used; and

1 (4) The signatures of the persons who operate lodging businesses in
2 the proposed area who would pay sixty percent or more of the proposed
3 charges.

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

8 (1) The time and place of a hearing to be held by the legislative
9 authority to consider the establishment of an area;

10 (2) A description of boundaries in the proposed area;

11 (3) The proposed area uses and projects to which the proposed
12 revenues from the charge shall be dedicated and the total estimated
13 cost of projects; and

14 (4) The estimated rate or rates of the charge with a proposed
15 breakdown of classifications as described in section 5 of this act.

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

19 (a) Any portion of an incorporated city or town, if the legislative
20 authority is that of the county; and

21 (b) Any portion of the county outside of an incorporated city or
22 town, if the legislative authority is that of the city or town.

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

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

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

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

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

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

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

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

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

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

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

20 NEW SECTION. **Sec. 8.** Only after an initiation petition has been
21 presented to the legislative authority under section 2 of this act and
22 only after the legislative authority has conducted a hearing under
23 section 3 of this act, may the legislative authority adopt an ordinance
24 to establish an area. If the legislative authority adopts an ordinance
25 to establish an area, the ordinance shall contain the following
26 information:

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

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

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

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

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

1 (6) The uses to which the charge revenue shall be put. Uses shall
2 conform to the uses declared in the initiation petition under section
3 2 of this act.

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

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

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

16 NEW SECTION. **Sec. 10.** The local tourism promotion account is
17 created in the custody of the state treasurer. All receipts from the
18 charges for tourism promotion must be deposited into this account.
19 Expenditures from the account may only be used for tourism promotion.
20 The state treasurer shall distribute the money in the account on a
21 monthly basis to the legislative authority on whose behalf the money
22 was collected.

23 NEW SECTION. **Sec. 11.** The charges imposed under this chapter are
24 in addition to the special assessments that may be levied under chapter
25 35.87A RCW.

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

28 NEW SECTION. **Sec. 13.** (1) The legislative authority imposing the
29 charge shall have sole discretion as to how the revenue derived from
30 the charge is to be used to promote tourism. However, the legislative
31 authority may appoint existing advisory boards or commissions to make

1 recommendations as to its use, or the legislative authority may create
2 a new advisory board or commission for the purpose.

3 (2) The legislative authority may contract with tourism destination
4 marketing organizations or other similar organizations to administer
5 the operation of the area, so long as the administration complies with
6 all applicable provisions of law, including this chapter, and with all
7 county, city, or town resolutions and ordinances, and with all
8 regulations lawfully imposed by the state auditor or other state
9 agencies.

10 NEW SECTION. **Sec. 14.** The legislative authority may disestablish
11 an area by ordinance after a hearing before the legislative authority.
12 The legislative authority shall adopt a resolution of intention to
13 disestablish the area at least fifteen days prior to the hearing
14 required by this section. The resolution shall give the time and place
15 of the hearing.

16 **Sec. 15.** RCW 43.79A.040 and 2002 c 322 s 5, 2002 c 204 s 7, and
17 2002 c 61 s 6 are each reenacted and amended to read as follows:

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

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

25 (3) The investment income account may be utilized for the payment
26 of purchased banking services on behalf of treasurer's trust funds
27 including, but not limited to, depository, safekeeping, and
28 disbursement functions for the state treasurer or affected state
29 agencies. The investment income account is subject in all respects to
30 chapter 43.88 RCW, but no appropriation is required for payments to
31 financial institutions. Payments shall occur prior to distribution of
32 earnings set forth in subsection (4) of this section.

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

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

20 (c) The following accounts and funds shall receive eighty percent
21 of their proportionate share of earnings based upon each account's or
22 fund's average daily balance for the period: The advanced right of way
23 revolving fund, the advanced environmental mitigation revolving
24 account, the city and county advance right-of-way revolving fund, the
25 federal narcotics asset forfeitures account, the high occupancy vehicle
26 account, the local rail service assistance account, and the
27 miscellaneous transportation programs account.

28 (5) In conformance with Article II, section 37 of the state
29 Constitution, no trust accounts or funds shall be allocated earnings
30 without the specific affirmative directive of this section.

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

33 Correct the title.

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