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**Finance Committee**

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**HB 2912**

**Brief Description:** Modifying local excise taxes in counties that have pledged lodging tax revenues for the payment of bonds prior to June 26, 1975.

**Sponsors:** Representatives Quall, Carlyle, O'Brien, Ericks, Dunshee, Sullivan, Blake, Jacks, Hunter and Maxwell.

**Brief Summary of Bill**

- Directs stadium-related tax sources in King County to dedicated accounts once the obligations for stadium debt are paid.
- Requires money in the dedicated accounts to be used for arts and heritage programs, affordable housing, public health services and humans services provided by nonprofit organizations, tourism promotion, youth and amateur sports facilities, regional centers, performing arts centers, publicly owned stadium or arenas, community development, and professional baseball stadium maintenance.

**Hearing Date:** 1/28/10

**Staff:** Rick Peterson (786-7150).

**Background:**

In King County the 2 percent state-shared, hotel-motel tax is used for retiring the debt on the Kingdome, arts and heritage programs, and after 2015 (or earlier if the debt is repaid) for repaying the debt on the football stadium and exhibition center and for youth athletic facility grants to cities, counties, or nonprofit organizations if sufficient money is available.

In addition to the 2 percent hotel-motel tax, the debt on the new professional football stadium and exhibition hall is being retired by revenue from a credit against the state sales tax of 0.016 percent of taxable retail sales in King County and additional lottery games.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

In 1995 the Legislature authorized financing for a new baseball stadium in King County. The state's contribution included a credit against the state sales tax of 0.017 percent of taxable retail sales in King County, sports themed lottery revenues, and commemorative ballpark license plates. King County was authorized to impose a special 0.5 percent sales tax on food and beverages in King County restaurants, taverns, and bars; a 2 percent sales tax on car rentals in King County, and admission taxes at the new ballpark. The baseball team also contributed to the construction of the facility. The 0.017 percent sales tax credit, the 0.5 percent tax on restaurant meals, the lottery revenue, and the 2 percent car rental tax all end when construction bonds are paid.

All counties are authorized to impose a 1 percent car rental tax. The revenue from the 1 percent car rental tax may be used for public stadium facilities and youth or amateur sports activities or facilities.

**Summary of Bill:**

After current obligations to stadium debt are paid, revenue from the 2 percent state-shared hotel-motel tax in King County is directed as follows: 37.5 percent into an arts and cultural account, 37.5 percent into an affordable housing account, and 25 percent into a special purposes account.

The following revenue will also be deposited into the special purposes account: the credit against the state sales tax of 0.017 percent, the credit against the state sales tax of 0.016 percent, the 0.5 percent restaurant tax (until December 31, 2015 when it expires), the 2 percent car rental tax, and 75 percent of the 1 percent car rental tax.

Money in the special purposes account will be used for funding nonprofit organizations providing public health services and human services, tourism promotion, youth and amateur sports activities and facilities, regional centers, performing arts centers, publicly owned stadiums or arenas, community preservation and development authorities, and an amount necessary to maintain the baseball stadium.

**Appropriation:** None.

**Fiscal Note:** Requested on January 21, 2010.

**Effective Date:** The bill takes effect on July 1, 2010.