

CERTIFICATION OF ENROLLMENT

**ENGROSSED SUBSTITUTE HOUSE BILL 2263**

Chapter 24, Laws of 2015

64th Legislature  
2015 3rd Special Session

CULTURAL ORGANIZATIONS--LOCAL GOVERNMENTS

EFFECTIVE DATE: 10/9/2015 - Except for Section 405, which becomes effective 1/1/2018.

Passed by the House June 28, 2015  
Yeas 87 Nays 10

FRANK CHOPP

**Speaker of the House of Representatives**

Passed by the Senate June 30, 2015  
Yeas 33 Nays 12

PAM ROACH

**President of the Senate**

Approved July 6, 2015 4:04 PM

JAY INSLEE

**Governor of the State of Washington**

CERTIFICATE

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE HOUSE BILL 2263** as passed by House of Representatives and the Senate on the dates hereon set forth.

BARBARA BAKER

**Chief Clerk**

FILED

July 7, 2015

**Secretary of State  
State of Washington**



1 leaving local communities unable to make adequate and necessary  
2 investments in infrastructure and services their residents rely on  
3 and benefit from. Additional fiscal tools that provide funding for  
4 facilities, services, housing, and programs benefiting vulnerable  
5 populations as well as cultural organizations will enable local  
6 communities and their residents to choose to invest in their local  
7 institutional and human infrastructure to the benefit of the public.

8 (b) There is a demonstrated need for facilities and services in  
9 the community to help people with mental illness, individuals with  
10 developmental disabilities, and other vulnerable populations,  
11 including foster children, homeless families, veterans, and others in  
12 critical need. The need includes, but is not limited to, funding for  
13 mental health services, evaluation and treatment facilities, housing,  
14 and other projects and services for those in need.

15 (c) There is also a need to provide public and educational  
16 benefits and economic support for cultural organizations. Providing  
17 local support for the state's cultural organizations is in the public  
18 interest and will serve multiple public purposes including, among  
19 others, enhancing and extending the education reach and offerings of  
20 cultural organizations; ensuring continued and expanded access to the  
21 facilities and programs of cultural organizations by economically and  
22 geographically underserved populations; and providing financial  
23 stability to the organizations to continue and extend the numerous  
24 public benefits they provide.

25 (2) It is the intent of the legislature to provide local  
26 governments and the communities they serve the fiscal tools needed to  
27 provide these important services.

28 **PART II**  
29 **DEFINITIONS**

30 NEW SECTION. **Sec. 201.** DEFINITIONS. The definitions in this  
31 section apply throughout this chapter unless the context clearly  
32 requires otherwise.

33 (1) "Administrative costs" means all operating, administrative,  
34 and maintenance expenses for a program, a designated public agency,  
35 or a designated entity.

36 (2) "Attendance" means the total number of visits by persons in  
37 physical attendance during a year at cultural organization facilities  
38 located or cultural organization programs provided within the county

1 creating a program, including attendance for which admission was  
2 paid, discounted, or free, consistent with and verifiable under  
3 guidelines adopted by the appropriate program.

4 (3) "Cultural organization" means a nonprofit corporation  
5 incorporated under the laws of the state of Washington and recognized  
6 by the internal revenue service as described in section 501(c)(3) of  
7 the internal revenue code of 1986, as amended, with its principal  
8 location or locations and conducting a majority of its activities  
9 within the state, not including: Any agency of the state or any of  
10 its political subdivisions; any municipal corporation; any  
11 organization that raises funds for redistribution to multiple  
12 cultural organizations; or any radio or television broadcasting  
13 network or station, cable communications system, internet-based  
14 communications venture or service, newspaper, or magazine. The  
15 primary purpose of the organization must be the advancement and  
16 preservation of science or technology, the visual or performing arts,  
17 zoology, botany, anthropology, heritage, or natural history and any  
18 organization must directly provide programming or experiences  
19 available to the general public. Any organization with the primary  
20 purpose of advancing and preserving zoology such as zoos and  
21 aquariums must be or support a facility that is accredited by the  
22 association of zoos and aquariums or its functional successor. A  
23 state-related cultural organization may be a cultural organization.

24 (4) "Designated entity" means the entity designated by the  
25 legislative authority of a county creating the program, as required  
26 under section 601(1)(d) of this act. The entity may be a public  
27 agency, including the state arts commission established under chapter  
28 43.46 RCW, or a Washington nonprofit corporation that is not a  
29 cultural organization eligible for funding under this chapter.

30 (5) "Designated public agency" means the public agency designated  
31 by the legislative authority of a county creating the program, as  
32 required under section 601(2)(h) of this act.

33 (6) "Program" means a cultural access program established by a  
34 county by ordinance.

35 (7) "Revenues" means revenues from all sources generated by a  
36 cultural organization, consistent with generally accepted accounting  
37 practices and any program guidelines, excluding: (a) Revenues  
38 associated with capital projects other than major maintenance  
39 projects including, but not limited to, capital campaign expenses;  
40 (b) funds provided under this chapter; (c) revenue that would be

1 considered unrelated business taxable income under the internal  
2 revenue code of 1986, as amended; and (d) with respect to a state-  
3 related cultural organization, state funding received by it or for  
4 the institution it supports. Revenues include transfers from an  
5 organization's endowment or reserves and may include the value of in-  
6 kind goods and services to the extent permitted under any program  
7 guidelines.

8 (8) "State-related cultural organization" means an organization  
9 incorporated as a nonprofit corporation under the laws of the state  
10 of Washington and recognized by the internal revenue service as  
11 described in section 501(c)(3) of the internal revenue code of 1986,  
12 as amended, with a primary purpose and directly providing programming  
13 or experiences available to the general public consistent with the  
14 requirements for recognition as a cultural organization under this  
15 chapter operating in a facility owned and supported by the state, a  
16 state agency, or state educational institution.

17 **PART III**

18 **CULTURAL ACCESS PROGRAM**

19 NEW SECTION. **Sec. 301.** CREATION. (1) Any county legislative  
20 authority may create a cultural access program by ordinance.

21 (2) Any contiguous group of counties may create a program by  
22 entering into an interlocal agreement under chapter 39.34 RCW,  
23 approved by resolution of the county legislative authorities.

24 (3) A city may create a cultural access program if the county  
25 legislative authority in which the city is located adopts a  
26 resolution stating that the county forfeits its option to create a  
27 program or does not place a proposition before the people to create  
28 such a program by June 30, 2017. In the event the exception in this  
29 subsection occurs, all references in this chapter to a county must  
30 include a city that has exercised its authority under this  
31 subsection, unless the context clearly requires otherwise.

32 NEW SECTION. **Sec. 302.** START-UP FUNDING AND CONDITIONAL  
33 FORMATION. (1) The county creating a program may advance to the  
34 program funding for its administrative costs, including the cost of  
35 informing the public about the formation of the program, how it is  
36 proposed to be funded, and the public benefits to be realized if it  
37 is successful. However, this subsection does not authorize the

1 preparation and distribution of information to the general public for  
2 the purpose of influencing the outcome of any election called for  
3 voter authorization of a proposed tax to support a program.

4 (2) The county creating a program may provide for repayment of  
5 any start-up funding advanced to a program from the proceeds of taxes  
6 authorized under sections 401 through 403 of this act and approved by  
7 voters after the taxes are first collected. The funds may be repaid  
8 to such county with interest at the internal rate of return on the  
9 invested funds of such county.

10 NEW SECTION. **Sec. 303.** NONSUPPLANTATION. In creating a program  
11 under this chapter, any county creating the program must affirm that  
12 any funding such county usually and customarily provides to cultural  
13 organizations similar to funding that would be available to those  
14 organizations under this chapter may not be replaced or materially  
15 diminished as a result of funding becoming available under this  
16 chapter. If an organization designated to receive funds under this  
17 chapter is a state-related cultural organization, the funds received  
18 under this chapter may not replace or materially diminish any funding  
19 usually or customarily provided by the state.

20 NEW SECTION. **Sec. 304.** ADVISORY COUNCILS. Each county creating  
21 a program under this chapter may establish an advisory council, the  
22 membership of which must include citizen representatives of  
23 constituencies and organizations with interests relevant to the work  
24 of the program including, but not limited to, leaders in the  
25 business, educational, and cultural communities. Advisory council  
26 members should be residents of the county creating the program.  
27 Policies concerning the size and operation of any advisory council  
28 must be established by the county that creates the program.

29 NEW SECTION. **Sec. 305.** ALTERNATIVE ADMINISTRATIVE ARRANGEMENTS.  
30 A county with a population of less than one million five hundred  
31 thousand may contract with the state arts commission formed under  
32 chapter 43.46 RCW for the provision of consulting, management, or  
33 other administrative services to be provided to its program created  
34 under this chapter. Any county creating a program may elect to  
35 consolidate administration of such a program with that of the entity  
36 or public agency designated by the county creating such a program to  
37 perform the functions required under section 601 of this act.

**PART IV**  
**FUNDING**

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2  
3       NEW SECTION.   **Sec. 401.**   PROGRAM TO IMPOSE TAX. (1)(a) Except as  
4 provided in (b) of this section, a county creating a program under  
5 this chapter may impose sales and use taxes under section 402 of this  
6 act or additional regular property tax levies under section 403 of  
7 this act for the purposes authorized under this chapter.

8       (b) A county with a population of one million five hundred  
9 thousand or more may not impose additional regular property tax  
10 levies under section 403 of this act.

11       (2) If a county imposes sales and use taxes under section 402 of  
12 this act, the county may not impose an additional regular property  
13 tax levy under section 403 of this act so long as such sales and use  
14 taxes are in effect.

15       (3) If a county imposes an additional regular property tax levy  
16 under section 403 of this act, the county may not impose sales and  
17 use taxes under section 402 of this act so long as such property tax  
18 levy is in effect.

19       (4) All revenue from taxes imposed under this chapter must be  
20 credited to a special fund in the treasury of the county imposing  
21 such tax and used solely for the purpose of paying all or any part of  
22 the cost of cultural access programs as provided in this chapter.

23       NEW SECTION.   **Sec. 402.**   A new section is added to chapter 82.14  
24 RCW to read as follows:

25       SALES AND USE TAXES. (1) The legislative authority of a county or  
26 a city may impose a sales and use tax of up to one-tenth of one  
27 percent of the selling price in the case of a sales tax, or value of  
28 the article used, in the case of a use tax, for the purposes  
29 authorized under chapter 36.--- RCW (the new chapter created in  
30 section 802 of this act). The legislative authority of the county or  
31 city may impose the sales and use tax by ordinance and must condition  
32 its imposition on the specific authorization of a majority of the  
33 voters voting on a proposition submitted at a special or general  
34 election held after June 30, 2016. The ordinance and ballot  
35 proposition may provide for the tax to apply for a period of up to  
36 seven consecutive years.

37       (2) The tax authorized in this section is in addition to any  
38 other taxes authorized by law and must be collected from those

1 persons who are taxable by the state under chapters 82.08 and 82.12  
2 RCW upon the occurrence of any taxable event.

3 (3) The legislative authority of a county or city may reimpose a  
4 tax imposed under this section for one or more additional periods of  
5 up to seven consecutive years. The legislative authority of the  
6 county or city may only reimpose the sales and use tax by ordinance  
7 and on the prior specific authorization of a majority of the voters  
8 voting on a proposition submitted at a special or general election.

9 (4) Moneys collected under this section may only be used for the  
10 purposes set forth in section 601 of this act.

11 (5) The department must perform the collection of taxes under  
12 this section on behalf of a county or city at no cost to the county  
13 or city, and the state treasurer must distribute those taxes as  
14 available on a monthly basis to the county or city or, upon the  
15 direction of the county or city, to its treasurer or a fiscal agent,  
16 paying agent, or trustee for obligations issued or incurred by the  
17 program.

18 (6) The definitions in section 201 of this act apply to this  
19 section.

20 NEW SECTION. **Sec. 403.** A new section is added to chapter 84.52  
21 RCW to read as follows:

22 **PROPERTY TAX.** (1) The legislative authority of a county or city  
23 may impose an additional regular property tax levy for the purposes  
24 authorized under chapter 36.--- RCW (the new chapter created in  
25 section 802 of this act). The legislative authority of the county or  
26 city may impose the additional levy by ordinance and must condition  
27 its imposition of the levy upon prior specific authorization of a  
28 majority of the voters voting on a proposition submitted at a special  
29 or general election held after June 30, 2016. The ordinance and the  
30 ballot proposition must set forth the total dollar amount to be  
31 collected in the first year of the levy and the estimated levy rate  
32 for the first year and may provide for a levy for a period of up to  
33 seven consecutive years. The total dollar amount to be set forth in  
34 the ordinance and the ballot proposition may not exceed an amount  
35 equal to: The total taxable retail sales and taxable uses in the  
36 county or the city levying the property tax for the most recent  
37 calendar year as reported by the department multiplied by one-tenth  
38 of one percent. Any county or city levying the property tax in this  
39 section must calculate the total dollar amount to be collected using



1 the most recent calendar year publicly available data of taxable  
2 retail sales published on the department's web site.

3 (2) The legislative authority of a county or city may reimpose an  
4 additional regular property tax levy imposed under subsection (1) of  
5 this section for one or more additional periods of up to seven  
6 consecutive years. The legislative authority of the county or city  
7 may only reimpose the regular property tax levy by ordinance and on  
8 the prior specific authorization of a majority of the voters voting  
9 on a proposition submitted at a special or general election. The  
10 ordinance and the ballot proposition must set forth the total dollar  
11 amount to be collected in the first year and the estimated levy rate  
12 for the first year of the reimposed levy. The total dollar amount to  
13 be set forth in the ordinance and the ballot proposition may not  
14 exceed an amount equal to: The total taxable retail sales and taxable  
15 uses in the county or the city levying the property tax for the most  
16 recent calendar year as reported by the department multiplied by one-  
17 tenth of one percent. Any county or city levying the property tax in  
18 this section must calculate the total dollar amount to be collected  
19 using the most recent calendar year publicly available data of  
20 taxable retail sales published on the department's web site.

21 (3) In the event a county or city is levying property taxes under  
22 this section that, in combination with property taxes levied by other  
23 taxing districts, exceed the limitation in RCW 84.52.050 or  
24 84.52.043(2), the county's or city's property tax levy under this  
25 section must be reduced or eliminated consistent with RCW 84.52.010.

26 (4) The limitation in RCW 84.55.010 does not apply to the first  
27 levy imposed under subsection (1) of this section or to the first  
28 levy reimposed under subsection (2) of this section.

29 (5) The limitations in RCW 84.52.043(1) do not apply to the tax  
30 levy authorized in this section.

31 (6) Moneys collected under this section may only be used for the  
32 purposes set forth in section 601 of this act.

33 (7) The definitions in section 201 of this act apply to this  
34 section.

35 **Sec. 404.** RCW 84.52.010 and 2011 1st sp.s. c 28 s 2 are each  
36 amended to read as follows:

37 (1) Except as is permitted under RCW 84.55.050, all taxes must be  
38 levied or voted in specific amounts.

1           (2) The rate percent of all taxes for state and county purposes,  
2 and purposes of taxing districts coextensive with the county, must be  
3 determined, calculated and fixed by the county assessors of the  
4 respective counties, within the limitations provided by law, upon the  
5 assessed valuation of the property of the county, as shown by the  
6 completed tax rolls of the county, and the rate percent of all taxes  
7 levied for purposes of taxing districts within any county must be  
8 determined, calculated and fixed by the county assessors of the  
9 respective counties, within the limitations provided by law, upon the  
10 assessed valuation of the property of the taxing districts  
11 respectively.

12           (3) When a county assessor finds that the aggregate rate of tax  
13 levy on any property, that is subject to the limitations set forth in  
14 RCW 84.52.043 or 84.52.050, exceeds the limitations provided in  
15 either of these sections, the assessor must recompute and establish a  
16 consolidated levy in the following manner:

17           (a) The full certified rates of tax levy for state, county,  
18 county road district, and city or town purposes must be extended on  
19 the tax rolls in amounts not exceeding the limitations established by  
20 law; however any state levy takes precedence over all other levies  
21 and may not be reduced for any purpose other than that required by  
22 RCW 84.55.010. If, as a result of the levies imposed under RCW  
23 36.54.130, 84.34.230, 84.52.069, 84.52.105, the portion of the levy  
24 by a metropolitan park district that was protected under RCW  
25 84.52.120, 84.52.125, 84.52.135, 84.52.140, and the protected portion  
26 of the levy under RCW 86.15.160 by flood control zone districts in a  
27 county with a population of seven hundred seventy-five thousand or  
28 more that are coextensive with a county, the combined rate of regular  
29 property tax levies that are subject to the one percent limitation  
30 exceeds one percent of the true and fair value of any property, then  
31 these levies must be reduced as follows:

32           (i) The portion of the levy by a metropolitan park district that  
33 has a population of less than one hundred fifty thousand and is  
34 located in a county with a population of one million five hundred  
35 thousand or more that is protected under RCW 84.52.120 must be  
36 reduced until the combined rate no longer exceeds one percent of the  
37 true and fair value of any property or must be eliminated;

38           (ii) If the combined rate of regular property tax levies that are  
39 subject to the one percent limitation still exceeds one percent of  
40 the true and fair value of any property, the protected portion of the

1 levy imposed under RCW 86.15.160 by a flood control zone district in  
2 a county with a population of seven hundred seventy-five thousand or  
3 more that is coextensive with a county must be reduced until the  
4 combined rate no longer exceeds one percent of the true and fair  
5 value of any property or must be eliminated;

6 (iii) If the combined rate of regular property tax levies that  
7 are subject to the one percent limitation still exceeds one percent  
8 of the true and fair value of any property, the levy imposed by a  
9 county under RCW 84.52.140 must be reduced until the combined rate no  
10 longer exceeds one percent of the true and fair value of any property  
11 or must be eliminated;

12 (iv) If the combined rate of regular property tax levies that are  
13 subject to the one percent limitation still exceeds one percent of  
14 the true and fair value of any property, the portion of the levy by a  
15 fire protection district that is protected under RCW 84.52.125 must  
16 be reduced until the combined rate no longer exceeds one percent of  
17 the true and fair value of any property or must be eliminated;

18 (v) If the combined rate of regular property tax levies that are  
19 subject to the one percent limitation still exceeds one percent of  
20 the true and fair value of any property, the levy imposed by a county  
21 under RCW 84.52.135 must be reduced until the combined rate no longer  
22 exceeds one percent of the true and fair value of any property or  
23 must be eliminated;

24 (vi) If the combined rate of regular property tax levies that are  
25 subject to the one percent limitation still exceeds one percent of  
26 the true and fair value of any property, the levy imposed by a ferry  
27 district under RCW 36.54.130 must be reduced until the combined rate  
28 no longer exceeds one percent of the true and fair value of any  
29 property or must be eliminated;

30 (vii) If the combined rate of regular property tax levies that  
31 are subject to the one percent limitation still exceeds one percent  
32 of the true and fair value of any property, the portion of the levy  
33 by a metropolitan park district with a population of one hundred  
34 fifty thousand or more that is protected under RCW 84.52.120 must be  
35 reduced until the combined rate no longer exceeds one percent of the  
36 true and fair value of any property or must be eliminated;

37 (viii) If the combined rate of regular property tax levies that  
38 are subject to the one percent limitation still exceeds one percent  
39 of the true and fair value of any property, then the levies imposed  
40 under RCW 84.34.230, 84.52.105, and any portion of the levy imposed

1 under RCW 84.52.069 that is in excess of thirty cents per thousand  
2 dollars of assessed value, must be reduced on a pro rata basis until  
3 the combined rate no longer exceeds one percent of the true and fair  
4 value of any property or must be eliminated; and

5 (ix) If the combined rate of regular property tax levies that are  
6 subject to the one percent limitation still exceeds one percent of  
7 the true and fair value of any property, then the thirty cents per  
8 thousand dollars of assessed value of tax levy imposed under RCW  
9 84.52.069 must be reduced until the combined rate no longer exceeds  
10 one percent of the true and fair value of any property or must be  
11 eliminated.

12 (b) The certified rates of tax levy subject to these limitations  
13 by all junior taxing districts imposing taxes on such property must  
14 be reduced or eliminated as follows to bring the consolidated levy of  
15 taxes on such property within the provisions of these limitations:

16 (i) First, the certified property tax levy authorized under  
17 section 403 of this act must be reduced on a pro rata basis or  
18 eliminated;

19 (ii) Second, if the consolidated tax levy rate still exceeds  
20 these limitations, the certified property tax levy rates of those  
21 junior taxing districts authorized under RCW 36.68.525, 36.69.145,  
22 35.95A.100, and 67.38.130 must be reduced on a pro rata basis or  
23 eliminated;

24 (~~(ii) Second~~) (iii) Third, if the consolidated tax levy rate  
25 still exceeds these limitations, the certified property tax levy  
26 rates of flood control zone districts other than the portion of a  
27 levy protected under RCW 84.52.815 must be reduced on a pro rata  
28 basis or eliminated;

29 (~~(iii) Third~~) (iv) Fourth, if the consolidated tax levy rate  
30 still exceeds these limitations, the certified property tax levy  
31 rates of all other junior taxing districts, other than fire  
32 protection districts, regional fire protection service authorities,  
33 library districts, the first fifty cent per thousand dollars of  
34 assessed valuation levies for metropolitan park districts, and the  
35 first fifty cent per thousand dollars of assessed valuation levies  
36 for public hospital districts, must be reduced on a pro rata basis or  
37 eliminated;

38 (~~(iv) Fourth~~) (v) Fifth, if the consolidated tax levy rate  
39 still exceeds these limitations, the first fifty cent per thousand  
40 dollars of assessed valuation levies for metropolitan park districts

1 created on or after January 1, 2002, must be reduced on a pro rata  
2 basis or eliminated;

3 ~~((v) Fifth))~~ (vi) Sixth, if the consolidated tax levy rate still  
4 exceeds these limitations, the certified property tax levy rates  
5 authorized to fire protection districts under RCW 52.16.140 and  
6 52.16.160 and regional fire protection service authorities under RCW  
7 52.26.140(1) (b) and (c) must be reduced on a pro rata basis or  
8 eliminated; and

9 ~~((vi) Sixth))~~ (vii) Seventh, if the consolidated tax levy rate  
10 still exceeds these limitations, the certified property tax levy  
11 rates authorized for fire protection districts under RCW 52.16.130,  
12 regional fire protection service authorities under RCW  
13 52.26.140(1)(a), library districts, metropolitan park districts  
14 created before January 1, 2002, under their first fifty cent per  
15 thousand dollars of assessed valuation levy, and public hospital  
16 districts under their first fifty cent per thousand dollars of  
17 assessed valuation levy, must be reduced on a pro rata basis or  
18 eliminated.

19 **Sec. 405.** RCW 84.52.010 and 2015 c 170 s 2 are each amended to  
20 read as follows:

21 (1) Except as is permitted under RCW 84.55.050, all taxes must be  
22 levied or voted in specific amounts.

23 (2) The rate percent of all taxes for state and county purposes,  
24 and purposes of taxing districts coextensive with the county, must be  
25 determined, calculated and fixed by the county assessors of the  
26 respective counties, within the limitations provided by law, upon the  
27 assessed valuation of the property of the county, as shown by the  
28 completed tax rolls of the county, and the rate percent of all taxes  
29 levied for purposes of taxing districts within any county must be  
30 determined, calculated and fixed by the county assessors of the  
31 respective counties, within the limitations provided by law, upon the  
32 assessed valuation of the property of the taxing districts  
33 respectively.

34 (3) When a county assessor finds that the aggregate rate of tax  
35 levy on any property, that is subject to the limitations set forth in  
36 RCW 84.52.043 or 84.52.050, exceeds the limitations provided in  
37 either of these sections, the assessor must recompute and establish a  
38 consolidated levy in the following manner:

1 (a) The full certified rates of tax levy for state, county,  
2 county road district, and city or town purposes must be extended on  
3 the tax rolls in amounts not exceeding the limitations established by  
4 law; however any state levy takes precedence over all other levies  
5 and may not be reduced for any purpose other than that required by  
6 RCW 84.55.010. If, as a result of the levies imposed under RCW  
7 36.54.130, 84.34.230, 84.52.069, 84.52.105, the portion of the levy  
8 by a metropolitan park district that was protected under RCW  
9 84.52.120, 84.52.125, 84.52.135, and 84.52.140, and the portion of  
10 the levy by a flood control zone district that was protected under  
11 RCW 84.52.--- (section 3, chapter 170, Laws of 2015), the combined  
12 rate of regular property tax levies that are subject to the one  
13 percent limitation exceeds one percent of the true and fair value of  
14 any property, then these levies must be reduced as follows:

15 (i) The portion of the levy by a flood control zone district that  
16 was protected under RCW 84.52.--- (section 3, chapter 170, Laws of  
17 2015) must be reduced until the combined rate no longer exceeds one  
18 percent of the true and fair value of any property or must be  
19 eliminated;

20 (ii) If the combined rate of regular property tax levies that are  
21 subject to the one percent limitation still exceeds one percent of  
22 the true and fair value of any property, the levy imposed by a county  
23 under RCW 84.52.140 must be reduced until the combined rate no longer  
24 exceeds one percent of the true and fair value of any property or  
25 must be eliminated;

26 (iii) If the combined rate of regular property tax levies that  
27 are subject to the one percent limitation still exceeds one percent  
28 of the true and fair value of any property, the portion of the levy  
29 by a fire protection district that is protected under RCW 84.52.125  
30 must be reduced until the combined rate no longer exceeds one percent  
31 of the true and fair value of any property or must be eliminated;

32 (iv) If the combined rate of regular property tax levies that are  
33 subject to the one percent limitation still exceeds one percent of  
34 the true and fair value of any property, the levy imposed by a county  
35 under RCW 84.52.135 must be reduced until the combined rate no longer  
36 exceeds one percent of the true and fair value of any property or  
37 must be eliminated;

38 (v) If the combined rate of regular property tax levies that are  
39 subject to the one percent limitation still exceeds one percent of  
40 the true and fair value of any property, the levy imposed by a ferry

1 district under RCW 36.54.130 must be reduced until the combined rate  
2 no longer exceeds one percent of the true and fair value of any  
3 property or must be eliminated;

4 (vi) If the combined rate of regular property tax levies that are  
5 subject to the one percent limitation still exceeds one percent of  
6 the true and fair value of any property, the portion of the levy by a  
7 metropolitan park district that is protected under RCW 84.52.120 must  
8 be reduced until the combined rate no longer exceeds one percent of  
9 the true and fair value of any property or must be eliminated;

10 (vii) If the combined rate of regular property tax levies that  
11 are subject to the one percent limitation still exceeds one percent  
12 of the true and fair value of any property, then the levies imposed  
13 under RCW 84.34.230, 84.52.105, and any portion of the levy imposed  
14 under RCW 84.52.069 that is in excess of thirty cents per thousand  
15 dollars of assessed value, must be reduced on a pro rata basis until  
16 the combined rate no longer exceeds one percent of the true and fair  
17 value of any property or must be eliminated; and

18 (viii) If the combined rate of regular property tax levies that  
19 are subject to the one percent limitation still exceeds one percent  
20 of the true and fair value of any property, then the thirty cents per  
21 thousand dollars of assessed value of tax levy imposed under RCW  
22 84.52.069 must be reduced until the combined rate no longer exceeds  
23 one percent of the true and fair value of any property or eliminated.

24 (b) The certified rates of tax levy subject to these limitations  
25 by all junior taxing districts imposing taxes on such property must  
26 be reduced or eliminated as follows to bring the consolidated levy of  
27 taxes on such property within the provisions of these limitations:

28 (i) First, the certified property tax levy authorized under  
29 section 403 of this act must be reduced on a pro rata basis or  
30 eliminated;

31 (ii) Second, if the consolidated tax levy rate still exceeds  
32 these limitations, the certified property tax levy rates of those  
33 junior taxing districts authorized under RCW 36.68.525, 36.69.145,  
34 35.95A.100, and 67.38.130 must be reduced on a pro rata basis or  
35 eliminated;

36 ~~((ii) Second))~~ (iii) Third, if the consolidated tax levy rate  
37 still exceeds these limitations, the certified property tax levy  
38 rates of flood control zone districts other than the portion of a  
39 levy protected under RCW 84.52.--- (section 3, chapter 170, Laws of  
40 2015) must be reduced on a pro rata basis or eliminated;





1 this requirement for eligibility to receive funding authorized under  
2 this chapter. The public benefits include, without limitation:  
3 Reasonable opportunities for access to facilities, programs, and  
4 services on a reduced or no admission fee basis, particularly for  
5 diverse and underserved populations and communities; providing,  
6 through technological and other means, services or programs in  
7 locations other than an organization's own facilities; providing  
8 educational programs and experiences both at an organization's own  
9 facilities and in schools and other venues; broadening cultural  
10 programs, performances, and exhibitions for the enlightenment and  
11 entertainment of the public; supporting collaborative relationships  
12 with other cultural organizations in order to extend the reach and  
13 impact of the collaborating organizations for the benefit of the  
14 public; and, in the case of community-based cultural organizations,  
15 organizational capacity-building projects or activities that an  
16 organization can demonstrate, to the reasonable satisfaction of the  
17 designated entity, will enhance the ability of the organization to  
18 provide or continue to provide meaningful public benefits not  
19 otherwise achievable.

20 (2) Each program created under this chapter must adopt guidelines  
21 establishing a baseline standard of continuous performance with  
22 respect to the provision of public benefits required under this  
23 chapter and for evaluating the eligibility of any cultural  
24 organization to receive funds under this chapter based on the  
25 continuous performance of the organization in the provision of the  
26 public benefits. The guidelines must include: (a) Procedures for  
27 notifying any organization at risk of losing its eligibility to  
28 receive funds under this chapter for failure to achieve the program's  
29 baseline standard of performance with respect to the continuous  
30 provision of public benefits; and (b) measures or procedures  
31 available to the organization for either retaining or recovering  
32 eligibility, as appropriate.

33 NEW SECTION. **Sec. 502.** PUBLIC SCHOOL CULTURAL ACCESS PROGRAM.

34 (1) A program created under this chapter must develop and provide a  
35 public school cultural access program, as provided in section 601 of  
36 this act.

37 (2) To the extent practicable consistent with available  
38 resources, the public school cultural access element of a program of

1 a county described in section 601(2) of this act must include the  
2 following attributes:

3 (a) Provide benefits designed to increase public school student  
4 access to the programming offered and facilities operated by regional  
5 and community-based cultural organizations receiving funding under  
6 this chapter, giving priority to the activities in the order  
7 described in (c) of this subsection;

8 (b) Offer benefits to every public school in the county while  
9 scaling the range of benefits available to and the frequency of  
10 opportunities to participate by any particular school to coincide  
11 with the relative percentage of students attending the school who  
12 participate in the national free or reduced-price school meals  
13 program;

14 (c) Benefits provided under the public school cultural access  
15 program must include, without limitation:

16 (i) Providing directly or otherwise funding and arranging for  
17 transportation for all public school students at participating  
18 schools to attend and participate annually in the age-appropriate  
19 programs and activities offered by such organizations;

20 (ii) Should funding available under this program for student  
21 transportation be inadequate in any one year due to more demand for  
22 student transportation than can be funded, increasing the subsequent  
23 annual percentage allocation to the public school cultural access  
24 program up to two percent so as to provide sufficient funds to ensure  
25 adequate funding of student transportation;

26 (iii) Establishing and operating, within funding provided to  
27 support the public school cultural access program under this  
28 subsection, of a centralized service available to regional and  
29 community-based cultural organizations receiving funding under this  
30 chapter and public schools in the county to coordinate opportunities  
31 for public school student access to the programs and activities  
32 offered by the organizations both at the facilities and venues  
33 operated by the organizations and through programs and experiences  
34 provided by the organizations at schools and elsewhere;

35 (iv) In consultation with cultural organizations located within  
36 the county, preparing and maintaining a readily accessible and  
37 current guide cataloging access opportunities and facilitating  
38 scheduling;

39 (v) Coordinating closely with cultural organizations to maximize  
40 student utilization of available opportunities in a cost-efficient

1 manner including possible scheduling on a single day opportunities  
2 for different grade levels at any one school and participation in  
3 multiple programs or activities in the same general area for which  
4 program-funded transportation is provided;

5 (vi) Supporting the development of tools, materials, and media by  
6 cultural organizations to ensure that school access programs and  
7 activities correlate with school curricula and extend the reach of  
8 access programs and activities for classroom use with or without  
9 direct on-site participation, to the extent practicable;

10 (vii) Building meaningful partnerships with public schools and  
11 cultural organizations in order to maximize participation in school  
12 access programs and activities and ensure their relevance and  
13 effectiveness;

14 (d) When a program determines that its program element required  
15 under (c)(i) through (vii) of this subsection has achieved sufficient  
16 scale and participation among public schools located within its  
17 boundaries and that it has resources remaining to devote to  
18 additional public school cultural access programs without diminishing  
19 such participation, the county may develop and financially support  
20 other public school cultural access activities in conjunction with  
21 cultural organizations receiving funds under this chapter; public  
22 school districts; and other public or nonprofit organizations that  
23 support cultural access. Any funding for development and support of  
24 such activities provided to cultural organizations receiving funds  
25 under this subsection must only be used to supplement the public  
26 benefits provided by such organizations as required under this  
27 chapter and may not be used by such organizations to replace or  
28 diminish funding for such required public benefits;

29 (e) Preparation of an annual public school cultural access plan  
30 for review and adoption prior to implementation; and

31 (f) Compilation of an annual report documenting the reach and  
32 evaluating the effectiveness of program-funded public school cultural  
33 access efforts, including information about the numbers and types of  
34 students who participated in the program and recommendations to the  
35 county for improvements.

36 **PART VI**  
37 **USE OF FUNDS**

1        NEW SECTION.    **Sec. 601.**    ALLOCATION. (1) A program in a county  
2 with a population of less than one million five hundred thousand must  
3 allocate the proceeds of taxes authorized under sections 402 and 403  
4 of this act as follows:

5        (a) If any start-up funding has been provided to the program  
6 under section 302 of this act with the expectation that the funding  
7 will be repaid, the program must annually reserve from total funds  
8 available funding sufficient to provide for repayment of such start-  
9 up funding until any such start-up funding has been fully repaid;

10       (b) The funding determined by the county forming such a program  
11 to be reserved for program costs, including direct administrative  
12 costs, and repaying any start-up funding provided under section 302  
13 of this act. Information disclosing the amount of funding to be  
14 reserved for program administrative costs must be included in any  
15 proposition submitted to voters under section 402 or 403 of this act;

16       (c) The county must determine the percentage of total funds  
17 available annually to be reserved for a public school cultural access  
18 program established and managed by the county to increase access to  
19 cultural activities and programming for public school students  
20 resident in the county. The activities and programming need not be  
21 located or provided within the county. In developing its program, the  
22 county may consider the attributes prescribed for a public school  
23 cultural access program required to be undertaken under section  
24 502(2) of this act and may also consider providing funding for music  
25 and arts education in public schools that is in addition to that  
26 provided for in the program of basic education funding;

27       (d) Remaining funds available annually, including all funds not  
28 initially reserved under (a), (b), and (c) of this subsection as well  
29 as funds not distributed by the county from the reserved funds must  
30 be distributed by the county to the entity designated by the  
31 legislative authority of the county creating the program. The county  
32 must determine:

33       (i) Guidelines, consistent with the requirements of this chapter,  
34 it deems necessary or appropriate for determining the eligibility of  
35 cultural organizations to receive funding under this chapter;

36       (ii) Criteria for the award of funds to eligible cultural  
37 organizations, including the public benefits to be derived from  
38 projects submitted for funding;

39       (iii) The amount of funding to be allocated to support designated  
40 entity administrative costs;

1 (iv) Criteria for the identification by the county or, if so  
2 directed by the county, by the designated entity of any cultural  
3 organization or organizations that would receive annual distributions  
4 of funds in such amounts determined by the county or, if so directed  
5 by the county, the designated entity; and

6 (v) Procedures to be used by the designated entity in awarding  
7 funding to other cultural organizations that may, but are not  
8 required to include a periodic competitive process for awarding funds  
9 for particular purposes or projects proposed by eligible cultural  
10 organizations;

11 (e) In evaluating requests for funding authorized under this  
12 chapter, the designated entity responsible for the distribution of  
13 the funds must consider the public benefits that any cultural  
14 organizations represented will be derived from proposed projects. At  
15 the conclusion of a project approved for funding, such organization  
16 is required to report to the designated entity on the public benefits  
17 realized;

18 (f) Funds distributed to cultural organizations may be used to  
19 support cultural and educational activities, programs, and  
20 initiatives; public benefits and communications; and basic  
21 operations. Funds may also be used for: (i) Capital expenditures or  
22 acquisitions including, but not limited to, the acquisition of or  
23 construction of improvements to real property; and (ii) technology,  
24 equipment, and supplies reasonably related to or necessary for a  
25 project otherwise eligible for funding under this chapter. Program  
26 guidelines may also determine the circumstances under which funds may  
27 be used to fund start-up expenses of new community-based cultural  
28 organizations;

29 (g) If the county or designated entity determine the eligibility  
30 of a cultural organization to receive funding or the relative  
31 magnitude of the funding it receives on the basis of its budget,  
32 revenues, or expenses, any determination with respect to a qualifying  
33 state-related cultural organization must exclude any state funding  
34 received by the organization or for the institution it supports.

35 (2) A county with a population of more than one million five  
36 hundred thousand must allocate the proceeds of the taxes authorized  
37 under section 402 of this act as follows:

38 (a) If any start-up funding has been provided to the program  
39 under section 302 of this act with the expectation that the funding  
40 will be repaid, the program must annually reserve from total funds

1 available annually funding sufficient to provide for repayment of  
2 such start-up funding until any such start-up funding has been fully  
3 repaid;

4 (b) After allocating any funds as required in (a) of this  
5 subsection, up to one and one-fourth percent of total funds available  
6 annually may be used for program administrative costs;

7 (c) After allocating funds as required in (a) and (b) of this  
8 subsection, ten percent of remaining funds available annually must be  
9 used to fund a public school cultural access program to be  
10 administered by the program, subject to section 502(2) of this act;

11 (d) Seventy percent of total remaining funds available annually  
12 excluding funds initially reserved under (a), (b), and (c) of this  
13 subsection must be reserved for distribution by the program to  
14 regional cultural organizations that are cultural organizations that  
15 own, operate, or support cultural facilities or provide performances,  
16 exhibits, educational programs, experiences, or entertainment that  
17 widely benefit and are broadly attended by the public, subject to  
18 further definition under guidelines adopted by the program. A  
19 regional cultural organization may also generally be characterized  
20 under program guidelines as a financially stable, substantial  
21 organization with full-time support and program staff, maintaining a  
22 broad-based membership, having year-round or enduring seasonal  
23 operations, being a substantial financial contributor to the  
24 development, operation, and maintenance of the organization's  
25 principal venue or venues, and providing substantial public benefits.  
26 The funding must be provided only to those regional cultural  
27 organizations that the program determines, on an annual basis, to  
28 have met the following guidelines:

29 (i) For at least the preceding three years, the organization has  
30 been continuously in good standing as a nonprofit corporation under  
31 the laws of the state of Washington;

32 (ii) The organization has its principal location or locations and  
33 conducts the majority of its activities within the county area  
34 primarily for the benefit of county residents;

35 (iii) The organization has not declared bankruptcy or suspended  
36 or substantially curtailed operations for a period longer than six  
37 months during the preceding two years;

38 (iv) The organization provided to the program audited annual  
39 financial statements for at least its two most recent fiscal years;

1 (v) Over the three preceding years, the organization has minimum  
2 average annual revenues of at least one million two hundred fifty  
3 thousand dollars. The program must annually and cumulatively adjust  
4 the minimum revenues by the annual percentage change in the consumer  
5 price index for the prior year for the Seattle-Tacoma-Bellevue,  
6 Washington metropolitan statistical area for all urban consumer, all  
7 goods, as published by the United States department of labor, bureau  
8 of labor statistics. The minimum revenues requirement, adjusted for  
9 inflation as provided in this section, remains effective through the  
10 date on which the initial tax authorized by the voters under section  
11 402 or 403 of this act expires. Thereafter, the program must, at the  
12 beginning of each subsequent period of funding as approved by the  
13 voters, establish initial minimum average annual revenues of not less  
14 than the amount of the minimum revenues required during the final  
15 year of the immediately preceding period of funding;

16 (vi) For purposes of determining the eligibility of a regional  
17 organization to receive funding or the relative magnitude of the  
18 funding it receives on the basis of its revenues, any determination  
19 with respect to a qualifying state-related cultural organization must  
20 exclude any state funding received by the organization or for the  
21 institution it supports; and

22 (vii) Any additional guidelines, consistent with section 201 of  
23 this act and this section, as the program deems necessary or  
24 appropriate for determining the eligibility of prospective regional  
25 cultural organizations to receive funding under this section and for  
26 establishing the amount of funding any organization may receive;

27 (e) Funds available under (d) of this subsection must be  
28 distributed among eligible regional cultural organizations based on  
29 an annual ranking of eligible organizations by the combined size of  
30 their average annual revenues and their average annual attendance,  
31 both over the three preceding years. However, an organization's  
32 attendance must have twice the weight of the organization's revenues  
33 in determining its relative ranking. Available funds must be  
34 distributed proportionally among eligible organizations, consistent  
35 with the ranking, such that the organization with the largest  
36 combined revenues and weighted attendance would receive the most  
37 funding and the organization with the smallest combined revenues and  
38 weighted attendance would receive the least funding. However, no  
39 organization may receive funds in excess of fifteen percent of its  
40 average annual revenues over the three preceding years;

1 (f) Funds distributed to regional cultural organizations under  
2 (d) of this subsection must be used to support cultural and  
3 educational activities, programs and initiatives, public benefits and  
4 communications, and basic operations.

5 (i) At least twenty percent of funds distributed to any regional  
6 cultural organizations under (d) of this subsection must be used to  
7 participate in the program's public school cultural access program  
8 required under section 502 of this act. The regional cultural  
9 organizations must provide or continue to provide public benefits  
10 under this section in addition to participating in the public school  
11 cultural access program.

12 (ii) No funds distributed to regional cultural organizations  
13 under (d) of this subsection may be used for capital expenditures or  
14 acquisitions including, but not limited to, the acquisition of or the  
15 construction of improvements to real property;

16 (g) Prior to December 31st of each year, each regional cultural  
17 organization receiving funds authorized under this chapter pursuant  
18 to a program allocation formula must provide a report to the program,  
19 including:

20 (i) A preview of the public benefits the organization plans to  
21 provide or continue to provide in the following year;

22 (ii) A preview of the organization's public school cultural  
23 access program participation in the following year; and

24 (iii) A report on public benefits it provided, and its  
25 participation in the public school cultural access program, during  
26 the current year;

27 (h) Remaining funds available annually, including funds not  
28 initially reserved under (a) through (d) of this subsection as well  
29 as funds not distributed by the program from the reserved funds must  
30 be distributed by the program to the public agency designated by the  
31 legislative authority of the county creating such a program;

32 (i) Funds distributed by the designated public agencies under (h)  
33 of this subsection must be applied as follows:

34 (i) Not more than eight percent of such funds must be used for  
35 administrative costs of the public agency designated by a county  
36 creating the program; and

37 (ii) The balance must be used to fund community-based cultural  
38 organizations that are cultural organizations or a community  
39 preservation and development authority formed under chapter 43.167  
40 RCW prior to January 1, 2011, that primarily function, focus their



1 activities, and are supported or patronized within a local community  
2 and are not a regional cultural organization, subject to further  
3 definition under guidelines adopted by the designated public agency.  
4 Designated public agencies must adopt:

5 (A) Guidelines, consistent with the requirements of this chapter,  
6 it deems necessary or appropriate for determining the eligibility of  
7 community-based cultural organizations to receive funding under this  
8 chapter and for establishing the amount of funding any organization  
9 may receive;

10 (B) Criteria for the award of funds to eligible community-based  
11 cultural organizations, including the public benefits to be derived  
12 from projects submitted for funding; and

13 (C) Procedures for conducting, at least annually, a competitive  
14 process for the award of available funding;

15 (j) Funds distributed to community-based cultural organizations  
16 may be used to support cultural and educational activities, programs,  
17 and initiatives; public benefits and communications; and basic  
18 operations. Funds may also be used for: (i) Capital expenditures or  
19 acquisitions including, but not limited to, the acquisition of or  
20 construction of improvements to real property; and (ii) technology,  
21 equipment, and supplies reasonably related to or necessary for a  
22 project otherwise eligible for funding under this chapter. Program  
23 guidelines may also determine the circumstances under which funds may  
24 be used to fund start-up expenses of new community-based cultural  
25 organizations.

## 26 PART VII

### 27 LOCAL OPTION SALES AND USE TAX FOR HOUSING AND RELATED SERVICES

28 NEW SECTION. **Sec. 701.** A new section is added to chapter 82.14  
29 RCW to read as follows:

30 (1)(a) A county legislative authority may submit an authorizing  
31 proposition to the county voters at a special or general election  
32 and, if the proposition is approved by a majority of persons voting,  
33 impose a sales and use tax in accordance with the terms of this  
34 chapter. The title of each ballot measure must clearly state the  
35 purposes for which the proposed sales and use tax will be used. The  
36 rate of tax under this section may not exceed one-tenth of one  
37 percent of the selling price in the case of a sales tax, or value of  
38 the article used, in the case of a use tax.

1 (b)(i) If a county with a population of one million five hundred  
2 thousand or less has not imposed the full tax rate authorized under  
3 (a) of this subsection within two years of the effective date of this  
4 section, any city legislative authority located in that county may  
5 submit an authorizing proposition to the city voters at a special or  
6 general election and, if the proposition is approved by a majority of  
7 persons voting, impose the whole or remainder of the sales and use  
8 tax rate in accordance with the terms of this chapter. The title of  
9 each ballot measure must clearly state the purposes for which the  
10 proposed sales and use tax will be used. The rate of tax under this  
11 section may not exceed one-tenth of one percent of the selling price  
12 in the case of a sales tax, or value of the article used, in the case  
13 of a use tax.

14 (ii) If a county with a population of greater than one million  
15 five hundred thousand has not imposed the full tax authorized under  
16 (a) of this subsection within three years of the effective date of  
17 this section, any city legislative authority located in that county  
18 may submit an authorizing proposition to the city voters at a special  
19 or general election and, if the proposition is approved by a majority  
20 of persons voting, impose the whole or remainder of the sales and use  
21 tax rate in accordance with the terms of this chapter. The title of  
22 each ballot measure must clearly state the purposes for which the  
23 proposed sales and use tax will be used. The rate of tax under this  
24 section may not exceed one-tenth of one percent of the selling price  
25 in the case of a sales tax, or value of the article used, in the case  
26 of a use tax.

27 (c) If a county imposes a tax authorized under (a) of this  
28 subsection after a city located in that county has imposed the tax  
29 authorized under (b) of this subsection, the county must provide a  
30 credit against its tax for the full amount of tax imposed by a city.

31 (d) The taxes authorized in this subsection are in addition to  
32 any other taxes authorized by law and must be collected from persons  
33 who are taxable by the state under chapters 82.08 and 82.12 RCW upon  
34 the occurrence of any taxable event within the county for a county's  
35 tax and within a city for a city's tax.

36 (2)(a) Notwithstanding subsection (4) of this section, a minimum  
37 of sixty percent of the moneys collected under this section must be  
38 used for the following purposes:

1 (i) Constructing affordable housing, which may include new units  
2 of affordable housing within an existing structure, and facilities  
3 providing housing-related services; or

4 (ii) Constructing mental and behavioral health-related  
5 facilities; or

6 (iii) Funding the operations and maintenance costs of new units  
7 of affordable housing and facilities where housing-related programs  
8 are provided, or newly constructed evaluation and treatment centers.

9 (b) The affordable housing and facilities providing housing-  
10 related programs in (a)(i) of this subsection may only be provided to  
11 persons within any of the following population groups whose income is  
12 at or below sixty percent of the median income of the county imposing  
13 the tax:

14 (i) Persons with mental illness;

15 (ii) Veterans;

16 (iii) Senior citizens;

17 (iv) Homeless, or at-risk of being homeless, families with  
18 children;

19 (v) Unaccompanied homeless youth or young adults;

20 (vi) Persons with disabilities; or

21 (vii) Domestic violence survivors.

22 (c) The remainder of the moneys collected under this section must  
23 be used for the operation, delivery, or evaluation of mental and  
24 behavioral health treatment programs and services or housing-related  
25 services.

26 (3) A county that imposes the tax under this section must consult  
27 with a city before the county may construct any of the facilities  
28 authorized under subsection (2)(a) of this section within the city  
29 limits.

30 (4) A county that has not imposed the tax authorized under RCW  
31 82.14.460 prior to the effective date of this section, but imposes  
32 the tax authorized under this section after a city in that county has  
33 imposed the tax authorized under RCW 82.14.460 prior to the effective  
34 date of this section, must enter into an interlocal agreement with  
35 that city to determine how the services and provisions described in  
36 subsection (2) of this section will be allocated and funded in the  
37 city.

38 (5) To carry out the purposes of subsection (2)(a) and (b) of  
39 this section, the legislative authority of the county or city  
40 imposing the tax has the authority to issue general obligation or

1 revenue bonds within the limitations now or hereafter prescribed by  
2 the laws of this state, and may use, and is authorized to pledge, up  
3 to fifty percent of the moneys collected under this section for  
4 repayment of such bonds, in order to finance the provision or  
5 construction of affordable housing, facilities where housing-related  
6 programs are provided, or evaluation and treatment centers described  
7 in subsection (2)(a)(iii) of this section.

8 (6)(a) Moneys collected under this section may be used to offset  
9 reductions in state or federal funds for the purposes described in  
10 subsection (2) of this section.

11 (b) No more than ten percent of the moneys collected under this  
12 section may be used to supplant existing local funds.

13 **Sec. 702.** RCW 36.100.040 and 2015 c 151 s 1 are each amended to  
14 read as follows:

15 (1) A public facilities district may impose an excise tax on the  
16 sale of or charge made for the furnishing of lodging that is subject  
17 to tax under chapter 82.08 RCW, except that no such tax may be levied  
18 on any premises having fewer than forty lodging units. Except for any  
19 tax imposed under subsection (4) or (5) of this section, if a public  
20 facilities district has not imposed such an excise tax prior to  
21 December 31, 1995, the public facilities district may only impose the  
22 excise tax if a ballot proposition authorizing the imposition of the  
23 tax has been approved by a simple majority vote of voters of the  
24 public facilities district voting on the proposition.

25 (2) The rate of the tax may not exceed two percent and the  
26 proceeds of the tax may only be used for the acquisition, design,  
27 construction, remodeling, maintenance, equipping, reequipping,  
28 repairing, and operation of its public facilities. This excise tax  
29 may not be imposed until the district has approved the proposal to  
30 acquire, design, and construct the public facilities.

31 (3) Except for a public facilities district created within a  
32 county with a population of one million five hundred thousand or more  
33 for the purpose of acquiring, owning, and operating a convention and  
34 trade center, a public facilities district may not impose the tax  
35 authorized in this section if, after the tax authorized in this  
36 section was imposed, the effective combined rate of state and local  
37 excise taxes, including sales and use taxes and excise taxes on  
38 lodging, imposed on the sale of or charge made for furnishing of

1 lodging in any jurisdiction in the public facilities district exceeds  
2 eleven and one-half percent.

3 (4) To replace the tax authorized by RCW 67.40.090, a public  
4 facilities district created within a county with a population of one  
5 million five hundred thousand or more for the purpose of acquiring,  
6 owning, and operating a convention and trade center may impose an  
7 excise tax on the sale of or charge made for the furnishing of  
8 lodging that is subject to tax under chapter 82.08 RCW, except that  
9 no such tax may be levied on any premises: (a) Having fewer than  
10 sixty lodging units; or (b) classified as a hostel. The rate of the  
11 tax may not exceed seven percent within the portion of the district  
12 that corresponds to the boundaries of the largest city within the  
13 public facilities district and may not exceed 2.8 percent in the  
14 remainder of the district. The tax imposed under this subsection (4)  
15 may not be collected prior to the transfer date defined in RCW  
16 36.100.230.

17 (5) To replace the tax authorized by RCW 67.40.130, a public  
18 facilities district created within a county with a population of one  
19 million five hundred thousand or more for the purpose of acquiring,  
20 owning, and operating a convention and trade center may impose an  
21 additional excise tax on the sale of or charge made for the  
22 furnishing of lodging that is subject to tax under chapter 82.08 RCW,  
23 except that no such tax may be levied on any premises: (a) Having  
24 fewer than sixty lodging units; or (b) classified as a hostel. The  
25 rate of the additional excise tax may not exceed two percent and may  
26 be imposed only within the portion of the district that corresponds  
27 to the boundaries of the largest city within the public facilities  
28 district and may not be imposed in the remainder of the district. The  
29 tax imposed under this subsection (5) may not be collected prior to  
30 the transfer date specified in RCW 36.100.230. The tax imposed under  
31 this subsection (5) must be credited against the amount of the tax  
32 otherwise due to the state from those same taxpayers under chapter  
33 82.08 RCW. The tax under this subsection (5) may be imposed only for  
34 the purpose of paying or securing the payment of the principal of and  
35 interest on obligations issued or incurred by the public facilities  
36 district and paying annual payment amounts to the state under  
37 subsection (6)(a) of this section. The authority to impose the  
38 additional excise tax under this subsection (5) expires on the date  
39 that is the earlier of (a) July 1, 2029, or (b) the date on which all  
40 obligations issued or incurred by the public facilities district to

1 implement any redemption, prepayment, or legal defeasance of  
2 outstanding obligations under RCW 36.100.230(3)(a) are no longer  
3 outstanding.

4 (6)(a) Commencing with the first full fiscal year of the state  
5 after the transfer date defined in RCW 36.100.230 and for so long as  
6 a public facilities district imposes a tax under subsection (5) of  
7 this section, the public facilities district must transfer to the  
8 state of Washington on June 30th of each state fiscal year an annual  
9 payment amount.

10 (b) For the purposes of this subsection (6), "annual payment  
11 amount" means an amount equal to revenues received by the public  
12 facilities district in the fiscal year from the additional excise tax  
13 imposed under subsection (5) of this section plus an interest charge  
14 calculated on one-half the annual payment amount times an interest  
15 rate equal to the average annual rate of return for the prior  
16 calendar year in the Washington state local government investment  
17 pool created in chapter 43.250 RCW.

18 (c)(i) If the public facilities district in any fiscal year is  
19 required to apply additional lodging excise tax revenues to the  
20 payment of principal and interest on obligations it issues or incurs,  
21 and the public facilities district is unable to pay all or any  
22 portion of the annual payment amount to the state, the deficiency is  
23 deemed to be a loan from the state to the public facilities district  
24 for the purpose of assisting the district in paying such principal  
25 and interest and must be repaid by the public facilities district to  
26 the state after providing for the payment of the principal of and  
27 interest on obligations issued or incurred by the public facilities  
28 district, all on terms established by an agreement between the state  
29 treasurer and the public facilities district executed prior to the  
30 transfer date. Any agreement between the state treasurer and the  
31 public facilities district must specify the term for the repayment of  
32 the deficiency in the annual payment amount with an interest rate  
33 equal to the twenty bond general obligation bond buyer index plus one  
34 percentage point.

35 (ii) Outstanding obligations to repay any loans deemed to have  
36 been made to the public facilities district as provided in any such  
37 agreements between the state treasurer and the public facilities  
38 district survive the expiration of the additional excise tax under  
39 subsection (5) of this section.

1 (iii) For the purposes of this subsection (6)(c), "additional  
2 lodging excise tax revenues" mean the tax revenues received by the  
3 public facilities district under subsection (5) of this section.

4 (7) A public facilities district is authorized to pledge any of  
5 its revenues, including without limitation revenues from the taxes  
6 authorized in this section, to pay or secure the payment of  
7 obligations issued or incurred by the public facilities district,  
8 subject to the terms established by the board of directors of the  
9 public facilities district. So long as a pledge of the taxes  
10 authorized under this section is in effect, the legislature may not  
11 withdraw or modify the authority to levy and collect the taxes at the  
12 rates permitted under this section and may not increase the annual  
13 payment amount to be transferred to the state under subsection (6) of  
14 this section.

15 (8) The department of revenue must perform the collection of such  
16 taxes on behalf of the public facilities district at no cost to the  
17 district, and the state treasurer must distribute those taxes as  
18 available on a monthly basis to the district or, upon the direction  
19 of the district, to a fiscal agent, paying agent, or trustee for  
20 obligations issued or incurred by the district.

21 (9) Except as expressly provided in this chapter, all of the  
22 provisions contained in RCW 82.08.050 and 82.08.060 and chapter 82.32  
23 RCW have full force and application with respect to taxes imposed  
24 under the provisions of this section.

25 (10) In determining the effective combined rate of tax for  
26 purposes of the limit in subsection (3) of this section, the tax rate  
27 under section 701 of this act is not included.

28 (11) The taxes imposed in this section do not apply to sales of  
29 temporary medical housing exempt under RCW 82.08.997.

30 ((+11)) (12)(a) For the purposes of this section, "hostel" means  
31 a structure or facility where a majority of the rooms for sleeping  
32 accommodations are hostel dormitories containing a minimum of four  
33 standard beds designed for single-person occupancy within the  
34 facility. Hostel accommodations are supervised and must include at  
35 least one common area and at least one common kitchen for guest use.

36 (b) For the purpose of this subsection, "hostel dormitory" means  
37 a single room, containing four or more standard beds designed for  
38 single-person occupancy, used exclusively as nonprivate communal  
39 sleeping quarters, generally for unrelated persons, where such  
40 persons independently acquire the right to occupy individual beds,

1 with the operator supervising and determining which bed each person  
2 will occupy.

3 **Sec. 703.** RCW 67.28.181 and 2004 c 79 s 8 are each amended to  
4 read as follows:

5 (1) The legislative body of any municipality may impose an excise  
6 tax on the sale of or charge made for the furnishing of lodging that  
7 is subject to tax under chapter 82.08 RCW. The rate of tax shall not  
8 exceed the lesser of two percent or a rate that, when combined with  
9 all other taxes imposed upon sales of lodging within the municipality  
10 under this chapter and chapters 36.100, 67.40, 82.08, and 82.14 RCW,  
11 equals twelve percent. A tax under this chapter shall not be imposed  
12 in increments smaller than tenths of a percent.

13 (2) Notwithstanding subsection (1) of this section:

14 (a) If a municipality was authorized to impose taxes under this  
15 chapter or RCW 67.40.100 or both with a total rate exceeding four  
16 percent before July 27, 1997, such total authorization shall continue  
17 through January 31, 1999, and thereafter the municipality may impose  
18 a tax under this section at a rate not exceeding the rate actually  
19 imposed by the municipality on January 31, 1999.

20 (b) If a city or town, other than a municipality imposing a tax  
21 under (a) of this subsection, is located in a county that imposed  
22 taxes under this chapter with a total rate of four percent or more on  
23 January 1, 1997, the city or town may not impose a tax under this  
24 section.

25 (c) If a city has a population of four hundred thousand or more  
26 and is located in a county with a population of one million or more,  
27 the rate of tax imposed under this chapter by the city shall not  
28 exceed the lesser of four percent or a rate that, when combined with  
29 all other taxes imposed upon sales of lodging in the municipality  
30 under this chapter and chapters 36.100, 67.40, 82.08, and 82.14 RCW,  
31 equals fifteen and two-tenths percent.

32 (d) If a municipality was authorized to impose taxes under this  
33 chapter or RCW 67.40.100, or both, at a rate equal to six percent  
34 before January 1, 1998, the municipality may impose a tax under this  
35 section at a rate not exceeding the rate actually imposed by the  
36 municipality on January 1, 1998.

37 (3) Any county ordinance or resolution adopted under this section  
38 shall contain a provision allowing a credit against the county tax



1 for the full amount of any city or town tax imposed under this  
2 section upon the same taxable event.

3 (4) In determining the effective combined rate of tax for  
4 purposes of the limit in subsections (1) and (2)(c) of this section,  
5 the tax rate under section 701 of this act is not included.

6 **Sec. 704.** RCW 82.14.410 and 2001 c 6 s 1 are each amended to  
7 read as follows:

8 (1) A local sales and use tax change adopted after December 1,  
9 2000, must provide an exemption for those sales of lodging for which,  
10 but for the exemption, the total sales tax rate imposed on sales of  
11 lodging would exceed the greater of:

12 (a) Twelve percent; or

13 (b) The total sales tax rate that would have applied to the sale  
14 of lodging if the sale were made on December 1, 2000.

15 (2) For the purposes of this section:

16 (a) "Local sales and use tax change" is defined as provided in  
17 RCW 82.14.055.

18 (b) "Sale of lodging" means the sale of or charge made for the  
19 furnishing of lodging and all other services by a hotel, rooming  
20 house, tourist court, motel, trailer camp, and the granting of any  
21 similar license to use real property.

22 (c) "Total sales tax rate" means the combined rates of all state  
23 and local taxes imposed under this chapter and chapters 36.100,  
24 67.28, 67.40, and 82.08 RCW, and any other tax authorized after March  
25 29, 2001, if the tax is in the nature of a sales tax collected from  
26 the buyer, but excluding taxes imposed under RCW 81.104.170 before  
27 December 1, 2000, and taxes imposed under section 701 of this act.

28 **PART VIII**  
29 **MISCELLANEOUS**

30 NEW SECTION. **Sec. 801.** No direct or collateral attack on any  
31 program purported to be authorized or created in conformance with  
32 this chapter may be commenced more than thirty days after creation.

33 NEW SECTION. **Sec. 802.** Sections 101 through 305, 401, 501, 502,  
34 and 601 of this act constitute a new chapter in Title 36 RCW.

1        NEW SECTION.    **Sec. 803.**    If any provision of this act or its  
2 application to any person or circumstance is held invalid, the  
3 remainder of the act or the application of the provision to other  
4 persons or circumstances is not affected.

5        NEW SECTION.    **Sec. 804.**    The provisions of this act must be  
6 liberally construed to effectuate the policies and purposes of this  
7 act.

8        NEW SECTION.    **Sec. 805.**    Section 404 of this act expires January  
9 1, 2018.

10       NEW SECTION.    **Sec. 806.**    Section 405 of this act takes effect  
11 January 1, 2018.

Passed by the House June 28, 2015.  
Passed by the Senate June 30, 2015.  
Approved by the Governor July 6, 2015.  
Filed in Office of Secretary of State July 7, 2015.

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