
Government Operations & Elections Committee

HB 1050

Brief Description: Authorizing government agencies to sell naming rights of public facilities.

Sponsors: Representative Angel.

Brief Summary of Bill

- Authorizes publicly-funded agencies of state and local government to sell naming rights to agency-owned facilities.
- Requires agencies who wish to sell naming rights to first adopt rules including a public and competitive sales process.

Hearing Date: 1/22/13

Staff: Jasmine Vasavada (786-7301).

Background:

The Legislature has previously authorized a public stadium authority to sell naming rights of a stadium, requiring proceeds from the sale to be used for costs associated with capital improvements to that facility. Certain institutions like schools, hospitals, and museums have a tradition of granting donors the right to name facilities in exchange for contributions. There is no mechanism in current law to authorize state and local public agencies to similarly sell naming rights of public facilities, or to ensure such rights are granted through a public, competitive process.

Summary of Bill:

State and local agencies receiving taxpayer dollars are authorized to sell naming rights to agency-owned facilities. Before selling naming rights, an agency must adopt rules to govern the

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process. The rules must contain provisions to prevent the use of offensive names and establish how the sale shall be conducted. The Governor's office is authorized to create a single set of rules applicable to all executive branch agencies.

Naming rights must be sold using a public and competitive sales process, which may include sale at a market rate or sale at public auction. The rules must describe how the fee or charge for the naming right will be established. The sale of the naming right must at a minimum recover the cost of providing the naming right. The duration for the naming right must be established by a written contract and is initially limited to a period not longer than five years. Subsequent renewals are also limited to time periods not longer than five years.

Purchasers of the naming right are responsible for paying all expenses associated with implementing the name change, including physical signage. Any changes in physical signs must be approved by the agency.

The agency must use any revenues from the sale of the naming right to pay for debt, improvements, operations, or maintenance of the facility being named. Current law governing how the Legislature approves names for buildings on state capitol grounds is updated to reflect the 2011 renaming of the Department of General Administration as the Department of Enterprise Services.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.