
SENATE BILL 6005

State of Washington 61st Legislature 2009 Regular Session

By Senators Ranker, Haugen, Kilmer, Marr, Pridemore, and Shin

Read first time 02/12/09. Referred to Committee on Transportation.

1 AN ACT Relating to the acquisition of state ferry vessels through
2 the use of certain tourism industry tax revenues; amending RCW
3 67.28.180; adding a new section to chapter 47.60 RCW; and creating a
4 new section.

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

6 NEW SECTION. **Sec. 1.** The legislature finds and declares that not
7 only is the Washington state ferry system a part of the state highway
8 system, it is one of Washington's major tourist attractions, and
9 therefore of great economic significance to the state, bringing in over
10 five billion dollars in tourism revenue in 2007 in the Puget Sound
11 region alone. The legislature further finds and declares that
12 maintaining and preserving Washington state ferry vessels is vital to
13 sustaining this economic resource. Therefore, it is the intent of the
14 legislature that a portion of the tax revenues that are generated by
15 the tourism industry be used for the acquisition of Washington state
16 ferry system auto ferry vessels.

17 NEW SECTION. **Sec. 2.** A new section is added to chapter 47.60 RCW
18 to read as follows:

1 The department shall purchase ferry vessels to be used in a county
2 with a population of one million or more using the revenues generated
3 in RCW 67.28.180(3)(d) to pay the principal and interest on any bonds
4 used to purchase the vessels. The purchased vessels must be included
5 in the most recent Washington state ferry long-range plan approved by
6 the legislature.

7 **Sec. 3.** RCW 67.28.180 and 2007 c 189 s 1 are each amended to read
8 as follows:

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

14 (2) Any levy authorized by this section shall be subject to the
15 following:

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

21 (b) In the event that any county has levied the tax authorized by
22 this section and has, prior to June 26, 1975, either pledged the tax
23 revenues for payment of principal and interest on city revenue or
24 general obligation bonds authorized and issued pursuant to RCW
25 67.28.150 through 67.28.160 or has authorized and issued revenue or
26 general obligation bonds pursuant to the provisions of RCW 67.28.150
27 through 67.28.160, such county shall be exempt from the provisions of
28 (a) of this subsection, to the extent that the tax revenues are pledged
29 for payment of principal and interest on bonds issued at any time
30 pursuant to the provisions of RCW 67.28.150 through 67.28.160:
31 PROVIDED, That so much of such pledged tax revenues, together with any
32 investment earnings thereon, not immediately necessary for actual
33 payment of principal and interest on such bonds may be used: (i) In
34 any county with a population of one million or more, for repayment
35 either of limited tax levy general obligation bonds or of any county
36 fund or account from which a loan was made, the proceeds from the bonds
37 or loan being used to pay for constructing, installing, improving, and

1 equipping stadium capital improvement projects, and to pay for any
2 engineering, planning, financial, legal and professional services
3 incident to the development of such stadium capital improvement
4 projects, regardless of the date the debt for such capital improvement
5 projects was or may be incurred; (ii) in any county with a population
6 of one million or more, for repayment or refinancing of bonded
7 indebtedness incurred prior to January 1, 1997, for any purpose
8 authorized by this section or relating to stadium repairs or
9 rehabilitation, including but not limited to the cost of settling legal
10 claims, reimbursing operating funds, interest payments on short-term
11 loans, and any other purpose for which such debt has been incurred if
12 the county has created a public stadium authority to develop a stadium
13 and exhibition center under RCW 36.102.030; or (iii) in other counties,
14 for county-owned facilities for agricultural promotion until January 1,
15 2009, and thereafter for any purpose authorized in this chapter.

16 A county is exempt under this subsection with respect to city
17 revenue or general obligation bonds issued after April 1, 1991, only if
18 such bonds mature before January 1, 2013. If any county located east
19 of the crest of the Cascade mountains has levied the tax authorized by
20 this section and has, prior to June 26, 1975, pledged the tax revenue
21 for payment of principal and interest on city revenue or general
22 obligation bonds, the county is exempt under this subsection with
23 respect to revenue or general obligation bonds issued after January 1,
24 2007, only if the bonds mature before January 1, 2021. Such a county
25 may only use funds under this subsection (2)(b) for constructing or
26 improving facilities authorized under this chapter, including county-
27 owned facilities for agricultural promotion, and must perform an annual
28 financial audit of organizations receiving funding on the use of the
29 funds.

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

1 (c)(i) No city within a county exempt under subsection (2)(b) of
2 this section may levy the tax authorized by this section so long as
3 said county is so exempt.

4 (ii) If bonds have been issued under RCW 43.99N.020 and any
5 necessary property transfers have been made under RCW 36.102.100, no
6 city within a county with a population of one million or more may levy
7 the tax authorized by this section before January 1, 2021.

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

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

23 (a) Taxes collected under this section in any calendar year before
24 2013 in excess of five million three hundred thousand dollars shall
25 only be used as follows:

26 (i) Seventy-five percent from January 1, 1992, through December 31,
27 2000, and seventy percent from January 1, 2001, through December 31,
28 2012, for art museums, cultural museums, heritage museums, the arts,
29 and the performing arts. Moneys spent under this subsection (3)(a)(i)
30 shall be used for the purposes of this subsection (3)(a)(i) in all
31 parts of the county.

32 (ii) Twenty-five percent from January 1, 1992, through December 31,
33 2000, and thirty percent from January 1, 2001, through December 31,
34 2012, for the following purposes and in a manner reflecting the
35 following order of priority: Stadium purposes as authorized under
36 subsection (2)(b) of this section; acquisition of open space lands;
37 youth sports activities; and tourism promotion. If all or part of the

1 debt on the stadium is refinanced, all revenues under this subsection
2 (3)(a)(ii) shall be used to retire the debt.

3 (b) From January 1, 2013, through December 31, 2015, in a county
4 with a population of one million or more, all revenues under this
5 section shall be used to retire the debt on the stadium, or deposited
6 in the stadium and exhibition center account under RCW 43.99N.060 after
7 the debt on the stadium is retired.

8 (c) From January 1, 2016, through December 31, 2020, in a county
9 with a population of one million or more, all revenues under this
10 section shall be deposited in the stadium and exhibition center account
11 under RCW 43.99N.060.

12 (d) On and after January 1, 2021, if bonds have been issued for one
13 or more ferry vessels as described in section 2 of this act, the
14 revenues under this section in a county with a population of one
15 million or more must be used for, and may be pledged to, the purpose of
16 paying principal and interest payments on those bonds, including
17 funding reserves for this purpose, until the bonds are retired or
18 defeased.

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

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

1 (vi) Evidence that there has been independent financial review of
2 the organization.

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

10 ~~((f))~~ (g) School districts and schools shall not receive revenues
11 distributed pursuant to (a)(i) of this subsection.

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

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

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

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

37 ~~((k))~~ (l) If a substantial part of the operation and management
38 of a public stadium that is financed directly or indirectly by bonds to

1 which the tax is pledged is performed by a nonpublic entity or if a
2 public stadium is sold that is financed directly or indirectly by bonds
3 to which the tax is pledged, any bonds to which the tax is pledged
4 shall be retired. This subsection (3)((~~k~~)) (l) does not apply in
5 respect to a public stadium under chapter 36.102 RCW transferred to,
6 owned by, or constructed by a public facilities district under chapter
7 36.100 RCW or a stadium and exhibition center.

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

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

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