
THIRD SUBSTITUTE SENATE BILL 5251

State of Washington

65th Legislature

2018 Regular Session

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

READ FIRST TIME 01/19/18.

1 AN ACT Relating to tourism marketing; reenacting and amending RCW
2 43.84.092; 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 minimal general funds committed
9 to statewide tourism marketing and Washington is the only state
10 without a state-funded tourism marketing program. Before 2011, the
11 amount of funds appropriated to statewide tourism marketing was not
12 significant and, in fact, Washington ranked forty-eighth in state
13 tourism funding. Washington has significant attractions and
14 activities for tourists, including many natural outdoor assets that
15 draw visitors to mountains, waterways, parks, and open spaces. There
16 should be a program to publicize these assets and activities to
17 potential out-of-state visitors that is implemented in an expeditious
18 manner by 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.

20 NEW SECTION. **Sec. 3.** WASHINGTON TOURISM MARKETING AUTHORITY—
21 ESTABLISHED. (1) The Washington tourism marketing authority is
22 established as a public body constituting an instrumentality of the
23 state of Washington.

24 (2) The authority is responsible for contracting for statewide
25 tourism marketing services that promote tourism on behalf of the
26 citizens of the state, and for managing the authority's financial
27 resources.

28 (3) The department provides administrative assistance to the
29 authority and serves as the fiscal agent of the authority for moneys
30 appropriated for purposes of the authority.

31 (4) The authority must create a private local account to receive
32 nonstate funds contributed to the authority for purposes of this
33 chapter.

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) Two members and two alternates from the house of
2 representatives, with one member and one alternate appointed from
3 each of the two major caucuses of the house of representatives by the
4 speaker of the house of representatives and the minority leader of
5 the house of representatives;

6 (b) Two members and two alternates from the senate, with one
7 member and one alternate appointed from each of the two major
8 caucuses of the senate by the majority leader and minority leader of
9 the senate; and

10 (c) Nine representatives with expertise in the tourism industry
11 and related businesses including, but not limited to, hotel,
12 restaurant, outdoor recreation, attractions, retail, and rental car
13 businesses appointed by the governor.

14 (2) The initial membership of the authority must be appointed as
15 follows:

16 (a) By May 1, 2018, each of the two largest caucuses in both the
17 house of representatives and the senate must submit to the governor a
18 list of five nominees who are not legislators or employees of the
19 state or its political subdivisions, with no caucus submitting the
20 same nominee;

21 (b) The nominations from the largest caucus in the house of
22 representatives must include at least one representative from the
23 restaurant industry and one representative from the rental car
24 industry;

25 (c) The nominations from the second largest caucus in the house
26 of representatives must include at least one representative from the
27 retail industry;

28 (d) The nominations from the largest caucus in the senate must
29 include at least one representative from the hotel industry and one
30 representative from the attractions industry;

31 (e) The nominations from the second largest caucus in the senate
32 must include at least one representative from the outdoor recreation
33 industry; and

34 (f) The remaining member appointed by the governor must have a
35 demonstrated expertise in the tourism industry.

36 (3) By July 1, 2018, the governor must appoint two members from
37 each list submitted by the caucuses under subsection (2)(a) through
38 (e) of this section and one member under subsection (2)(f) of this
39 section. The appointments made under subsection (2)(a) through (e) of
40 this section must include at least one representative from each of

1 the following industries: Hotel, restaurant, outdoor recreation,
2 attractions, retail, and rental car businesses. Appointments by the
3 governor must reflect diversity in geography, size of business,
4 gender, and ethnicity. No county may have more than two appointments
5 and no city may have more than one appointment.

6 (4) There must be a nonvoting advisory committee to the board.
7 The advisory committee must consist of:

8 (a) One ex officio member from the department, department of
9 revenue, state parks and recreation commission, and department of
10 transportation; and

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

13 (5) The initial appointments under subsections (1) and (2) of
14 this section must be appointed by the governor to terms as follows:
15 Four members for two-year terms; four members for three-year terms;
16 and five members for four-year terms, which must include the chair.
17 After the initial appointments, all appointments must be for four
18 years.

19 (6) The board must select from its membership the chair of the
20 board and such other officers as it deems appropriate. The chair of
21 the board must be a member from the tourism industry or related
22 businesses.

23 (7) A majority of the board constitutes a quorum.

24 (8) The board must create its own bylaws in accordance with the
25 laws of the state of Washington.

26 (9) Any member of the board may be removed for misfeasance,
27 malfeasance, or willful neglect of duty after notice and a public
28 hearing, unless the notice and hearing are expressly waived in
29 writing by the affected member.

30 (10) If a vacancy occurs on the board, a replacement must be
31 appointed for the unexpired term.

32 (11) The members of the board serve without compensation but are
33 entitled to reimbursement, solely from the funds of the authority,
34 for expenses incurred in the discharge of their duties.

35 (12) The board must meet at least quarterly.

36 (13) No board member of the authority may serve on the board of
37 an organization that could be considered for a contract authorized
38 under section 6 of this act.

1 NEW SECTION. **Sec. 5.** STATEWIDE TOURISM MARKETING ACCOUNT. The
2 statewide tourism marketing account is created in the state treasury.
3 All receipts from tax revenues under section 9 of this act must be
4 deposited into the account. Moneys in the account may be spent only
5 after appropriation. Expenditures from the account may be used only
6 for expenditures of the department that are related to implementation
7 of a statewide tourism marketing program and operation of the
8 authority. Expenditures from the account may be made as a two-to-one
9 nonstate-to-state match is provided. A nonstate match may consist of
10 nonstate cash contributions deposited in the private local account
11 created under section 3(4) of this act, the value of an advertising
12 equivalency contribution, or an in-kind contribution. The board must
13 determine criteria for what qualifies as an in-kind contribution.

14 NEW SECTION. **Sec. 6.** USE OF FUNDS. (1) From amounts
15 appropriated to the department for the authority and from other
16 moneys available to it, the authority may incur expenditures for any
17 purpose specifically authorized by this chapter including:

18 (a) Entering into a contract for a multiple-year statewide
19 tourism marketing plan with a statewide nonprofit organization
20 existing on the effective date of this section whose sole purpose is
21 marketing Washington to tourists. The marketing plan must include,
22 but is not limited to, focuses on rural tourism-dependent counties,
23 natural wonders and outdoor recreation opportunities of the state,
24 attraction of international tourists, identification of local
25 offerings for tourists, and assistance for tourism areas adversely
26 impacted by natural disasters. In the event that no such organization
27 exists on the effective date of this section or the initial
28 contractor ceases to exist, the authority may determine criteria for
29 a contractor to carry out a statewide marketing program;

30 (b) Contracting for the evaluation of the impact of the statewide
31 tourism marketing program; and

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

35 (2) All nonstate moneys received by the authority under section 7
36 of this act or otherwise provided to the authority for purposes of
37 nonstate matching funding are held in trust for uses authorized
38 solely by this chapter.

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

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

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

12 (1) Beginning July 1, 2018, 0.2 percent of taxes collected
13 pursuant to RCW 82.08.020(1) on retail sales of lodging, car rentals,
14 and restaurants must be deposited into the statewide tourism
15 marketing account created in section 5 of this act. Except as
16 provided otherwise for fiscal year 2019 in subsection (2) of this
17 section, future revenue collections under this section may be up to
18 five million dollars per biennium and must be deposited into the
19 statewide tourism marketing account created in section 5 of this act.
20 The deposit under this subsection to the statewide tourism marketing
21 account may only occur if the legislature authorizes the deposit in
22 the biennial omnibus appropriations act.

23 (2) For fiscal year 2019, up to a maximum of one million five
24 hundred thousand dollars must be deposited in the statewide tourism
25 marketing account created in section 5 of this act. The deposit under
26 this subsection to the statewide tourism marketing account may only
27 occur if the legislature authorizes the deposit in the biennial
28 omnibus appropriations act.

29 **Sec. 10.** RCW 43.84.092 and 2017 3rd sp.s. c 25 s 50, 2017 3rd
30 sp.s. c 12 s 12, and 2017 c 290 s 8 are each reenacted and amended to
31 read as follows:

32 (1) All earnings of investments of surplus balances in the state
33 treasury shall be deposited to the treasury income account, which
34 account is hereby established in the state treasury.

35 (2) The treasury income account shall be utilized to pay or
36 receive funds associated with federal programs as required by the
37 federal cash management improvement act of 1990. The treasury income

1 account is subject in all respects to chapter 43.88 RCW, but no
2 appropriation is required for refunds or allocations of interest
3 earnings required by the cash management improvement act. Refunds of
4 interest to the federal treasury required under the cash management
5 improvement act fall under RCW 43.88.180 and shall not require
6 appropriation. The office of financial management shall determine the
7 amounts due to or from the federal government pursuant to the cash
8 management improvement act. The office of financial management may
9 direct transfers of funds between accounts as deemed necessary to
10 implement the provisions of the cash management improvement act, and
11 this subsection. Refunds or allocations shall occur prior to the
12 distributions of earnings set forth in subsection (4) of this
13 section.

14 (3) Except for the provisions of RCW 43.84.160, the treasury
15 income account may be utilized for the payment of purchased banking
16 services on behalf of treasury funds including, but not limited to,
17 depository, safekeeping, and disbursement functions for the state
18 treasury and affected state agencies. The treasury income account is
19 subject in all respects to chapter 43.88 RCW, but no appropriation is
20 required for payments to financial institutions. Payments shall occur
21 prior to distribution of earnings set forth in subsection (4) of this
22 section.

23 (4) Monthly, the state treasurer shall distribute the earnings
24 credited to the treasury income account. The state treasurer shall
25 credit the general fund with all the earnings credited to the
26 treasury income account except:

27 (a) The following accounts and funds shall receive their
28 proportionate share of earnings based upon each account's and fund's
29 average daily balance for the period: The aeronautics account, the
30 aircraft search and rescue account, the Alaskan Way viaduct
31 replacement project account, the brownfield redevelopment trust fund
32 account, the budget stabilization account, the capital vessel
33 replacement account, the capitol building construction account, the
34 Cedar River channel construction and operation account, the Central
35 Washington University capital projects account, the charitable,
36 educational, penal and reformatory institutions account, the Chehalis
37 basin account, the cleanup settlement account, the Columbia river
38 basin water supply development account, the Columbia river basin
39 taxable bond water supply development account, the Columbia river
40 basin water supply revenue recovery account, the common school

1 construction fund, the community forest trust account, the connecting
2 Washington account, the county arterial preservation account, the
3 county criminal justice assistance account, the deferred compensation
4 administrative account, the deferred compensation principal account,
5 the department of licensing services account, the department of
6 retirement systems expense account, the developmental disabilities
7 community trust account, the diesel idle reduction account, the
8 drinking water assistance account, the drinking water assistance
9 administrative account, the early learning facilities development
10 account, the early learning facilities revolving account, the Eastern
11 Washington University capital projects account, the Interstate 405
12 express toll lanes operations account, the education construction
13 fund, the education legacy trust account, the election account, the
14 electric vehicle charging infrastructure account, the energy freedom
15 account, the energy recovery act account, the essential rail
16 assistance account, The Evergreen State College capital projects
17 account, the federal forest revolving account, the ferry bond
18 retirement fund, the freight mobility investment account, the freight
19 mobility multimodal account, the grade crossing protective fund, the
20 public health services account, the high capacity transportation
21 account, the state higher education construction account, the higher
22 education construction account, the highway bond retirement fund, the
23 highway infrastructure account, the highway safety fund, the high
24 occupancy toll lanes operations account, the hospital safety net
25 assessment fund, the industrial insurance premium refund account, the
26 judges' retirement account, the judicial retirement administrative
27 account, the judicial retirement principal account, the local
28 leasehold excise tax account, the local real estate excise tax
29 account, the local sales and use tax account, the marine resources
30 stewardship trust account, the medical aid account, the mobile home
31 park relocation fund, the money-purchase retirement savings
32 administrative account, the money-purchase retirement savings
33 principal account, the motor vehicle fund, the motorcycle safety
34 education account, the multimodal transportation account, the
35 multiuse roadway safety account, the municipal criminal justice
36 assistance account, the natural resources deposit account, the oyster
37 reserve land account, the pension funding stabilization account, the
38 perpetual surveillance and maintenance account, the pollution
39 liability insurance agency underground storage tank revolving
40 account, the public employees' retirement system plan 1 account, the

1 public employees' retirement system combined plan 2 and plan 3
2 account, the public facilities construction loan revolving account
3 beginning July 1, 2004, the public health supplemental account, the
4 public works assistance account, the Puget Sound capital construction
5 account, the Puget Sound ferry operations account, the Puget Sound
6 taxpayer accountability account, the real estate appraiser commission
7 account, the recreational vehicle account, the regional mobility
8 grant program account, the resource management cost account, the
9 rural arterial trust account, the rural mobility grant program
10 account, the rural Washington loan fund, the sexual assault
11 prevention and response account, the site closure account, the
12 skilled nursing facility safety net trust fund, the small city
13 pavement and sidewalk account, the special category C account, the
14 special wildlife account, the state employees' insurance account, the
15 state employees' insurance reserve account, the state investment
16 board expense account, the state investment board commingled trust
17 fund accounts, the state patrol highway account, the state route
18 number 520 civil penalties account, the state route number 520
19 corridor account, the state wildlife account, the statewide tourism
20 marketing account, the supplemental pension account, the Tacoma
21 Narrows toll bridge account, the teachers' retirement system plan 1
22 account, the teachers' retirement system combined plan 2 and plan 3
23 account, the tobacco prevention and control account, the tobacco
24 settlement account, the toll facility bond retirement account, the
25 transportation 2003 account (nickel account), the transportation
26 equipment fund, the transportation future funding program account,
27 the transportation improvement account, the transportation
28 improvement board bond retirement account, the transportation
29 infrastructure account, the transportation partnership account, the
30 traumatic brain injury account, the tuition recovery trust fund, the
31 University of Washington bond retirement fund, the University of
32 Washington building account, the volunteer firefighters' and reserve
33 officers' relief and pension principal fund, the volunteer
34 firefighters' and reserve officers' administrative fund, the
35 Washington judicial retirement system account, the Washington law
36 enforcement officers' and firefighters' system plan 1 retirement
37 account, the Washington law enforcement officers' and firefighters'
38 system plan 2 retirement account, the Washington public safety
39 employees' plan 2 retirement account, the Washington school
40 employees' retirement system combined plan 2 and 3 account, the

1 Washington state health insurance pool account, the Washington state
2 patrol retirement account, the Washington State University building
3 account, the Washington State University bond retirement fund, the
4 water pollution control revolving administration account, the water
5 pollution control revolving fund, the Western Washington University
6 capital projects account, the Yakima integrated plan implementation
7 account, the Yakima integrated plan implementation revenue recovery
8 account, and the Yakima integrated plan implementation taxable bond
9 account. Earnings derived from investing balances of the agricultural
10 permanent fund, the normal school permanent fund, the permanent
11 common school fund, the scientific permanent fund, the state
12 university permanent fund, and the state reclamation revolving
13 account shall be allocated to their respective beneficiary accounts.

14 (b) Any state agency that has independent authority over accounts
15 or funds not statutorily required to be held in the state treasury
16 that deposits funds into a fund or account in the state treasury
17 pursuant to an agreement with the office of the state treasurer shall
18 receive its proportionate share of earnings based upon each account's
19 or fund's average daily balance for the period.

20 (5) In conformance with Article II, section 37 of the state
21 Constitution, no treasury accounts or funds shall be allocated
22 earnings without the specific affirmative directive of this section.

23 NEW SECTION. **Sec. 11.** The joint legislative audit and review
24 committee must conduct an evaluation of the performance of the
25 authority created in chapter 43.--- RCW (the new chapter created in
26 section 12 of this act) and report its findings and recommendations,
27 in compliance with RCW 43.01.036, to the governor and the economic
28 development committees of the senate and house of representatives by
29 December 1, 2023. The purpose of the evaluation is to determine the
30 extent to which the authority has contributed to the growth of the
31 tourism industry and economic development of the state. An interim
32 report by the authority, submitted in compliance with RCW 43.01.036,
33 is due to the governor and economic development committees of the
34 house of representatives and senate by December 1, 2021. The report
35 must provide an update on the authority's progress in implementing a
36 statewide tourism marketing program.

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

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