
SUBSTITUTE SENATE BILL 5208

State of Washington

64th Legislature

2015 Regular Session

By Senate Human Services, Mental Health & Housing (originally sponsored by Senators Miloscia, Fain, Frockt, Litzow, Mullet, Kohl-Welles, Chase, Darneille, Pedersen, Keiser, and Hill)

READ FIRST TIME 01/23/15.

1 AN ACT Relating to allowing the use of lodging taxes for
2 financing workforce housing; and amending RCW 67.28.150, 67.28.160,
3 and 67.28.180.

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

5 **Sec. 1.** RCW 67.28.150 and 1997 c 452 s 9 are each amended to
6 read as follows:

7 To carry out the purposes of this chapter including, but not
8 limited to, financing loans or grants to nonprofit organizations or
9 public housing authorities for affordable workforce housing within
10 one-half mile of a transit station, any municipality ((shall have))
11 has the power to issue general obligation bonds within the
12 limitations now or hereafter prescribed by the laws of this state.
13 Such general obligation bonds ((shall)) must be authorized, executed,
14 issued, and made payable as other general obligation bonds of such
15 municipality((~~PROVIDED, That~~)). However, the governing body of such
16 municipality may provide that:

17 (1) Such bonds mature in not to exceed forty years from the date
18 of their issue((, may provide that));

19 (2) Such bonds ((also)) be made payable from any special taxes
20 provided for in this chapter((, and may provide that)) and may pledge
21 such special taxes to the repayment of the bonds; and

1 (3) Such bonds (~~also~~) be made payable from any otherwise
2 unpledged revenue, which may be derived from the ownership or
3 operation of any properties.

4 **Sec. 2.** RCW 67.28.160 and 1997 c 452 s 10 are each amended to
5 read as follows:

6 (1) To carry out the purposes of this chapter including, but not
7 limited to, financing a fund to make loans or grants to nonprofit
8 organizations or public housing authorities for affordable workforce
9 housing within one-half mile of a transit station, the legislative
10 body of any municipality (~~shall have~~) has the power to issue
11 revenue bonds without submitting the matter to the voters of the
12 municipality(~~:- PROVIDED, That~~) and may pledge the special taxes
13 provided for in this chapter to the repayment of such revenue bonds.
14 However, the legislative body (~~shall~~) must create a special fund or
15 funds for the sole purpose of paying the principal of and interest on
16 the bonds of each such issue, into which fund or funds the
17 legislative body may obligate the municipality to pay all or part of
18 amounts collected from the special taxes provided for in this
19 chapter, and/or to pay such amounts of the gross revenue of all or
20 any part of the facilities constructed, acquired, improved, added to,
21 repaired, or replaced pursuant to this chapter, as the legislative
22 body (~~shall~~) determines(~~:- PROVIDED, FURTHER, That~~). The principal
23 of and interest on such bonds (~~shall be~~) is payable only of
24 such special fund or funds, and the owners of such bonds (~~shall~~)
25 must have a lien and charge against the gross revenue pledged to such
26 fund.

27 (~~Such~~) (a) The revenue bonds and the interest thereon issued
28 against (~~such~~) the fund or funds (~~shall~~) constitutes a claim of
29 the owners thereof only as against such fund or funds and the revenue
30 pledged therefor, and (~~shall~~) does not constitute a general
31 indebtedness of the municipality.

32 (b) Each (~~such~~) revenue bond (~~shall~~) must state upon its face
33 that it is payable from such special fund or funds, and all revenue
34 bonds issued under this chapter (~~shall be~~) are negotiable
35 securities within the provisions of the law of this state. (~~Such~~)
36 The revenue bonds may be registered either as to principal only or as
37 to principal and interest as provided in RCW 39.46.030, or may be
38 bearer bonds(~~:- shall~~). The revenue bonds must be:

1 (i) In such denominations as the legislative body (~~shall~~) deems
2 proper; (~~shall be~~)

3 (ii) Payable at such time or times and at such places, as (~~shall~~
4 ~~be~~) determined by the legislative body; (~~shall be~~)

5 (iii) Executed in such manner and bear interest at such rate or
6 rates, as (~~shall be~~) determined by the legislative body(~~-~~
7 ~~Such revenue bonds shall be~~); and

8 (iv) Sold in such manner as the legislative body (~~shall~~) deems
9 to be for the best interests of the municipality, either at public or
10 private sale.

11 (c) The legislative body may at the time of the issuance of
12 (~~such~~) the revenue bonds make (~~such~~) covenants with the owners of
13 (~~said~~) such bonds as it may deem necessary to secure and guaranty
14 the payment of the principal thereof and the interest thereon,
15 including but not being limited to covenants to set aside adequate
16 reserves to secure or guaranty the payment of such principal and
17 interest, to pledge and apply thereto part or all of any lawfully
18 authorized special taxes provided for in this chapter, to maintain
19 rates, charges, or rentals sufficient with other available moneys to
20 pay such principal and interest and to maintain adequate coverage
21 over debt service, to appoint a trustee or trustees for the bond
22 owners, to safeguard the expenditure of the proceeds of sale of such
23 bonds and to fix the powers and duties of such trustee or trustees
24 and to make such other covenants as the legislative body may deem
25 necessary to accomplish the most advantageous sale of such bonds. For
26 revenue bonds issued for the purpose of funding affordable workforce
27 housing within one-half mile of a transit station, where such revenue
28 bonds are reasonably expected to be awarded to projects that can
29 expend the funds within three years after bond issuance, the
30 legislative body must require that the aggregate debt service on all
31 such outstanding revenue bonds be limited to no more than fifty
32 percent of the revenue collected under RCW 67.28.180(3)(d)(ii). The
33 legislative body may also provide that revenue bonds payable out of
34 the same source may later be issued on a parity with revenue bonds
35 being issued and sold.

36 (d) The legislative body may include in the principal amount of
37 any such revenue bond issue an amount for engineering, architectural,
38 planning, financial, legal, and other services and charges incident
39 to the acquisition or construction of public stadium facilities,
40 convention center facilities, performing arts center facilities,

1 and/or visual arts center facilities, an amount to establish
2 necessary reserves, an amount for working capital and an amount
3 necessary for interest during the period of construction of any
4 facilities to be financed from the proceeds of such issue plus six
5 months. The legislative body may, if it deems it in the best interest
6 of the municipality, provide in any contract for the construction or
7 acquisition of any facilities or additions or improvements thereto or
8 replacements or extensions thereof that payment therefor (~~shall~~)
9 may be made only in such revenue bonds.

10 (e) If the municipality (~~shall~~) fails to carry out or perform
11 any of its obligations or covenants made in the authorization,
12 issuance, and sale of such bonds, the owner of any such bond may
13 bring action against the municipality and compel the performance of
14 any or all of such covenants.

15 (2) Notwithstanding subsection (1) of this section, such bonds
16 may be issued and sold in accordance with chapter 39.46 RCW.

17 **Sec. 3.** RCW 67.28.180 and 2011 1st sp.s. c 38 s 1 are each
18 amended to read as follows:

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

24 (2) Any levy authorized by this section is subject to the
25 following:

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

31 (b)(i) In the event that any county has levied the tax authorized
32 by this section and has, prior to June 26, 1975, either pledged the
33 tax revenues for payment of principal and interest on city revenue or
34 general obligation bonds authorized and issued pursuant to RCW
35 67.28.150 through 67.28.160 or has authorized and issued revenue or
36 general obligation bonds pursuant to the provisions of RCW 67.28.150
37 through 67.28.160, such county is exempt from the provisions of (a)
38 of this subsection, to the extent that the tax revenues are pledged
39 for payment of principal and interest on bonds issued at any time

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

26 (ii) A county is exempt under this subsection with respect to
27 city revenue or general obligation bonds issued after April 1, 1991,
28 only if such bonds mature before January 1, 2013. If any county
29 located east of the crest of the Cascade mountains has levied the tax
30 authorized by this section and has, prior to June 26, 1975, pledged
31 the tax revenue for payment of principal and interest on city revenue
32 or general obligation bonds, the county is exempt under this
33 subsection with respect to revenue or general obligation bonds issued
34 after January 1, 2007, only if the bonds mature before January 1,
35 2035. Such a county may only use funds under this subsection (2)(b)
36 for constructing or improving facilities authorized under this
37 chapter, including county-owned facilities for agricultural
38 promotion.

39 (iii) As used in this subsection (2)(b), "capital improvement
40 projects" may include, but not be limited to a stadium restaurant

1 facility, restroom facilities, artificial turf system, seating
2 facilities, parking facilities and scoreboard and information system
3 adjacent to or within a county owned stadium, together with
4 equipment, utilities, accessories and appurtenances necessary
5 thereto. The stadium restaurant authorized by this subsection (2)(b)
6 must be operated by a private concessionaire under a contract with
7 the county.

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

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

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

22 (3) Any levy authorized by this section by a county that has a
23 population of one million five hundred thousand or more is subject to
24 the following:

25 (a) Taxes collected under this section in any calendar year
26 before 2013 in excess of five million three hundred thousand dollars
27 may only be used as follows:

28 (i) Seventy percent from January 1, 2001, through December 31,
29 2012, for art museums, cultural museums, heritage museums, the arts,
30 and the performing arts. Moneys spent under this subsection (3)(a)(i)
31 must be used for the purposes of this subsection (3)(a)(i) in all
32 parts of the county.

33 (ii) Thirty percent from January 1, 2001, through December 31,
34 2012, for the following purposes and in a manner reflecting the
35 following order of priority: Stadium purposes as authorized under
36 subsection (2)(b) of this section; acquisition of open space lands;
37 youth sports activities; and tourism promotion. If all or part of the
38 debt on the stadium is refinanced, all revenues under this subsection
39 (3)(a)(ii) must be used to retire the debt.

1 (b) From January 1, 2013, through December 31, 2015, all revenues
2 under this section (~~shall~~) must be used to retire the debt on the
3 stadium, until the debt on the stadium is retired. On and after the
4 date the debt on the stadium is retired, and through December 31,
5 2015, all revenues under this section in a county of one million five
6 hundred thousand or more must be deposited in the special account
7 under (e) of this subsection.

8 (c) From January 1, 2016, through December 31, 2020, all revenues
9 under this section must be deposited in the stadium and exhibition
10 center account under RCW 43.99N.060.

11 (d) On and after January 1, 2021, the revenues under this section
12 must be used as follows:

13 (i) At least thirty-seven and one-half percent of the revenues
14 under this section must be deposited in the special account under (e)
15 of this subsection.

16 (ii) At least thirty-seven and one-half percent of the revenues
17 under this section must be used for contracts, loans, or grants to
18 nonprofit organizations or public housing authorities for affordable
19 workforce housing within one-half of a mile of a transit station, as
20 described under RCW 9.91.025 or for services for homeless youth, or
21 to repay general obligation bonds issued pursuant to RCW 67.28.150 to
22 finance such contracts, loans, or grants or revenue bonds issued
23 pursuant to RCW 67.28.160 to finance a fund to make such contracts,
24 loans, or grants.

25 (iii) The remainder must be used for capital or operating
26 programs that promote tourism and attract tourists to the county.

27 (e) At least forty percent of the revenues distributed pursuant
28 to (a)(i) of this subsection must be deposited in a special account.
29 The account may only be used for the purposes of (a)(i) of this
30 subsection.

31 (f) School districts and schools may not receive revenues
32 distributed pursuant to (a)(i) of this subsection.

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

38 (h) For the purposes of this section:

39 (i) "Affordable workforce housing" means housing for a single
40 person, family, or unrelated persons living together whose income is

1 between thirty percent and eighty percent of the median income,
2 adjusted for household size, for the county where the housing is
3 located; and

4 (ii) "Tourism promotion" includes activities intended to attract
5 visitors for overnight stays, arts, heritage, and cultural events,
6 and recreational, professional, and amateur sports events. Moneys
7 allocated to tourism promotion in a county with a population of one
8 million or more must be allocated to local public organizations and
9 nonprofit organizations formed for the express purpose of tourism
10 promotion in the county. Such organizations must use moneys from the
11 taxes to promote events in all parts of the county.

12 (i) No taxes collected under this section may be used for the
13 operation or maintenance of a public stadium that is financed
14 directly or indirectly by bonds to which the tax is pledged.
15 Expenditures for operation or maintenance include all expenditures
16 other than expenditures that directly result in new fixed assets or
17 that directly increase the capacity, life span, or operating economy
18 of existing fixed assets.

19 (j) No ad valorem property taxes may be used for debt service on
20 bonds issued for a public stadium that is financed by bonds to which
21 the tax is pledged, unless the taxes collected under this section are
22 or are projected to be insufficient to meet debt service requirements
23 on such bonds.

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

33 (l) The county may not lease a public stadium that is financed
34 directly or indirectly by bonds to which the tax is pledged to, or
35 authorize the use of the public stadium by, a professional major
36 league sports franchise unless the sports franchise gives the right
37 of first refusal to purchase the sports franchise, upon its sale, to
38 local government. This subsection (3)(l) does not apply to contracts
39 in existence on April 1, 1986.

1 (4) If a court of competent jurisdiction declares any provision
2 of subsection (3) of this section invalid, then that invalid
3 provision is null and void and the remainder of this section is not
4 affected.

--- END ---