

CHAPTER 1

[Engrossed House Bill No. 2057]

STATE CONVENTION AND TRADE CENTER—PUBLIC FACILITIES—
HOTEL/MOTEL TAX

AN ACT Relating to public facilities; amending RCW 67.40.020, 67.40.025, 67.40.030, 67.40.040, 67.40.055, 67.40.090, 67.28.200, 67.28.210, and 67.40.100; amending section 1, chapter 8, Laws of 1987 1st ex. sess. (uncodified); amending section 9, chapter 8, Laws of 1987 1st ex. sess. (uncodified); reenacting and amending RCW 84.52.052; adding a new section to chapter 67.40 RCW; adding new sections to chapter 67.28 RCW; adding a new section to chapter 6, Laws of 1987 1st ex. sess.; adding a new chapter to Title 36 RCW; creating a new section; making appropriations and authorizing bonds; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. Section 2, chapter 34, Laws of 1982 as last amended by section 2, chapter 8, Laws of 1987 1st ex. sess. and RCW 67.40.020 are each amended to read as follows:

(1) The governor is authorized to form a public nonprofit corporation in the same manner as a private nonprofit corporation is formed under chapter 24.03 RCW. The public corporation shall be an instrumentality of the state and have all the powers and be subject to the same restrictions as are permitted or prescribed to private nonprofit corporations, but shall exercise those powers only for carrying out the purposes of this chapter and those purposes necessarily implied therefrom. The governor shall appoint a board of nine directors for the corporation who shall serve terms of six years, except that two of the original directors shall serve for two years and two of the original directors shall serve for four years. After January 1, 1991, at least one position on the board shall be filled by a member representing management in the hotel or motel industry subject to taxation under RCW 67.40.090. The directors may provide for the payment of their expenses. The corporation may cause a state convention and trade center with an overall size of approximately three hundred thousand square feet to be designed and constructed on a site in the city of Seattle. In acquiring, designing, and constructing the state convention and trade center, the corporation shall consider the recommendations and proposals issued on December 11, 1981, by the joint select committee on the state convention and trade center.

(2) The corporation may acquire and transfer real and personal property by lease, sublease, purchase, or sale, and further acquire property by condemnation of privately owned property or rights to and interests in such property pursuant to the procedure in chapter 8.04 RCW. However, acquisitions and transfers of real property, other than by lease, may be made only if the acquisition or transfer is approved by the director of financial management in consultation with the chairpersons of the committees on ways and means of the senate and house of representatives. The

corporation may accept gifts(~~(, accept)~~) or grants, request the financing provided for in RCW 67.40.030, cause the state convention and trade center facilities to be constructed, and do whatever is necessary or appropriate to carry out those purposes. (~~The corporation may enter into lease and sublease contracts for a term exceeding the fiscal period in which such lease and sublease contracts are made. PROVIDED, That such contracts are approved by the director of financial management in consultation with the chairpersons of the ways and means committees of the house of representatives and the senate.~~) Upon approval by the director of financial management in consultation with the chairpersons of the ways and means committees of the house of representatives and the senate, the corporation may enter into lease and sublease contracts for a term exceeding the fiscal period in which these lease and sublease contracts are made. The terms of sale or lease of properties acquired by the corporation on February 9, 1987, pursuant to the property purchase and settlement agreement entered into by the corporation on June 12, 1986, (~~excepting~~) including the McKay parcel which the corporation is contractually obligated to sell under that agreement, shall also be subject to the approval of the director of financial management in consultation with the chairpersons of the ways and means committees of the house of representatives and the senate. No approval by the director of financial management is required for leases of individual retail space, meeting rooms, or convention-related facilities. In order to allow the corporation flexibility to secure appropriate insurance by negotiation, the corporation is exempt from RCW 48.30.270. The corporation shall maintain, operate, promote, and manage the state convention and trade center.

(3) In order to allow the corporation flexibility in its personnel policies, the corporation is exempt from chapter 41.06 RCW, chapter 41.05 RCW, RCW 43.01.040 through 43.01.044, chapter 41.04 RCW and chapter 41.40 RCW.

(4) In order to allow the corporation to receive payment for goods and services consistent with the practice of the convention and trade show industry, the corporation may honor credit cards in payment for food and beverage purchases, rental of space or facilities, electrical services, equipment, and other goods or services offered by the corporation.

Sec. 2. Section 2, chapter 233, Laws of 1985 as amended by section 3, chapter 8, Laws of 1987 1st ex. sess. and RCW 67.40.025 are each amended to read as follows:

All operating revenues received by the corporation formed under RCW 67.40.020 shall be deposited in the state (~~trade and~~) convention and trade center operations account, hereby created in the state treasury. Moneys in the account, including unanticipated revenues under RCW 43.79.270, may be spent only after appropriation by statute, and may be used only for operation and promotion of the center.

Subject to approval by the office of financial management under RCW 43.88.260, the corporation may expend moneys for operational purposes in excess of the balance in the account, to the extent the corporation receives or will receive additional operating revenues.

~~((4))~~ As used in this section, "operating revenues" does not include any moneys required to be deposited in the state convention and trade center account.

Sec. 3. Section 3, chapter 34, Laws of 1982 as last amended by section 12, chapter 3, Laws of 1987 1st ex. sess. and RCW 67.40.030 are each amended to read as follows:

For the purpose of providing funds for the state convention and trade center, the state finance committee is authorized to issue, upon request of the corporation formed under RCW 67.40.020 and in one or more offerings, general obligation bonds of the state of Washington in the sum of one hundred ~~((three))~~ sixty million, seven hundred sixty-five thousand dollars, or so much thereof as may be required, to finance this project and all costs incidental thereto, to capitalize all or a portion of interest during construction, to provide for expansion, renovation, exterior cleanup and repair of the Eagles building, conversion of various retail and other space to meeting rooms, and contingency costs of the center, purchase of the McKay Parcel as defined in the property and purchase agreement entered into by the corporation on June 12, 1986, and to reimburse the general fund for expenditures in support of the project. The state finance committee may make such bond covenants as it deems necessary to carry out the purposes of this section and this chapter. No bonds authorized in this section may be offered for sale without prior legislative appropriation.

Sec. 4. Section 4, chapter 34, Laws of 1982 as last amended by section 4, chapter 8, Laws of 1987 1st ex. sess. and RCW 67.40.040 are each amended to read as follows:

(1) The proceeds from the sale of the bonds authorized in RCW 67.40.030, earnings from the investment of the proceeds, proceeds of the tax imposed under RCW 67.40.090, and all other moneys received by the state convention and trade center from any public or private source which are intended to fund the acquisition, design, construction, expansion, exterior cleanup and repair of the Eagles building, conversion of various retail and other space to meeting rooms, purchase of the land and building known as the McKay Parcel, or renovation of the center, shall be deposited in the state convention and trade center account hereby created in the state treasury and in such subaccounts as are deemed appropriate by the directors of the corporation.

(2) Seventy-five percent of the income from the investment of the corporation's funds deposited in the account, including interest earned thereon,

before and after May 10, 1985, shall be credited against any future borrowings by the state convention and trade center corporation from the general fund for debt service or otherwise at the time such funds are needed after July 1, 1987.

(3) Moneys in the account, including unanticipated revenues under RCW 43.79.270, shall be used exclusively for the following purposes in the following priority:

(a) For reimbursement of the state general fund under RCW 67.40.060;

(b) After appropriation by statute:

(i) For payment of expenses incurred in the issuance and sale of the bonds issued under RCW 67.40.030;

(ii) For acquisition, design, and construction of the state convention and trade center; and

(iii) For reimbursement of any expenditures from the state general fund in support of the state convention and trade center;

~~((iv) To establish a subaccount of up to fifty million dollars for expansion or renovation of the center;~~

~~(v) For early retirement of the bonds issued under RCW 67.40.030;~~
and

~~(vi) To reduce or eliminate the tax imposed under RCW 67.40.090.~~

~~PROVIDED, That no proceeds from the sale of bonds or earnings from the investment of the proceeds shall be used to fund subsection (4) or (8) of this section)) and~~

(c) For transfer to the state convention and trade center operations account.

(4) The corporation shall identify with specificity those facilities of the state convention and trade center that are to be financed with proceeds of general obligation bonds, the interest on which is intended to be excluded from gross income for federal income tax purposes. The corporation shall not permit the extent or manner of private business use of those bond-financed facilities to be inconsistent with treatment of such bonds as governmental bonds under applicable provisions of the Internal Revenue Code of 1986, as amended.

Sec. 5. Section 11, chapter 8, Laws of 1987 1st ex. sess. and RCW 67.40.055 are each amended to read as follows:

The state treasurer shall from time to time transfer from the state general fund, or such other funds as the state treasurer deems appropriate, to the state convention and trade center operations account such amounts as are necessary to fund appropriations from the account, other than, after August 31, 1988, for appropriations for the purpose of marketing the facilities or services of the state convention and trade center. All amounts borrowed under the authority of this section shall be repaid to the appropriate fund, together with interest at a rate determined by the state treasurer to be

equivalent to the return on investments of the state treasury during the period the amounts are borrowed.

Sec. 6. Section 9, chapter 34, Laws of 1982 as amended by section 6, chapter 8, Laws of 1987 1st ex. sess. and RCW 67.40.090 are each amended to read as follows:

(1) Commencing April 1, 1982, there is imposed, and the department of revenue shall collect, in King county a special excise tax on the sale or charge made for the furnishing of lodging by a hotel, rooming house, tourist court, motel, or trailer camp, and the granting of any similar license to use real property, as distinguished from the renting or leasing of real property, except that no such tax may be levied on any premises having fewer than sixty lodging units. It shall be presumed that the occupancy of real property for a continuous period of one month or more constitutes rental or lease of real property and not a mere license to use or enjoy the same. The legislature on behalf of the state pledges to maintain and continue this tax until the bonds authorized by this chapter are fully redeemed, both principal and interest.

~~((+))~~ (2) The rate of the tax imposed under this section shall be ~~(:)~~ as provided in this subsection.

(a) From April 1, 1982, through December 31, 1982, inclusive, the rate shall be three percent in the city of Seattle and two percent in King county outside the city of Seattle~~((, and))~~.

(b) ~~((On and after))~~ From January 1, 1983, through June 30, 1988, inclusive, the rate shall be five percent in the city of Seattle and two percent in King county outside the city of Seattle. ~~((The tax levied under this subsection (b) shall expire on the first day of the next calendar quarter after the director of financial management certifies that (i) the bonds issued pursuant to RCW 67.40.030 have been fully retired and (ii) all borrowings by the convention center for (A) bond retirement, and (B) operating expenses of the convention center incurred through June 30, 1992, have been repaid together with interest at a rate determined by the state treasurer to be equivalent to the return on investments of the state treasury during the period the amounts are borrowed:))~~

~~(2) On and after October 1, 1993, in addition to the tax specified in subsection (1) of this section, there is levied a surtax for the purpose of reimbursing moneys borrowed to pay actual net operating deficits of the convention center incurred after June 30, 1992, as provided in this subsection. On or before October 1, 1993, and on or before October 1 of each succeeding year, the director of financial management shall certify the actual net operating deficit, if any, of the convention center for the prior fiscal year and shall determine the rate of surtax which, if imposed during the succeeding twelve months, will be sufficient to reimburse moneys borrowed for the actual net operating deficit of the convention center in the prior fiscal year plus any surtax deficiencies in prior years less any surtax surpluses in~~

~~prior years. As used in this section, (a) "surtax deficiency" means any excess of (i) the convention center net operating deficit over (ii) receipts from the surtax imposed under this subsection to reimburse such deficit; and (b) "surtax surplus" means any excess of (i) receipts from a surtax imposed to reimburse a convention center net operating deficit over (ii) the convention center operating deficit which the surtax is intended to reimburse. The surtax so determined shall be effective, and shall be imposed and collected, beginning October 1 of each year for the succeeding twelve months: PROVIDED, That the surtax shall not exceed forty percent of the tax in effect under subsection (1) of this section in the city of Seattle and in King county outside the city of Seattle. The director of financial management shall determine the amount of the surtax based upon actual receipts from the tax provided for in RCW 67.40.090 during the last complete fiscal year. The surtax imposed on hotels and motels in King county outside the city of Seattle shall be forty percent of the surtax imposed on hotels and motels in the city of Seattle:~~

~~(3) The surcharge under subsection (2) of this section shall be forty percent of the tax in effect under subsection (1) of this section, effective on the day either of the following events occurs, whichever is earlier:~~

~~(a) A temporary or permanent injunction or order becomes effective which prohibits in whole or in part the collection of surtax at the rates specified in subsection (2) of this section; or~~

~~(b) A decision of a court in this state invalidating in whole or in part subsection (2) of this section:~~

~~The proceeds of the special excise tax shall be deposited in the state convention and trade center account))~~

~~(c) From July 1, 1988, through December 31, 1992, inclusive, the rate shall be six percent in the city of Seattle and two and four-tenths percent in King county outside the city of Seattle.~~

~~(d) From January 1, 1993, until the change date, the rate shall be seven percent in the city of Seattle and two and eight-tenths percent in King county outside the city of Seattle.~~

~~(e) On and after the change date, the rate shall be six percent in the city of Seattle and two and four-tenths percent in King county outside the city of Seattle.~~

~~(f) As used in this section, "change date" means the October 1st next occurring after certification occurs under (g) of this subsection.~~

~~(g) On August 1st of 1993 and of each year thereafter until certification occurs under this subsection, the state treasurer shall determine whether seventy-one and forty-three one-hundredths percent of the revenues actually collected and deposited with the state treasurer for the tax imposed under this section during the twelve months ending June 30th of that year, excluding penalties and interest, exceeds the amount actually paid in debt service during the same period for bonds issued under RCW 67.40.030 by~~

at least two million dollars. If so, the state treasurer shall so certify to the department of revenue.

(3) The proceeds of the special excise tax shall be deposited as provided in this subsection.

(a) Through June 30, 1988, inclusive, all proceeds shall be deposited in the state convention and trade center account.

(b) From July 1, 1988, through December 31, 1992, inclusive, eighty-three and thirty-three one-hundredths percent of the proceeds shall be deposited in the state convention and trade center account. The remainder shall be deposited in the state convention and trade center operations account.

(c) From January 1, 1993, until the change date, eighty-five and seven-one one-hundredths percent of the proceeds shall be deposited in the state convention and trade center account. The remainder shall be deposited in the state convention and trade center operations account.

(d) On and after the change date, eighty-three and thirty-three one-hundredths percent of the proceeds shall be deposited in the state convention and trade center account. The remainder shall be deposited in the state convention and trade center operations account.

(4) Chapter 82.32 RCW applies to the tax imposed under this section.

NEW SECTION. Sec. 7. The legislature intends that the additional revenue generated by the increase in the special excise tax from five to six percent in the city of Seattle and from two percent to two and four-tenths percent in King county outside the city of Seattle be used for marketing the facilities and services of the convention center, for promoting the locale as a convention and visitor destination, and for related activities. Actual use of these funds shall be determined through biennial appropriation by the legislature.

NEW SECTION. Sec. 8. A new section is added to chapter 67.40 RCW to read as follows:

The state convention and trade center corporation may contract with the Seattle-King county convention and visitors bureau for marketing the convention and trade center facility and services. Any contract with the Seattle-King county convention and visitors bureau shall include, but is not limited to, the following condition: Each dollar in convention and trade center operations account funds provided to the Seattle-King county convention and visitors bureau shall be matched by at least one dollar and ten cents in nonstate funds.

Sec. 9. Section 1, chapter 8, Laws of 1987 1st ex. sess. (uncodified) is amended to read as follows:

(1) The director of financial management, in consultation with the chairpersons of the ways and means committees of the senate and house of representatives, may authorize temporary borrowing from the state treasury

for the purpose of covering cash deficiencies in the state convention and trade center account resulting from project completion costs. Subject to the conditions and limitations provided in this section, lines of credit may be authorized at times and in amounts as the director of financial management determines are advisable to meet current and/or anticipated cash deficiencies. Each authorization shall distinctly specify the maximum amount of cash deficiency which may be incurred and the maximum time period during which the cash deficiency may continue. The total amount of borrowing outstanding at any time shall never exceed the lesser of:

(a) \$58,275,000; or

(b) An amount, as determined by the director of financial management from time to time, which is necessary to provide for payment of project completion costs.

(2) Unless the due date under this subsection is extended by statute, all amounts borrowed under the authority of this section shall be repaid to the state treasury by June 30, ~~((1989))~~ 1991, together with interest at a rate determined by the state treasurer to be equivalent to the return on investments of the state treasury during the period the amounts are borrowed. Borrowing may be authorized from any excess balances in the state treasury, except the agricultural permanent fund, the Millersylvania park permanent fund, the state university permanent fund, the normal school permanent fund, the permanent common school fund, and the scientific permanent fund.

(3) As used in this section, "project completion" means:

(a) All remaining development, construction, and administrative costs related to completion of the convention center; and

(b) Costs of the McKay building demolition, Eagles building rehabilitation, and construction of rentable retail space and an operable parking garage.

(4) It is the intent of the legislature that project completion costs be paid ultimately from the following sources:

(a) \$29,250,000 to be received by the corporation under an agreement and settlement with Industrial Indemnity Co.;

(b) \$1,070,000 to be received by the corporation as a contribution from the city of Seattle;

(c) ~~\$20,000,000 ((to be received by the corporation under an anticipated agreement with a private developer))~~ from additional general obligation bonds to be repaid from the special excise tax under RCW 67.40.090;

(d) ~~(((\$7,955,000 to be provided by a private developer for McKay building demolition, Eagles building rehabilitation, and construction of rentable retail space and an operable parking garage; and~~

~~(e)))~~ \$4,765,000 for contingencies and project reserves from additional general obligation bonds to be repaid from the special excise tax under RCW 67.40.090;

(e) \$13,000,000 for conversion of various retail and other space to meeting rooms, from additional general obligation bonds to be repaid from the special excise tax under RCW 67.40.090;

(f) \$13,300,000 for expansion at the 900 level of the facility, from additional general obligation bonds to be repaid from the special excise tax under RCW 67.40.090;

(g) \$10,400,000 for purchase of the land and building known as the McKay Parcel, from additional general obligation bonds to be repaid from the special excise tax under RCW 67.40.090; and

(h) \$300,000 for Eagles building exterior cleanup and repair, from additional general obligation bonds to be repaid from the special excise tax under RCW 67.40.090.

(5) The borrowing authority provided in this section is in addition to the authority to borrow from the general fund to meet the bond retirement and interest requirements set forth in RCW 67.40.060. To the extent the specific conditions and limitations provided in this section conflict with the general conditions and limitations provided for temporary cash deficiencies in RCW 43.88.260 (section 7, chapter (~~...~~ (SSB 5606))) 502, Laws of 1987), the specific conditions and limitations in this section shall govern.

Sec. 10. Section 9, chapter 8, Laws of 1987 1st ex. sess. (uncodified) is amended to read as follows:

There is appropriated to the state convention and trade center corporation from the state convention and trade center account, for the fiscal period beginning on the effective date of this section and ending June 30, 1989, the following amounts:

(1) \$51,618,000 for development, construction, and administrative costs of completion; (~~and~~)

(2) (~~(\$12,720,000 for McKay building demolition, Eagles building rehabilitation, construction of rentable retail space and an operable parking garage, and)~~) \$4,765,000 for project reserves and contingency funds;

(3) \$13,000,000 for conversion of various retail and other space to meeting rooms;

(4) \$13,300,000 for expansion at the 900 level of the facility;

(5) \$10,400,000 for purchase of the land and building known as the McKay Parcel; and

(6) \$300,000 for Eagles building exterior cleanup and repair.

NEW SECTION. Sec. 11. A public facilities district may be created in any county with three hundred thousand or more population that is located more than one hundred miles from any county in which the state has constructed and owns a convention center.

A public facilities district shall be created upon approval of a proposition to create such a district by a majority of the voters of the proposed district.

A proposition to create a public facilities district shall be submitted to the voters of the proposed district after the county legislative authority in which the proposed district is located and the city council of the largest city within such county have each adopted resolutions calling for such submittal. The proposition shall be placed on the ballot at the next general election held sixty or more days after the adoption of both the city and county resolutions. The resolution calling for providing submittal of the proposition to the voters may be adopted only after the county legislative authority and the city council hold a joint public hearing on the proposition. Notice of the public hearing shall be published in a newspaper of general circulation in the county in which the proposed district is located at least ten days before the public hearing.

A public facilities district shall be coextensive with the boundaries of the county.

A public facilities district is a municipal corporation, an independent taxing "authority" within the meaning of Article VII, section 1 of the state Constitution, and a "taxing district" within the meaning of Article VII, section 2 of the state Constitution.

A public facilities district shall constitute a body corporate and shall possess all the usual powers of a corporation for public purposes as well as all other powers that may now or hereafter be specifically conferred by statute, including, but not limited to, the authority to hire employees, staff, and services, to enter into contracts, and to sue and be sued.

NEW SECTION. Sec. 12. A public facilities district shall be governed by a board of directors consisting of five members as follows: (1) Two members appointed by the county legislative authority to serve for four-year staggered terms; (2) two members appointed by the city council to serve for four-year staggered terms; and (3) one person to serve for a four-year term who is selected by the other directors.

One of the initial members appointed by the county legislative authority shall have a term of office of two years and the other initial member appointed by the county legislative authority shall have a term of four years. One of the initial members appointed by the city council shall have a term of two years and the other initial member appointed by the city council shall have a term of four years.

NEW SECTION. Sec. 13. A public facilities district is authorized to acquire, construct, own, and operate convention, sports, entertainment, trade, and related facilities, including parking facilities. A public facilities district may impose charges and fees for the use of its facilities, and may accept and expend or use gifts, grants, and donations. The taxes that are provided for in this chapter only may be imposed for such purposes.

NEW SECTION. Sec. 14. (1) A public facilities district may impose an excise tax on the sale of or charge made for the furnishing of lodging by

a hotel, rooming house, tourist court, motel, or trailer camp, and the granting of any similar license to use real property, as distinguished from the renting or leasing of real property, except that no such tax may be levied on any premises having fewer than forty lodging units. The rate of the tax shall not exceed two percent and the proceeds of the tax shall only be used for the acquisition, design, and construction of convention, sports, entertainment, trade, and related facilities.

(2) A public facilities district may impose an excise tax on the admission charge to any public assembly facility owned and operated by the district member county or city, other than an admission to any activity of any elementary or secondary school, including a tax on persons who are admitted free of charge or at reduced rates to any place for which other persons pay a charge or a regular higher charge for the same or similar privileges or accommodations. The excise tax shall be imposed at a rate of up to fifty cents on each admission charge, or each ticket for each separate admission. This tax is in addition to all other admission and excise taxes imposed upon admissions. Anyone who receives such an admission charge shall collect and remit the tax to the public facilities district. As used in this subsection, the term "admission charge" includes a charge made for season tickets or subscriptions, a cover charge, or a charge made for use of seats and tables, reserved or otherwise, and other similar accommodations; a charge made for food and refreshments in any place where any free entertainment, recreation, or amusement is provided; a charge made for rental or use of equipment or facilities for the purpose of recreation or amusement, and where the rental of the equipment or facilities is necessary to the enjoyment of a privilege for which a general admission is charged, the combined charges shall be considered as the admission charge. It shall also include any automobile parking charge where the amount of such charge is determined according to the number of passengers in any automobile.

NEW SECTION. Sec. 15. (1) A public facilities district may levy an ad valorem property tax, in excess of the one percent limitation, upon the property within the district for a one-year period to be used for operating or capital purposes whenever authorized by the voters of the district pursuant to RCW 84.52.052 and Article VII, section 2(a) of the state Constitution.

(2) A public facilities district may provide for the retirement of voter-approved general obligation bonds, issued for capital purposes only, by levying bond retirement ad valorem property tax levies, in excess of the one percent limitation, whenever authorized by the voters of the district pursuant to Article VII, section 2(b) of the state Constitution and RCW 84.52.056.

NEW SECTION. Sec. 16. (1) To carry out the purpose of this chapter, a public facilities district may issue general obligation bonds, not to exceed an amount, together with any outstanding nonvoter approved general obligation indebtedness, equal to three-eighths of one percent of the value

of taxable property within the district, as the term "value of taxable property" is defined in RCW 39.36.015. A facilities district additionally may issue general obligation bonds for capital purposes only, together with any outstanding general obligation indebtedness, not to exceed an amount equal to one and one-fourth percent of the value of the taxable property within the district, as the term "value of taxable property" is defined in RCW 39.36.015, when authorized by the voters of the public facilities district pursuant to Article VIII, section 6 of the state Constitution, and to provide for the retirement thereof by excess property tax levies as provided in section 13(2) of this act.

(2) General obligation bonds may be issued with a maturity of up to thirty years, and shall be issued and sold in accordance with the provisions of chapter 39.46 RCW.

(3) The general obligation bonds may be payable from the operating revenues of the public facilities district in addition to the tax receipts of the district.

NEW SECTION. Sec. 17. A public facilities district may acquire and transfer real and personal property by lease, sublease, purchase, or sale.

Sec. 18. Section 19, chapter 2, Laws of 1983, section 11, chapter 130, Laws of 1983, section 16, chapter 303, Laws of 1983, section 10, chapter 315, Laws of 1983 and RCW 84.52.052 are each reenacted and amended to read as follows:

The limitations imposed by RCW 84.52.050 through 84.52.056, and RCW 84.52.043 shall not prevent the levy of additional taxes by any taxing district except school districts in which a larger levy is necessary in order to prevent the impairment of the obligation of contracts. Any county, metropolitan park district, park and recreation service area, park and recreation district, sewer district, water district, solid waste disposal district, public facilities district, flood control zone district, county rail district, service district, public hospital district, road district, rural county library district, island library district, intercounty rural library district, fire protection district, cemetery district, city, town, or cultural arts, stadium, and convention district may levy taxes at a rate in excess of the rate specified in RCW 84.52.050 through 84.52.056 and RCW 84.52.043, or RCW 84.55.010 through 84.55.050, when authorized so to do by the electors of such county, metropolitan park district, park and recreation service area, park and recreation district, sewer district, water district, solid waste disposal district, public facilities district, flood control zone district, county rail district, service district, public hospital district, road district, rural county library district, island library district, intercounty rural library district, fire protection district, cemetery district, city, town, or cultural arts, stadium, and convention district in the manner set forth in Article VII, section 2(a) of the Constitution of this state, as amended by Amendment 64 and as thereafter

amended, at a special or general election to be held in the year in which the levy is made.

A special election may be called and the time therefor fixed by the county legislative authority, or council, board of commissioners, or other governing body of any metropolitan park district, park and recreation service area, park and recreation district, sewer district, water district, solid waste disposal district, public facilities district, flood control zone district, county rail district, service district, public hospital district, road district, rural county library district, island library district, intercounty rural library district, fire protection district, cemetery district, city, town, or cultural arts, stadium, and convention district, by giving notice thereof by publication in the manner provided by law for giving notices of general elections, at which special election the proposition authorizing such excess levy shall be submitted in such form as to enable the voters favoring the proposition to vote "yes" and those opposed thereto to vote "no."

NEW SECTION. Sec. 19. A new section is added to chapter 6, Laws of 1987 1st ex. sess. (uncodified) to read as follows:

FOR THE DEPARTMENT OF COMMUNITY DEVELOPMENT

Spokane public facilities district

The appropriation in this section is subject to the following conditions and limitations: The money appropriated in this section is provided solely for the purposes of sections 13 and 16 of House Bill No. 2057. Money appropriated in this section may be spent only if the Spokane public facilities district has been created. If all bonds needed to construct a Spokane trade, sports and convention facility have not been authorized by December 31, 1991, the district shall within thirty days thereafter repay the amount appropriated in this section, together with all interest earnings, to the state building construction account.

	Reappropriation	Appropriation
St Bldg Constr Acct		1,000,000
Project	Estimated	Estimated
Costs	Costs	Total
Through	7/1/89 and	Costs
6/30/87	Thereafter	
		1,000,000

NEW SECTION. Sec. 20. A new section is added to chapter 67.28 RCW to read as follows:

(1) The legislative body of the city of Ocean Shores is authorized to levy and collect a special excise tax of not to exceed three percent on the sale of or charge made for the furnishing of lodging by a hotel, rooming

house, tourist court, motel, trailer camp, and the granting of any similar license to use real property, as distinguished from the renting or leasing of real property. For the purposes of this tax, it shall be presumed that the occupancy of real property for a continuous period of one month or more constitutes a rental or lease of real property and not a mere license to use or to enjoy the same.

(2) Any seller, as defined in RCW 82.08.010, who is required to collect any tax under this section shall pay over such tax to the city as provided in RCW 67.28.200. The deduction from state taxes under RCW 67.28.190 does not apply to taxes imposed under this section.

NEW SECTION. Sec. 21. A new section is added to chapter 67.28 RCW to read as follows:

(1) The legislative body of a county that qualified under RCW 67.28.180(2)(b) other than a class AA county and the legislative bodies of cities in the qualifying county are each authorized to levy and collect a special excise tax of two percent on the sale of or charge made for the furnishing of lodging by a hotel, rooming house, tourist court, motel, trailer camp, and the granting of any similar license to use real property, as distinguished from the renting or leasing of real property. For the purposes of this tax, it shall be presumed that the occupancy of real property for a continuous period of one month or more constitutes a rental or lease of real property and not a mere license to use or to enjoy the same.

(2) No city may impose the special excise tax authorized in subsection (1) of this section during the time the city is imposing the tax under RCW 67.28.180, and no county may impose the special excise tax authorized in subsection (1) of this section until such time as those cities within the county containing at least one-half of the total incorporated population have imposed the tax.

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

(4) Any seller, as defined in RCW 82.08.010, who is required to collect any tax under this section shall pay over such tax to the county or city as provided in RCW 67.28.200. The deduction from state taxes under RCW 67.28.190 does not apply to taxes imposed under this section.

***NEW SECTION.** Sec. 22. A new section is added to chapter 67.28 RCW to read as follows:

(1) The legislative body of Pierce and Thurston counties are authorized to levy and collect a special excise tax not to exceed three percent on the sale of or charge made for the furnishing of lodging by a hotel, rooming house, tourist court, motel, trailer camp, and the granting of any similar license to use real property, as distinguished from the renting or leasing of

real property. For the purposes of this tax, it shall be presumed that the occupancy of real property for a continuous period of one month or more constitutes a rental or lease of real property and not a mere license to use or to enjoy the same.

(2) The tax authorized in subsection (1) of this section is in addition to any other tax authorized by law.

(3) Any seller, as defined in RCW 82.08.010, who is required to collect any tax under this section shall pay over such tax to the county as provided in RCW 67.28.200. The deduction from state taxes under RCW 67.28.190 does not apply to taxes imposed under this section.

(4) All taxes levied and collected under this section shall be credited to a special fund in the treasury of the county. Such taxes shall be levied only for the purpose of paying all or any part of the cost of the siting, acquisition, construction, operation, and maintenance of an indoor aquatic facility in Pierce county and an Olympic academy facility in Thurston county, and may be used for and pledged to the payment of bonds, leases, or other obligations issued or incurred for such purposes.

(5) Taxes levied and collected under this act shall not be used for a zero grade beach or other components of a wave pool or water slide constructed or acquired as a part of an indoor aquatic swimming facility in Pierce County.

*Sec. 22 was partially vetoed, see message at end of chapter.

Sec. 23. Section 13, chapter 236, Laws of 1967 as last amended by section 3, chapter 483, Laws of 1987 and RCW 67.28.200 are each amended to read as follows:

The legislative body of any county or city may establish reasonable exemptions and may adopt such reasonable rules and regulations as may be necessary for the levy and collection of the taxes authorized by RCW 67.28.180 ~~((and))~~, 67.28.182, and sections 20 through 22 of this 1988 act. The department of revenue shall perform the collection of such taxes on behalf of such county or city at no cost to such county or city.

Sec. 24. Section 14, chapter 236, Laws of 1967 as last amended by section 1, chapter 308, Laws of 1986 and RCW 67.28.210 are each amended to read as follows:

All taxes levied and collected under RCW 67.28.180, and sections 20 through 21 of this 1988 act shall be credited to a special fund in the treasury of the county or city imposing such tax. Such taxes shall be levied only for the purpose of paying all or any part of the cost of acquisition, construction, or operating of stadium facilities, convention center facilities, performing arts center facilities, and/or visual arts center facilities or to pay or secure the payment of all or any portion of general obligation bonds or revenue bonds issued for such purpose or purposes under this chapter, or to pay for advertising, publicizing, or otherwise distributing information for the purpose of attracting visitors and encouraging tourist expansion when a

county or city has imposed such tax for such purpose, or as one of the purposes hereunder, and until withdrawn for use, the moneys accumulated in such fund or funds may be invested in interest bearing securities by the county or city treasurer in any manner authorized by law. In addition such taxes may be used to develop strategies to expand tourism in distressed areas, as defined in RCW 43.165.010: **PROVIDED**, That any county, and any city within a county, bordering upon Grays Harbor may use the proceeds of such taxes for construction and maintenance of a movable tall ships tourist attraction in cooperation with a tall ships restoration society, except to the extent that such proceeds are used for payment of principal and interest on debt incurred prior to June 11, 1986: **PROVIDED FURTHER**, That any city or county may use the proceeds of such taxes for the refurbishing and operation of a steam railway for tourism promotion purposes.

Sec. 25. Section 10, chapter 34, Laws of 1982 and RCW 67.40.100 are each amended to read as follows:

(1) Except as provided in chapters 67.28 and 82.14 RCW and subsection (2) of this section, after January 1, 1983, no city, town, or county in which the tax under RCW 67.40.090 is imposed may impose a license fee or tax on the act or privilege of engaging in business to furnish lodging by a hotel, rooming house, tourist court, motel, trailer camp, or similar facilities in excess of the rate imposed upon other persons engaged in the business of making sales at retail as that term is defined in chapter 82.04 RCW.

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

(a) The proceeds of the tax must be used solely for the acquisition, design, and construction of convention and trade facilities and may be used for and pledged to the payment of bonds, leases, or other obligations issued or incurred for such purposes.

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

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

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

NEW SECTION. Sec. 26. Sections 11 through 17 of this act shall constitute a new chapter in Title 36 RCW.

NEW SECTION. Sec. 27. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 28. This act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect immediately.

Passed the House March 12, 1988.

Passed the Senate March 11, 1988.

Approved by the Governor March 23, 1988, with the exception of certain items which were vetoed.

Filed in Office of Secretary of State March 23, 1988.

Note: Governor's explanation of partial veto is as follows:

"I am returning herewith, without my approval as to section 22(5), Engrossed House Bill No. 2057 entitled:

"AN ACT Relating to public facilities."

With the exception of section 22(5), I fully endorse House Bill No. 2057. The principal objectives of sections 1 through 10 of this bill (originally an executive request) relate to the Washington State Convention and Trade Center now under construction in Seattle. Substantive changes have been enacted to current law modifying its provisions on facility design, state bond financing and the state-imposed hotel tax supporting the construction and operation of the Center. These changes are clearly in the best interest of the state, and credit must be given to the Joint Legislative Committee which recommended their adoption after careful study.

Sections 11 through 19 of this bill provide for the creation of a public facilities taxing district encompassing Spokane County for the purpose of siting, constructing and financing public assembly facilities that will meet the needs of the local community. This is a unique and resourceful approach in which the state is providing a significant new local tool to help a community to meet its needs. I fully support this approach where appropriate.

Similarly, sections 20, 21, 24 and 25 of the bill authorize certain communities to levy a local option hotel tax to fund tourism-related public facilities, and to pledge revenues from the tax to retire financial obligations incurred to fund such public facilities. I also support these provisions.

A third part of the bill, section 22, is another local option taxing authority provided to Pierce County expressly for the purpose of constructing and operating an indoor aquatic facility, and to Thurston County solely for the purpose of constructing and operating an Olympic academy facility. These are both worthwhile projects.

However, section 22(5) would restrict Pierce County from including specific recreation-scale aquatic features in its proposed competition pool facility. This sets an inappropriate state restriction on the ability of Pierce County to responsibly plan, construct, finance and operate the aquatic facility that is expressly authorized in the other subsections of section 22. Proponents of this restriction claim the proposed public aquatic facility will have a potentially negative impact on a commercial aquatic attraction operating in the area. Opponents of this restriction point out that the modest aquatic recreation features being planned as part of the project are necessary for attracting the level of community patronage required for a fiscally responsible operation and pose no competitive threat to commercial enterprises. Further, backers of the Pierce County pool have stated that there are no plans for developing any additional commercial-scale features for the proposed aquatic complex.

The issue here is one of possible unfair public sector competition with private sector activities, and it has been debated widely in the Pierce County community and before the Legislature. From this debate, and my own review of this issue, I have concluded this restriction is inappropriate, and I am vetoing subsection 5 for the following reasons:

1. Assurances on the record from the Park District and the City of Tacoma state that the proposed project will not include commercial-scale aquatic attractions which would compete with the private sector.
2. Retaining this provision would unduly hamper Pierce County's ability to develop a facility that is versatile enough to accommodate high level competitive aquatic sports, as well as general community use.
3. Subsection 5 is inconsistent with the purpose of the local option approach, which provides for the discussion and resolution of this and other issues connected with the proposed project at the local community level rather than through pre-emption by state law.
4. Subsection 5 is also overly broad, in that its language refers to all taxes levied and collected under this entire act rather than just section 22.

Accordingly, with the exception of section 22(5), House Bill No. 2057 is approved."

CHAPTER 2

[Engrossed Substitute Senate Bill No. 6763] SUPPLEMENTAL CAPITAL BUDGET

AN ACT Relating to capital projects; authorizing certain projects; amending RCW 46-.08.172; amending section 2, chapter 6, Laws of 1987 1st ex. sess. (uncodified); amending section 106, chapter 6, Laws of 1987 1st ex. sess. (uncodified); amending section 107, chapter 6, Laws of 1987 1st ex. sess. (uncodified); amending section 151, chapter 6, Laws of 1987 1st ex. sess. (uncodified); amending section 155, chapter 6, Laws of 1987 1st ex. sess. (uncodified); amending section 157, chapter 6, Laws of 1987 1st ex. sess. (uncodified); amending section 201, chapter 6, Laws of 1987 1st ex. sess. (uncodified); amending section 202, chapter 6, Laws of 1987 1st ex. sess. (uncodified); amending section 216, chapter 6, Laws of 1987 1st ex. sess. (uncodified); amending section 236, chapter 6, Laws of 1987 1st ex. sess. (uncodified); amending section 316, chapter 6, Laws of 1987 1st ex. sess. (uncodified); amending section 322, chapter 6, Laws of 1987 1st ex. sess. (uncodified); amending section 407, chapter 6, Laws of 1987 1st ex. sess. (uncodified); amending section 408, chapter 6, Laws of 1987 1st ex. sess. (uncodified); amending section 409, chapter 6, Laws of 1987 1st ex. sess. (uncodified); amending section 503, chapter 6, Laws of 1987 1st ex. sess. (uncodified); amending section 516, chapter 6, Laws of 1987 1st ex. sess. (uncodified); amending section 529, chapter 6, Laws of 1987 1st ex. sess. (uncodified); amending section 530, chapter 6, Laws of 1987 1st ex. sess. (uncodified); amending section 560, chapter 6, Laws of 1987 1st ex. sess. (uncodified); amending section 566, chapter 6, Laws of 1987 1st ex. sess. (uncodified); amending section 577, chapter 6, Laws of 1987 1st ex. sess. (uncodified); amending section 702, chapter 6, Laws of 1987 1st ex. sess. (uncodified); amending section 704, chapter 6, Laws of 1987 1st ex. sess. (uncodified); amending section 705, chapter 6, Laws of 1987 1st ex. sess. (uncodified); amending section 706, chapter 6, Laws of 1987 1st ex. sess. (uncodified); amending section 712, chapter 6, Laws of 1987 1st ex. sess. (uncodified); amending section 727, chapter 6, Laws of 1987 1st ex. sess. (uncodified); amending section 875, chapter 6, Laws of 1987 1st ex. sess. (uncodified); amending section 879, chapter 6, Laws of 1987 1st ex. sess. (uncodified); amending section 880, chapter 6, Laws of 1987 1st ex. sess. (uncodified); amending section 882, chapter 6, Laws of 1987 1st ex. sess. (uncodified); amending section 893, chapter 6, Laws of 1987 1st ex. sess. (uncodified); amending section 890, chapter 6, Laws of 1987 1st ex. sess. (uncodified); amending section 895, chapter 6, Laws of 1987 1st ex. sess. (uncodified); adding new sections to chapter 6, Laws of 1987 1st ex. sess. (uncodified); creating new sections; repealing section 317, chapter 6, Laws of 1987 1st ex. sess. (uncodified); repealing section 410, chapter 6, Laws of 1987 1st ex. sess. (uncodified); repealing section 716, chapter 6, Laws of