

### 3. ACCOUNTING

#### 3.10 Compliance 3.10.7 Promotional Hosting

- 3.10.7.10 Promotional hosting means furnishing customary meals, refreshments, lodging, transportation or any combination of those items in connection with:
- business meetings,
  - social gatherings, and
  - ceremonies honoring persons or events, relating to the authorized business promotional activities of a port.
- 3.10.7.20 Hosting may also include reasonable, and customary entertainment and souvenirs of nominal value, all incidental to such events.
- 3.10.7.30 Promotional hosting must be explicitly related to promoting trade and industrial development.
- 3.10.7.40 RCW [53.36.120](#) authorizes expenditures for industrial development, trade promotion, and promotional hosting and requires that such expenditures be “. . . pursuant to specific budget items as approved by the port commission . . . .” RCW [53.36.130](#) limits funds for promotional hosting expenses to a formula based upon total gross operating revenues. RCW [53.36.140](#) requires the port commission to adopt written rules and regulations governing promotional hosting expenses, and RCW [53.36.150](#) directs the State Auditor to audit promotional hosting expenses and to promulgate appropriate rules and definitions as a part of its uniform system of accounts.
- 3.10.7.50 Promotional hosting expenses should include not only money spent directly by the port officers and employees, but also money spent by contractors or consultants when a contract explicitly or by clear implication calls for contractors or consultants to engage in promotional hosting with the funds they received from the port.
- 3.10.7.60 Ports may host a variety of people: private individuals, union officials, foreign or U.S. government dignitaries, officials from local, Washington and other states, officials from out-of-state or in-state ports. In all cases, to correctly categorize the incurred costs as promotional hosting expenses, the port must reasonably believe that a particular individual or a group of people could sufficiently influence trade or industrial development. The indiscriminate hosting of people who have no conceivable influence in that area is a violation of the statute.
- 3.10.7.70 Ports should also exercise a caution regarding hosted officials and the legality of accepting gifts and gratuities (e.g., the federal employees may be prohibited from doing that). Also representatives from state or local governments are often reimbursed for expenses incurred in connection with such port events. However, if those costs are unreimbursable or when they are inseparable as practical matter from otherwise promotional activities, they can be treated correctly as appropriate promotional hosting expenditures. Above rule may also apply to the port’s own officials or employees participating in the promotional event.
- 3.10.7.80 If a port official or employee is authorized by the port commissioners to make expenses for promotional hosting and if such hosting is done while in travel status, then that cost may be paid with moneys advanced from the *Advance Travel Expense Account*.