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HOUSE BILL 2178

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State of Washington

61st Legislature

2009 Regular Session

By Representatives White and Kenney

Read first time 02/11/09. Referred to Committee on Community & Economic Development & Trade.

1 AN ACT Relating to the convention place station expansion of the  
2 state convention and trade center; amending RCW 67.40.130, 67.40.170,  
3 67.40.190, 67.40.045, and 67.40.090; adding new sections to chapter  
4 67.40 RCW; and declaring an emergency.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 67.40 RCW  
7 to read as follows:

8 Unless the context clearly requires otherwise, the definitions in  
9 this section apply throughout this chapter.

10 (1) "Convention place station expansion" means the expansion of the  
11 state convention and trade center authorized in this chapter to be  
12 located in the city of Seattle primarily in airspace above the  
13 convention place metro transit station between Boren Avenue, Olive Way,  
14 9th Avenue, and Pine Street, with connection to the existing state  
15 convention and trade center facilities.

16 (2) "Long-term financing" means any type of financing authorized by  
17 the legislature for the long-term financing of the convention place  
18 station expansion and may include but not be limited to bonds, notes,

1 and other evidences of indebtedness of the state subject to chapter  
2 39.42 RCW, and a financing contract subject to chapter 39.94 RCW.

3 NEW SECTION. **Sec. 2.** A new section is added to chapter 67.40 RCW  
4 to read as follows:

5 The corporation may proceed with convention place station expansion  
6 including the planning, environmental studies, design, preparation of  
7 construction plans and specifications, construction contracting,  
8 acquisition and transfers of interests in real and personal property,  
9 and other activities for the expansion. In addition to using any funds  
10 appropriated to pay costs of activities authorized in this section, if  
11 necessary the corporation may obtain interim financing to pay such  
12 costs. The corporation may proceed with long-term financing for the  
13 purpose of paying costs of constructing and equipping the expansion  
14 project upon authorization of the legislature of the long-term  
15 financing.

16 **Sec. 3.** RCW 67.40.130 and 1995 c 386 s 1 are each amended to read  
17 as follows:

18 (1) The governing body of a city, while not required by legislative  
19 mandate to do so, may, after July 1, 1995, by resolution or ordinance  
20 for the purposes authorized under RCW 67.40.170 and 67.40.190, fix and  
21 impose a sales tax on the charge for rooms to be used for lodging by  
22 transients in accordance with the terms of chapter 386, Laws of 1995.  
23 Such tax shall be collected from those persons who are taxable by the  
24 state under RCW 67.40.090, but only those taxable persons located  
25 within the boundaries of the city imposing the tax. The rate of such  
26 tax imposed by a city shall be two percent of the charge for rooms to  
27 be used for lodging by transients. Any such tax imposed under this  
28 section shall not be collected prior to January 1, 2000. The tax  
29 authorized under this section shall be levied and collected in the same  
30 manner as those taxes authorized under chapter 82.14 RCW. Penalties,  
31 receipts, abatements, refunds, and all other similar matters relating  
32 to the tax shall be as provided in chapter 82.08 RCW.

33 (2) The tax levied under this section shall remain in effect and  
34 not be modified for that period (~~for which the~~) during which there  
35 remain outstanding obligations to pay principal (~~and~~), interest, or  
36 other obligations of state bonds, financing contracts or other

1 financing issued (~~(to finance the expansion of the state convention and~~  
2 ~~trade center under RCW 67.40.030 remain outstanding)~~) for purposes  
3 authorized under this chapter.

4 (3) As used in this section, the term "city" means a municipality  
5 that has within its boundaries a convention and trade facility as  
6 defined in RCW 67.40.020.

7 **Sec. 4.** RCW 67.40.170 and 1995 c 386 s 5 are each amended to read  
8 as follows:

9 All taxes levied and collected under RCW 67.40.130 shall be  
10 credited to the state convention and trade center account in the state  
11 treasury and used solely by the corporation formed under RCW 67.40.020  
12 for the purpose of paying all or any part of the cost associated with:  
13 The financing, design, acquisition, construction, equipping, operating,  
14 maintaining, and reequipping of convention center facilities related to  
15 the expansion recommended by the convention center expansion and city  
16 facilities task force created under section 148, chapter 6, Laws of  
17 1994 sp. sess. or related to the convention place station expansion;  
18 the acquisition, construction, and relocation costs of replacement  
19 housing; and the repayment of loans and advances from the state,  
20 including loans authorized previously under this chapter, or to pay or  
21 secure the payment of all or part of the principal of or interest on  
22 any state bonds, or payments under financing contracts or other  
23 financing, issued for purposes authorized under this chapter.

24 **Sec. 5.** RCW 67.40.190 and 1995 c 386 s 7 are each amended to read  
25 as follows:

26 (1) Moneys received from any tax imposed under RCW 67.40.130 shall  
27 be used for the purpose of providing funds to the corporation for the  
28 costs associated with paying all or any part of the cost associated  
29 with: The financing, design, acquisition, construction, equipping,  
30 operating, maintaining, and reequipping of convention center  
31 facilities; the acquisition, construction, and relocation costs of  
32 replacement housing; and repayment of loans and advances from the  
33 state, including loans authorized previously under this chapter, or to  
34 pay or secure the payment of all or part of the principal of or  
35 interest on any state bonds, or payments under financing contracts or  
36 other financing, issued for purposes authorized under this chapter.

1 (2) If any of the revenue from any local sales tax authorized under  
2 RCW 67.40.130 shall have been encumbered or pledged by the state to  
3 secure the payment of any state bonds as authorized under RCW  
4 67.40.030, or any financing contracts or other financing issued for  
5 purposes authorized under this chapter, then as long as that agreement  
6 or pledge shall be in effect, the legislature shall not withdraw from  
7 the municipality the authority to levy and collect the tax or the tax  
8 credit authorized under RCW 67.40.130 and 67.40.140.

9 **Sec. 6.** RCW 67.40.045 and 1995 c 386 s 14 are each amended to read  
10 as follows:

11 (1) The director of financial management, in consultation with the  
12 chairpersons of the appropriate fiscal committees of the senate and  
13 house of representatives, may authorize temporary borrowing from the  
14 state treasury for the purpose of covering cash deficiencies in the  
15 state convention and trade center account resulting from project  
16 completion costs. Subject to the conditions and limitations provided  
17 in this section, lines of credit may be authorized at times and in  
18 amounts as the director of financial management determines are  
19 advisable to meet current and/or anticipated cash deficiencies. Each  
20 authorization shall distinctly specify the maximum amount of cash  
21 deficiency which may be incurred and the maximum time period during  
22 which the cash deficiency may continue. The total amount of borrowing  
23 outstanding at any time shall never exceed the lesser of:

- 24 (a) \$58,275,000; or
- 25 (b) An amount, as determined by the director of financial  
26 management from time to time, which is necessary to provide for payment  
27 of project completion costs.

28 (2) Unless the due date under this subsection is extended by  
29 statute, all amounts borrowed under the authority of this section shall  
30 be repaid to the state treasury by June 30, 1999, together with  
31 interest at a rate determined by the state treasurer to be equivalent  
32 to the return on investments of the state treasury during the period  
33 the amounts are borrowed. Borrowing may be authorized from any excess  
34 balances in the state treasury, except the agricultural permanent fund,  
35 the Millersylvania park permanent fund, the state university permanent  
36 fund, the normal school permanent fund, the permanent common school  
37 fund, and the scientific permanent fund.

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

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

4 (b) Costs of the McKay building demolition, Eagles building  
5 rehabilitation, development of low-income housing, and construction of  
6 rentable retail space and an operable parking garage.

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

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

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

13 (c) \$20,000,000 from additional general obligation bonds to be  
14 repaid from the special excise tax under RCW 67.40.090;

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

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

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

24 (g) \$10,400,000 for purchase of the land and building known as the  
25 McKay Parcel, for development of low-income housing, for development,  
26 construction, and administrative costs related to completion of the  
27 state convention and trade center, including settlement costs related  
28 to construction litigation, and for partially refunding obligations  
29 under the parking garage revenue note issued by the corporation to  
30 Industrial Indemnity Company in connection with the agreement and  
31 settlement identified in (a) of this subsection, from additional  
32 general obligation bonds to be repaid from the special excise tax under  
33 RCW 67.40.090. All proceeds from any sale of the McKay parcel shall be  
34 deposited in the state convention and trade center account and shall  
35 not be expended without appropriation by law;

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

1 (i) The proceeds of the sale of any properties owned by the state  
2 convention and trade center that are not planned for use for state  
3 convention and trade center operations, with the proceeds to be used  
4 for development, construction, and administrative costs related to  
5 completion of the state convention and trade center, including  
6 settlement costs related to construction litigation.

7 (5) The borrowing authority provided in this section is in addition  
8 to the authority to borrow from the general fund to meet the bond  
9 retirement and interest requirements set forth in RCW 67.40.060. To  
10 the extent the specific conditions and limitations provided in this  
11 section conflict with the general conditions and limitations provided  
12 for temporary cash deficiencies in RCW 43.88.260 (section 7, chapter  
13 502, Laws of 1987), the specific conditions and limitations in this  
14 section shall govern.

15 (6) For expenditures authorized under RCW 67.40.170, the  
16 corporation may use the proceeds of the special excise tax authorized  
17 under RCW 67.40.090, the sales tax authorized under RCW 67.40.130,  
18 appropriations to the corporation to pay costs authorized in RCW  
19 67.70.170, funds borrowed pursuant to this section or obtained through  
20 interim financing or authorized long-term financing, the proceeds of  
21 the sale of any properties owned by the state convention and trade  
22 center that are not planned for use for state convention and trade  
23 center operations, contributions to the corporation from public or  
24 private participants, and investment earnings on any of the funds  
25 listed in this subsection.

26 **Sec. 7.** RCW 67.40.090 and 2002 c 178 s 4 are each amended to read  
27 as follows:

28 (1) Commencing April 1, 1982, there is imposed, and the department  
29 of revenue shall collect, in King county a special excise tax on the  
30 sale of or charge made for the furnishing of lodging that is subject to  
31 tax under chapter 82.08 RCW, except that no such tax may be levied on  
32 any premises having fewer than sixty lodging units. The legislature on  
33 behalf of the state pledges to maintain and continue this tax until the  
34 bonds authorized by this chapter are fully redeemed, both principal and  
35 interest, and until all payments under financing contracts or other  
36 financing issued for purposes authorized under this chapter have been  
37 made.

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

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

6 (b) From January 1, 1983, through June 30, 1988, inclusive, the  
7 rate shall be five percent in the city of Seattle and two percent in  
8 King county outside the city of Seattle.

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

12 (d) From January 1, 1993, and until bonds and all other borrowings  
13 for purposes authorized under ((RCW 67.40.030)) this chapter are  
14 retired and all payments under financing contracts or other financing  
15 issued for purposes authorized under this chapter have been made, the  
16 rate shall be seven percent in the city of Seattle and two and eight-  
17 tenths percent in King county outside the city of Seattle.

18 (e) Except as otherwise provided in (d) of this subsection, on and  
19 after the change date, the rate shall be six percent in the city of  
20 Seattle and two and four-tenths percent in King county outside the city  
21 of Seattle.

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

24 (g) On August 1st of 1998 and of each year thereafter until  
25 certification occurs under this subsection, the state treasurer shall  
26 determine whether seventy-one and forty-three one-hundredths percent of  
27 the revenues actually collected and deposited with the state treasurer  
28 for the tax imposed under this section during the twelve months ending  
29 June 30th of that year, excluding penalties and interest, exceeds the  
30 amount actually paid in debt service during the same period for bonds  
31 issued under RCW 67.40.030 by at least two million dollars. If so, the  
32 state treasurer shall so certify to the department of revenue.

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

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

37 (b) From July 1, 1988, through December 31, 1992, inclusive,  
38 eighty-three and thirty-three one-hundredths percent of the proceeds

1 shall be deposited in the state convention and trade center account.  
2 The remainder shall be deposited in the state convention and trade  
3 center operations account.

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

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

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

14 NEW SECTION. **Sec. 8.** This act is necessary for the immediate  
15 preservation of the public peace, health, or safety, or support of the  
16 state government and its existing public institutions, and takes effect  
17 immediately.

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