
ENGROSSED SUBSTITUTE HOUSE BILL 2252

State of Washington

61st Legislature

2009 Regular Session

By House Finance (originally sponsored by Representatives Hunter and Goodman)

READ FIRST TIME 03/02/09.

1 AN ACT Relating to sales and use taxes on car rentals, restaurants,
2 and lodging to fund arts and heritage programs, regional centers, human
3 services, low-income housing, and community development in a county
4 with a population of one million five hundred thousand or more;
5 amending RCW 67.28.180, 82.14.049, and 82.14.360; and adding a new
6 section to chapter 67.28 RCW.

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

8 **Sec. 1.** RCW 67.28.180 and 2008 c 264 s 2 are each amended to read
9 as follows:

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

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

17 (a) Any county ordinance or resolution adopted pursuant to this
18 section shall contain, in addition to all other provisions required to

1 conform to this chapter, a provision allowing a credit against the
2 county tax for the full amount of any city tax imposed pursuant to this
3 section upon the same taxable event.

4 (b) In the event that any county has levied the tax authorized by
5 this section and has, prior to June 26, 1975, either pledged the tax
6 revenues for payment of principal and interest on city revenue or
7 general obligation bonds authorized and issued pursuant to RCW
8 67.28.150 through 67.28.160 or has authorized and issued revenue or
9 general obligation bonds pursuant to the provisions of RCW 67.28.150
10 through 67.28.160, such county shall be exempt from the provisions of
11 (a) of this subsection, to the extent that the tax revenues are pledged
12 for payment of principal and interest on bonds issued at any time
13 pursuant to the provisions of RCW 67.28.150 through 67.28.160:
14 PROVIDED, That so much of such pledged tax revenues, together with any
15 investment earnings thereon, not immediately necessary for actual
16 payment of principal and interest on such bonds may be used: (i) In
17 any county with a population of one million five hundred thousand or
18 more, for repayment either of limited tax levy general obligation bonds
19 or of any county fund or account from which a loan was made, the
20 proceeds from the bonds or loan being used to pay for constructing,
21 installing, improving, and equipping stadium capital improvement
22 projects, and to pay for any engineering, planning, financial, legal
23 and professional services incident to the development of such stadium
24 capital improvement projects, regardless of the date the debt for such
25 capital improvement projects was or may be incurred; (ii) in any county
26 with a population of one million five hundred thousand or more, for
27 repayment or refinancing of bonded indebtedness incurred prior to
28 January 1, 1997, for any purpose authorized by this section or relating
29 to stadium repairs or rehabilitation, including but not limited to the
30 cost of settling legal claims, reimbursing operating funds, interest
31 payments on short-term loans, and any other purpose for which such debt
32 has been incurred if the county has created a public stadium authority
33 to develop a stadium and exhibition center under RCW 36.102.030; or
34 (iii) in other counties, for county-owned facilities for agricultural
35 promotion until January 1, 2009, and thereafter for any purpose
36 authorized in this chapter.

37 A county is exempt under this subsection with respect to city
38 revenue or general obligation bonds issued after April 1, 1991, only if

1 such bonds mature before January 1, 2013. If any county located east
2 of the crest of the Cascade mountains has levied the tax authorized by
3 this section and has, prior to June 26, 1975, pledged the tax revenue
4 for payment of principal and interest on city revenue or general
5 obligation bonds, the county is exempt under this subsection with
6 respect to revenue or general obligation bonds issued after January 1,
7 2007, only if the bonds mature before January 1, 2021. Such a county
8 may only use funds under this subsection (2)(b) for constructing or
9 improving facilities authorized under this chapter, including county-
10 owned facilities for agricultural promotion, and must perform an annual
11 financial audit of organizations receiving funding on the use of the
12 funds.

13 As used in this subsection (2)(b), "capital improvement projects"
14 may include, but not be limited to a stadium restaurant facility,
15 restroom facilities, artificial turf system, seating facilities,
16 parking facilities and scoreboard and information system adjacent to or
17 within a county owned stadium, together with equipment, utilities,
18 accessories and appurtenances necessary thereto. The stadium
19 restaurant authorized by this subsection (2)(b) shall be operated by a
20 private concessionaire under a contract with the county.

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

24 (ii) No city within a county with a population of one million five
25 hundred thousand or more may levy the tax authorized by this section.

26 (iii) However, in the event that any city in a county described in
27 (c)(i) or (ii) of this subsection (2) has levied the tax authorized by
28 this section and has, prior to June 26, 1975, authorized and issued
29 revenue or general obligation bonds pursuant to the provisions of RCW
30 67.28.150 through 67.28.160, such city may levy the tax so long as the
31 tax revenues are pledged for payment of principal and interest on bonds
32 issued at any time pursuant to the provisions of RCW 67.28.150 through
33 67.28.160.

34 (3) Any levy authorized by this section by a county (~~that has~~
35 ~~levied the tax authorized by this section and has, prior to June 26,~~
36 ~~1975, either pledged the tax revenues for payment of principal and~~
37 ~~interest on city revenue or general obligation bonds authorized and~~
38 ~~issued pursuant to RCW 67.28.150 through 67.28.160 or has authorized~~

1 ~~and issued revenue or general obligation bonds pursuant to the~~
2 ~~provisions of RCW 67.28.150 through 67.28.160))~~ with a population of
3 one million five hundred thousand or more shall be subject to the
4 following:

5 (a) Taxes collected under this section in any calendar year before
6 2013 in excess of five million three hundred thousand dollars shall
7 only be used as follows:

8 ~~((Seventy five percent from January 1, 1992, through December~~
9 ~~31, 2000, and))~~ Seventy percent from January 1, 2001, through December
10 31, 2012, for art museums, cultural museums, heritage museums, heritage
11 and preservation programs, the arts, and the performing arts. Moneys
12 spent under this subsection (3)(a)(i) shall be used for the purposes of
13 this subsection (3)(a)(i) in all parts of the county.

14 (ii) ~~((Twenty five percent from January 1, 1992, through December~~
15 ~~31, 2000, and))~~ Thirty percent from January 1, 2001, through December
16 31, 2012, for the following purposes and in a manner reflecting the
17 following order of priority: Stadium purposes as authorized under
18 subsection (2)(b) of this section; acquisition of open space lands;
19 youth sports activities; and tourism promotion. If all or part of the
20 debt on the stadium is refinanced, all revenues under this subsection
21 (3)(a)(ii) shall be used to retire the debt.

22 (b) From January 1, 2013, through December 31, 2015, in a county
23 with a population of one million five hundred thousand or more, all
24 revenues under this section shall be used to retire the debt on the
25 stadium, until the debt on the stadium is retired, and then deposited
26 in the stadium and exhibition center account under RCW 43.99N.060.
27 ~~((On and after the date the debt on the stadium is retired, and through~~
28 ~~December 31, 2015, all revenues under this section in a county of a~~
29 ~~{one} million or more shall be deposited in the special account under~~
30 ~~{f} of this subsection.))~~

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

35 (d) On and after January 1, 2021, ~~((at least thirty seven and~~
36 ~~one half percent of))~~ revenues ~~((under this section in a county of a~~
37 ~~{one} million or more))~~ shall be deposited ~~((in the special account~~

1 ~~under (f) of this subsection)) by the county in a special county arts,~~
2 ~~regional center, low-income housing, and community development fund as~~
3 ~~provided in section 4 of this act.~~

4 ~~(e) ((At least seventy percent of moneys spent under (a)(i) of this~~
5 ~~subsection for the period January 1, 1992, through December 31, 2000,~~
6 ~~shall be used only for the purchase, design, construction, and~~
7 ~~remodeling of performing arts, visual arts, heritage, and cultural~~
8 ~~facilities, and for the purchase of fixed assets that will benefit art,~~
9 ~~heritage, and cultural organizations. For purposes of this subsection,~~
10 ~~fixed assets are tangible objects such as machinery and other equipment~~
11 ~~intended to be held or used for ten years or more. Moneys received~~
12 ~~under this subsection (3)(e) may be used for payment of principal and~~
13 ~~interest on bonds issued for capital projects. Qualifying~~
14 ~~organizations receiving moneys under this subsection (3)(e) must be~~
15 ~~financially stable and have at least the following:~~

- 16 ~~(i) A legally constituted and working board of directors;~~
17 ~~(ii) A record of artistic, heritage, or cultural accomplishments;~~
18 ~~(iii) Been in existence and operating for at least two years;~~
19 ~~(iv) Demonstrated ability to maintain net current liabilities at~~
20 ~~less than thirty percent of general operating expenses;~~
21 ~~(v) Demonstrated ability to sustain operational capacity subsequent~~
22 ~~to completion of projects or purchase of machinery and equipment; and~~
23 ~~(vi) Evidence that there has been independent financial review of~~
24 ~~the organization.~~

25 ~~(f)) At least forty percent of the revenues distributed pursuant~~
26 ~~to (a)(i) of this subsection for the period January 1, 2001, through~~
27 ~~July 1, 2008, shall be deposited in a special account. The account may~~
28 ~~only be used for the purposes of (a)(i) of this subsection.~~

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

31 ~~((h)) (g) Moneys distributed to art museums, cultural museums,~~
32 ~~heritage museums, heritage and preservation programs, the arts, and the~~
33 ~~performing arts, and moneys distributed for tourism promotion shall be~~
34 ~~in addition to and may not be used to replace or supplant any other~~
35 ~~funding by the legislative body of the county.~~

36 ~~((i)) (h) As used in this section, "tourism promotion" includes~~
37 ~~activities intended to attract visitors for overnight stays, arts,~~
38 ~~heritage, and cultural events, and recreational, professional, and~~

1 amateur sports events. Moneys allocated to tourism promotion in a
2 class AA county shall be allocated to nonprofit organizations formed
3 for the express purpose of tourism promotion in the county. Such
4 organizations shall use moneys from the taxes to promote events in all
5 parts of the class AA county.

6 ~~((+j))~~ (i) No taxes collected under this section may be used for
7 the operation or maintenance of a public stadium that is financed
8 directly or indirectly by bonds to which the tax is pledged.
9 Expenditures for operation or maintenance include all expenditures
10 other than expenditures that directly result in new fixed assets or
11 that directly increase the capacity, life span, or operating economy of
12 existing fixed assets.

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

18 ~~((+l))~~ (k) If a substantial part of the operation and management
19 of a public stadium that is financed directly or indirectly by bonds to
20 which the tax is pledged is performed by a nonpublic entity or if a
21 public stadium is sold that is financed directly or indirectly by bonds
22 to which the tax is pledged, any bonds to which the tax is pledged
23 shall be retired. This subsection (3)~~((+l))~~ (k) does not apply in
24 respect to a public stadium under chapter 36.102 RCW transferred to,
25 owned by, or constructed by a public facilities district under chapter
26 36.100 RCW or a stadium and exhibition center.

27 ~~((+m))~~ (l) The county shall not lease a public stadium that is
28 financed directly or indirectly by bonds to which the tax is pledged
29 to, or authorize the use of the public stadium by, a professional major
30 league sports franchise unless the sports franchise gives the right of
31 first refusal to purchase the sports franchise, upon its sale, to local
32 government. This subsection (3)~~((+m))~~ (l) does not apply to contracts
33 in existence on April 1, 1986.

34 If a court of competent jurisdiction declares any provision of this
35 subsection (3) invalid, then that invalid provision shall be null and
36 void and the remainder of this section is not affected. ~~((Section 2,
37 chapter 264, Laws of 2008 expires July 1, 2009.))~~

1 **Sec. 2.** RCW 82.14.049 and 2008 c 264 s 4 are each amended to read
2 as follows:

3 The legislative authority of any county may impose a sales and use
4 tax, in addition to the tax authorized by RCW 82.14.030, upon retail
5 car rentals within the county that are taxable by the state under
6 chapters 82.08 and 82.12 RCW. The rate of tax shall be one percent of
7 the selling price in the case of a sales tax or rental value of the
8 vehicle in the case of a use tax. Proceeds of the tax shall not be
9 used to subsidize any professional sports team and shall be used solely
10 for the following purposes:

11 (1) Acquiring, constructing, maintaining, or operating public
12 sports stadium facilities;

13 (2) Engineering, planning, financial, legal, or professional
14 services incidental to public sports stadium facilities;

15 (3) Youth or amateur sport activities or facilities; ~~((or))~~

16 (4) Debt or refinancing debt issued for the purposes of subsection
17 (1) of this section; or

18 (5) For deposit into a special county arts, regional center, low-
19 income housing, and community development fund as provided in section
20 4 of this act.

21 In a county with a population less than one million five hundred
22 thousand, at least seventy-five percent of the tax imposed under this
23 section shall be used for the purposes of subsections (1), (2), and (4)
24 of this section. In a county of one million five hundred thousand or
25 more, at least seventy-five percent of the tax imposed under this
26 section shall be used to retire the debt on the stadium under RCW
27 67.28.180(2)(b)(ii), until that debt is fully retired, and at least
28 seventy-five percent must be used as required under subsection (5) of
29 this section after the debt is fully retired.

30 **Sec. 3.** RCW 82.14.360 and 2008 c 86 s 104 are each amended to read
31 as follows:

32 (1) The legislative authority of a county with a population of one
33 million five hundred thousand or more may impose a special stadium
34 sales and use tax upon the retail sale or use within the county by
35 restaurants, taverns, and bars of food and beverages that are taxable
36 by the state under chapters 82.08 and 82.12 RCW. The rate of the tax
37 shall not exceed five-tenths of one percent of the selling price in the

1 case of a sales tax, or value of the article used in the case of a use
2 tax. The tax authorized under this subsection is in addition to any
3 other taxes authorized by law and shall not be credited against any
4 other tax imposed upon the same taxable event. As used in this
5 section, "restaurant" does not include grocery stores, mini-markets, or
6 convenience stores. A county may not impose the tax authorized in this
7 subsection on or after January 1, 2016.

8 (2) The legislative authority of a county with a population of one
9 million five hundred thousand or more may impose a special stadium
10 sales and use tax upon retail car rentals within the county that are
11 taxable by the state under chapters 82.08 and 82.12 RCW. The rate of
12 the tax shall not exceed two percent of the selling price in the case
13 of a sales tax, or rental value of the vehicle in the case of a use
14 tax. The tax imposed under this subsection is in addition to any other
15 taxes authorized by law and shall not be credited against any other tax
16 imposed upon the same taxable event.

17 (3)(a) Except as provided in (b) of this subsection, the revenue
18 from the taxes imposed under the authority of this section shall be
19 used for the purpose of principal and interest payments on bonds,
20 issued by the county, to acquire, construct, own, remodel, maintain,
21 equip, reequip, repair, and operate a baseball stadium. Revenues from
22 the taxes authorized in this section may be used for design and other
23 preconstruction costs of the baseball stadium until bonds are issued
24 for the baseball stadium. The county shall issue bonds, in an amount
25 determined to be necessary by the public facilities district, for the
26 district to acquire, construct, own, and equip the baseball stadium.
27 The county shall have no obligation to issue bonds in an amount greater
28 than that which would be supported by the tax revenues under this
29 section, RCW 82.14.0485, and 36.38.010(4) (a) and (b). If the revenue
30 from the taxes imposed under the authority of this section exceeds the
31 amount needed for such principal and interest payments in any year, the
32 excess shall be used solely:

33 ~~((a))~~ (i) For early retirement of the bonds issued for the
34 baseball stadium; and

35 ~~((b))~~ (ii) If the revenue from the taxes imposed under this
36 section exceeds the amount needed for the purposes in (a)(i) of this
37 subsection in any year, the excess shall be placed in a contingency

1 fund which may only be used to pay unanticipated capital costs on the
2 baseball stadium, excluding any cost overruns on initial construction.

3 (b) After the bonds issued for the construction of the baseball
4 stadium are retired, the revenue from the taxes imposed under the
5 authority of this section must be deposited by the county in a special
6 county arts, regional center, low-income housing, and community
7 development fund as provided in section 4 of this act.

8 (4) The proceeds of any bonds issued for the baseball stadium shall
9 be provided to the district.

10 (5) As used in this section, "baseball stadium" means "baseball
11 stadium" as defined in RCW 82.14.0485.

12 ~~((6) The taxes imposed under this section shall expire when the~~
13 ~~bonds issued for the construction of the baseball stadium are retired,~~
14 ~~but not later than twenty years after the taxes are first collected.))~~

15 NEW SECTION. Sec. 4. A new section is added to chapter 67.28 RCW
16 to read as follows:

17 (1) Revenue deposited in a special county arts, regional center,
18 low-income housing, and community development fund, as provided in RCW
19 67.28.180(3)(d), 82.14.049, and 82.14.360, must be used only for
20 regional centers, art museums, cultural museums, heritage museums,
21 heritage and preservation programs, the arts, the performing arts, low-
22 income housing, community development, and human services.

23 (2) The county must distribute money in the account as follows:

24 (a) For the years 2012 through 2015:

25 (i) Eight percent for art museums, cultural museums, heritage
26 museums, heritage and preservation programs, the arts, and the
27 performing arts. The distribution in this subsection (2)(a)(i) begins
28 in 2013;

29 (ii) Two and one-half percent for regional centers in the
30 unincorporated area and cities with a population less than four hundred
31 thousand;

32 (iii) For deposit into a reserve account: (A) Twenty percent in
33 2013, (B) twenty-eight percent in 2014, and (C) thirty-five percent in
34 2015;

35 (iv) One million dollars in 2012, two million dollars in 2013, and
36 three million dollars in 2014 and 2015, for deposit into the community

1 preservation and development authority account created in RCW
2 43.167.040;

3 (v) Eight million dollars each year for distributions to nonprofit
4 organizations or public housing authorities for affordable workforce
5 housing near or at transit stations;

6 (vi) The remainder for human services.

7 (b) For the years 2016 through 2020:

8 (i) Thirty-three percent for art museums, cultural museums,
9 heritage museums, heritage and preservation programs, the arts, and the
10 performing arts;

11 (ii) Ten percent for regional centers in the unincorporated area
12 and cities with a population less than four hundred thousand;

13 (iii) Three million dollars each year for deposit into the
14 community preservation and development authority account created in RCW
15 43.167.040; and

16 (iv) Eight million dollars each year for distributions to nonprofit
17 organizations or public housing authorities for affordable workforce
18 housing near or at transit stations.

19 (c) For the years 2021 and thereafter:

20 (i) Twenty-two percent for art museums, cultural museums, heritage
21 museums, heritage and preservation programs, the arts, and the
22 performing arts;

23 (ii) Twenty-five percent for regional centers in the unincorporated
24 area and cities with a population less than four hundred thousand;

25 (iii) Three million dollars each year for deposit into the
26 community preservation and development authority account created in RCW
27 43.167.040; and

28 (iv) The remainder for distributions to nonprofit organizations or
29 public housing authorities for affordable workforce housing near or at
30 transit stations.

31 (3) For the purposes of this section, "affordable workforce
32 housing" means housing for a single person, family, or unrelated
33 persons living together whose income is at or below one hundred twenty
34 percent of the median income, adjusted for household size, for the
35 county where the housing is located.

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