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**SUBSTITUTE SENATE BILL 5251**

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**State of Washington                      65th Legislature                      2017 Regular Session**

**By** Senate Agriculture, Water, Trade & Economic Development  
(originally sponsored by Senators Takko, Warnick, Rolfes, McCoy,  
Zeiger, and Chase)

READ FIRST TIME 02/15/17.

1            AN ACT Relating to tourism marketing; reenacting and amending RCW  
2 43.79A.040; adding a new section to chapter 82.08 RCW; adding a new  
3 chapter to Title 43 RCW; and creating a new section.

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

5            NEW SECTION.    **Sec. 1.**    FINDINGS AND PURPOSE. (1) The legislature  
6 finds that the tourism industry is the fourth largest economic sector  
7 in the state of Washington and provides general economic benefit to  
8 the state. Since 2011 there have been no general funds committed to  
9 statewide tourism marketing and Washington is the only state without  
10 a state-funded tourism office. Before 2011, the amount of funds  
11 appropriated to statewide tourism marketing were not significant and,  
12 in fact, Washington ranked forty-eighth in state tourism funding.  
13 Washington has significant attractions and activities for tourists,  
14 including many natural outdoor assets that draw visitors to  
15 mountains, waterways, parks, and open spaces. There should be a  
16 program to publicize these assets and activities to potential out-of-  
17 state visitors that is implemented in an expeditious manner by  
18 tourism professionals in the private sector.

19            (2) The purpose of this act is to establish the framework and  
20 funding for a statewide tourism marketing program. The program needs  
21 to have a structure that includes significant, stable, long-term

1 funding, and it should be implemented and managed by the tourism  
2 industry. The source of funds should be from major sectors of the  
3 tourism industry with government assistance in collecting these funds  
4 and providing accountability for their expenditure. The dedicated  
5 sales tax authorized for contributions made in this chapter will  
6 bring direct benefits to those making contributions by bringing more  
7 tourists into the state who will patronize the participating  
8 businesses and create economic benefit for the state.

9 NEW SECTION. **Sec. 2.** DEFINITIONS. The definitions in this  
10 section apply throughout this chapter unless the context clearly  
11 requires otherwise.

12 (1) "Authority" means the Washington tourism marketing authority  
13 created in section 3 of this act.

14 (2) "Board" means the Washington tourism marketing authority  
15 board of directors.

16 (3) "Department" means the department of commerce.

17 (4) "Director" means the director of the department of commerce.

18 (5) "Statewide tourism marketing account" means the account  
19 created pursuant to section 5 of this act in the custody of the state  
20 treasurer. This account must be the depository for contributions  
21 collected pursuant to section 9 of this act and any legislative  
22 appropriation, except as otherwise provided in section 6 of this act.

23 NEW SECTION. **Sec. 3.** WASHINGTON TOURISM MARKETING AUTHORITY—  
24 ESTABLISHED. (1) The Washington tourism marketing authority is  
25 established as a public body comprised of both private industry and  
26 public members, constituting an instrumentality of the state of  
27 Washington.

28 (2) The authority is responsible for acting as a business  
29 management organization on behalf of the citizens of the state to  
30 manage financial resources and contract for statewide tourism  
31 marketing services.

32 (3) The department must provide administrative assistance to the  
33 authority.

34 NEW SECTION. **Sec. 4.** BOARD OF DIRECTORS AND ADVISORY COMMITTEE.

35 (1) The authority must be governed by a board of directors. The board  
36 of directors must consist of:

1 (a) One member from each of the two major caucuses of the house  
2 of representatives and one alternate for each member selected to be  
3 appointed by the speaker of the house of representatives and one  
4 member from each of the two major caucuses of the senate and one  
5 alternate for each member to be appointed by the president of the  
6 senate;

7 (b) Nine representatives from the tourism industry and related  
8 businesses including, but not limited to, hotel, restaurant, outdoor  
9 recreation, attractions, retail, and rental car businesses appointed  
10 by the director. The director must take into consideration  
11 contributions of the particular industry or business represented to  
12 tourism activities and marketing experience of the representative  
13 when making board appointments. The director must accept and consider  
14 board membership nominations from the tourism industry and related  
15 businesses.

16 (2) There must be a nonvoting advisory committee to the board.  
17 The advisory committee must consist of:

18 (a) One ex officio member from the department, department of  
19 revenue, state parks and recreation commission, and department of  
20 transportation; and

21 (b) One member from a federally recognized Indian tribe appointed  
22 by the director of the department.

23 (3) Appointments by the director of the department must reflect  
24 diversity in geography, size of businesses, gender, and ethnicity.

25 (4) The initial appointments under subsection (1)(a) and (b) of  
26 this section must be appointed to terms as follows: Four members for  
27 two-year terms, four members for three-year terms, and five members  
28 for four-year terms, which must include the chair. After the initial  
29 appointments, all appointments must be for four years.

30 (5) The board must select from its membership the chair of the  
31 board and such other officers as it deems appropriate. The chair of  
32 the board must be a member from the tourism industry or related  
33 businesses.

34 (6) A majority of the board constitutes a quorum.

35 (7) The board must create its own bylaws in accordance with the  
36 laws of the state of Washington.

37 (8) Any member of the board may be removed for misfeasance,  
38 malfeasance, or willful neglect of duty after notice and a public  
39 hearing, unless the notice and hearing are expressly waived in  
40 writing by the affected member.

1 (9) If a vacancy occurs on the board, a replacement must be  
2 appointed for the unexpired term.

3 (10) The members of the board serve without compensation but are  
4 entitled to reimbursement, solely from the funds of the authority,  
5 for expenses incurred in the discharge of their duties.

6 (11) The board must meet at least quarterly.

7 (12) No board member of the authority may serve on the board of  
8 an organization that could be considered for the contract authorized  
9 by RCW 43.79A.040.

10 NEW SECTION. **Sec. 5.** STATEWIDE TOURISM MARKETING ACCOUNT. (1)

11 The statewide tourism marketing account is created in the custody of  
12 the state treasurer. All receipts from contributions under section 7  
13 of this act and legislative appropriations must be deposited into the  
14 account.

15 (2) Expenditures from the account may be used only for expenses  
16 related to implementation of a statewide tourism marketing program.  
17 Expenditures from the account may only be made when a two to one  
18 nonstate to state match is provided. State dollars must be matched  
19 with nonstate cash contributions, the value of an advertising  
20 equivalency contribution, or through an in-kind contribution. The  
21 board must determine criteria for what qualifies as an in-kind  
22 contribution. The chair of the authority or the chair's designee may  
23 authorize expenditures from the account.

24 (3) In the event of a dispute concerning expenditure  
25 authorization, a majority of the board may authorize expenditures for  
26 the account.

27 (4) The account is subject to the allotment procedures under  
28 chapter 43.88 RCW.

29 (5) State and nonstate funds must be accounted for separately.

30 (6) At the end of the 2017-2019 biennium, all revenues collected  
31 pursuant to section 9 of this act that remain in the statewide  
32 tourism marketing account and are not matched by nonstate funds must  
33 revert to the general fund.

34 NEW SECTION. **Sec. 6.** USE OF FUNDS. (1) The authority must use

35 any funds legally available to it for any purpose specifically  
36 authorized by this chapter including:

37 (a) Entering into a contract for a multiple-year statewide  
38 tourism marketing plan with a statewide nonprofit organization

1 existing on the effective date of this section whose sole purpose is  
2 marketing Washington to tourists. The marketing plan must include,  
3 but is not limited to, focuses on rural tourism-dependent counties,  
4 natural wonders and outdoor recreation opportunities of the state,  
5 attraction of international tourists, identification of local  
6 offerings for tourists, and assistance for tourism areas adversely  
7 impacted by natural disasters. In the event that no such organization  
8 exists on the effective date of this section or the initial  
9 contractor ceases to exist, the authority may determine criteria for  
10 a contractor to carry out a statewide marketing program;

11 (b) Contracting for the evaluation of the impact of the statewide  
12 tourism marketing program; and

13 (c) Paying for administrative expenses of the authority, which  
14 may not exceed two percent of the state portion of funds collected in  
15 any fiscal year.

16 (2) All funds collected by the authority under this chapter,  
17 including interest, dividends, and other profits, are and must remain  
18 under the complete control of the authority and its board of  
19 directors, be fully available to achieve the intent of this chapter,  
20 and be used for the sole purpose of achieving the intent of this  
21 chapter.

22 NEW SECTION. **Sec. 7.** GIFTS OR GRANTS TO THE WASHINGTON TOURISM  
23 MARKETING AUTHORITY. The board may receive gifts, grants, or  
24 endowments from public or private sources that are made from time to  
25 time, in trust or otherwise, for the use and benefit of the purposes  
26 of the authority and spend gift, grants, or endowments or income from  
27 public or private sources according to their terms, unless the  
28 receipt of gifts, grants, or endowments violates RCW 42.17A.560.

29 NEW SECTION. **Sec. 8.** SHORT TITLE. This chapter may be known and  
30 cited as the statewide tourism marketing act.

31 NEW SECTION. **Sec. 9.** A new section is added to chapter 82.08  
32 RCW to read as follows:

33 Beginning July 1, 2017, 0.1 percent of taxes collected pursuant  
34 to RCW 82.08.020(1) on retail sales of lodging, car rentals, and  
35 restaurants must be deposited into the statewide tourism marketing  
36 account created in section 5 of this act, up to five million dollars  
37 per biennium. The revenues collected under this section and deposited

1 into the statewide tourism marketing account are subject to nonstate  
2 matching funds prior to expenditure as provided in section 5 of this  
3 act.

4 **Sec. 10.** RCW 43.79A.040 and 2016 c 203 s 2, 2016 c 173 s 10,  
5 2016 c 69 s 21, and 2016 c 39 s 7 are each reenacted and amended to  
6 read as follows:

7 (1) Money in the treasurer's trust fund may be deposited,  
8 invested, and reinvested by the state treasurer in accordance with  
9 RCW 43.84.080 in the same manner and to the same extent as if the  
10 money were in the state treasury, and may be commingled with moneys  
11 in the state treasury for cash management and cash balance purposes.

12 (2) All income received from investment of the treasurer's trust  
13 fund must be set aside in an account in the treasury trust fund to be  
14 known as the investment income account.

15 (3) The investment income account may be utilized for the payment  
16 of purchased banking services on behalf of treasurer's trust funds  
17 including, but not limited to, depository, safekeeping, and  
18 disbursement functions for the state treasurer or affected state  
19 agencies. The investment income account is subject in all respects to  
20 chapter 43.88 RCW, but no appropriation is required for payments to  
21 financial institutions. Payments must occur prior to distribution of  
22 earnings set forth in subsection (4) of this section.

23 (4)(a) Monthly, the state treasurer must distribute the earnings  
24 credited to the investment income account to the state general fund  
25 except under (b), (c), and (d) of this subsection.

26 (b) The following accounts and funds must receive their  
27 proportionate share of earnings based upon each account's or fund's  
28 average daily balance for the period: The 24/7 sobriety account, the  
29 Washington promise scholarship account, the Washington advanced  
30 college tuition payment program account, the Washington college  
31 savings program account, the accessible communities account, the  
32 Washington achieving a better life experience program account, the  
33 community and technical college innovation account, the agricultural  
34 local fund, the American Indian scholarship endowment fund, the  
35 foster care scholarship endowment fund, the foster care endowed  
36 scholarship trust fund, the contract harvesting revolving account,  
37 the Washington state combined fund drive account, the commemorative  
38 works account, the county enhanced 911 excise tax account, the toll  
39 collection account, the developmental disabilities endowment trust

1 fund, the energy account, the fair fund, the family leave insurance  
2 account, the food animal veterinarian conditional scholarship  
3 account, the fruit and vegetable inspection account, the future  
4 teachers conditional scholarship account, the game farm alternative  
5 account, the GET ready for math and science scholarship account, the  
6 Washington global health technologies and product development  
7 account, the grain inspection revolving fund, the industrial  
8 insurance rainy day fund, the juvenile accountability incentive  
9 account, the law enforcement officers' and firefighters' plan 2  
10 expense fund, the local tourism promotion account, the multiagency  
11 permitting team account, the pilotage account, the produce railcar  
12 pool account, the regional transportation investment district  
13 account, the rural rehabilitation account, the statewide tourism  
14 marketing account, the Washington sexual assault kit account, the  
15 stadium and exhibition center account, the youth athletic facility  
16 account, the self-insurance revolving fund, the children's trust  
17 fund, the Washington horse racing commission Washington bred owners'  
18 bonus fund and breeder awards account, the Washington horse racing  
19 commission class C purse fund account, the individual development  
20 account program account, the Washington horse racing commission  
21 operating account, the life sciences discovery fund, the Washington  
22 state heritage center account, the reduced cigarette ignition  
23 propensity account, the center for childhood deafness and hearing  
24 loss account, the school for the blind account, the Millersylvania  
25 park trust fund, the public employees' and retirees' insurance  
26 reserve fund, and the radiation perpetual maintenance fund.

27 (c) The following accounts and funds must receive eighty percent  
28 of their proportionate share of earnings based upon each account's or  
29 fund's average daily balance for the period: The advanced right-of-  
30 way revolving fund, the advanced environmental mitigation revolving  
31 account, the federal narcotics asset forfeitures account, the high  
32 occupancy vehicle account, the local rail service assistance account,  
33 and the miscellaneous transportation programs account.

34 (d) Any state agency that has independent authority over accounts  
35 or funds not statutorily required to be held in the custody of the  
36 state treasurer that deposits funds into a fund or account in the  
37 custody of the state treasurer pursuant to an agreement with the  
38 office of the state treasurer shall receive its proportionate share  
39 of earnings based upon each account's or fund's average daily balance  
40 for the period.

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

4 NEW SECTION. **Sec. 11.** The joint legislative audit and review  
5 committee must conduct an evaluation of the performance of the  
6 authority created in chapter 43.--- RCW (the new chapter created in  
7 section 12 of this act) and report its findings and recommendations  
8 to the governor and the economic development committees of the senate  
9 and house of representatives by December 1, 2020. The purpose of the  
10 evaluation is to determine the extent to which the authority has  
11 contributed to the growth of the tourism industry and economic  
12 development of the state. An interim report by the authority is due  
13 to the governor and economic development committees of the house of  
14 representatives and senate by December 1, 2018. The report must  
15 provide an update on the authority's progress in implementing a  
16 statewide tourism marketing program.

17 NEW SECTION. **Sec. 12.** Sections 1 through 8 of this act  
18 constitute a new chapter in Title 43 RCW.

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