

HOUSE BILL REPORT

ESSB 6049

As Reported By House Committee On:
Trade & Economic Development

Title: An act relating to financing of public stadiums used by professional sports teams.

Brief Description: Financing public stadiums used by sports teams.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Prentice, Finkbeiner, Snyder and Pelz).

Brief History:

Committee Activity:

Trade & Economic Development: 3/27/95, 3/30/95 [DPA].

HOUSE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Majority Report: Do pass as amended. Signed by 10 members: Representatives Van Luven, Chairman; Radcliff, Vice Chairman; D. Schmidt, Vice Chairman; Backlund; Ballasiotes; Hatfield; Mason; Sherstad; Skinner and Valle.

Minority Report: Do not pass. Signed by 2 members: Representatives Sheldon, Ranking Minority Member; and Hickel.

Staff: Kenny Pittman (786-7392).

Background: A public facilities district is a county wide special district that may be created in any county with a population of 300,000 or more that is located more than 100 miles from a county in which the state has constructed and owns a convention and trade center. At the present time, only Spokane County meets these requirements.

A public facilities district is governed by a five-member board of directors as follows: (1) Two directors are appointed by the county legislative authority; (2) two directors are appointed by the city council; and (3) one director is appointed by the other directors. Directors serve staggered four-year terms of office. Members of the board of directors serve without compensation. At least one director must be a representative of the lodging industry.

Public facilities districts are authorized to acquire, own, and operate "sports and entertainment facilities" with contiguous parking facilities.

Public facilities districts may impose excise taxes at a rate not to exceed 2 percent on the sale or charge for furnishing lodging by a hotel, motel, trailer camp, or tourist court with 40 or more lodging units. With voter approval, public facilities districts may: (1) Impose a one-tenth of one percent (0.1 percent) sales and use tax; and (2) impose both single year excess property tax levies and multiple year excess levies to retire general obligation bonds issued for capital projects.

Summary of Amended Bill:

Public Facilities Districts

A public facilities district may be created in any county by action of the county legislative authority.

The board of directors of a public facilities district in a county where the largest city has a population of less than 40 percent of the total county population, the resolution creating the district shall indicate if the board of directors shall consist of either five or seven members. All of the members are appointed by the county legislative authority to reflect the interest of cities and towns in the county and the unincorporated area of the county. The county treasurer is the treasurer of a public facilities district. The requirement that one of the members of the board of directors be representative of the lodging industry is altered to only apply before a district imposes the excise tax on the sales or charge for furnishing lodging.

A public facilities district is authorized to acquire, construct, own, remodel, maintain, equip, reequip, repair, and operate convention facilities, in addition to sports or entertainment facilities, or any combination of such facilities. A public facilities district may expend moneys to prepare and distribute information promoting and advertising its facilities, but not to influence the outcome of an election.

A public facilities district may enter into agreements with the state and other local governments for the joint provision and operation of its facilities, or may enter into contracts with the state and other local governments to have the facility operated by any of the parties to the contract.

If, by December 31, 1995, a public facilities district has not imposed the excise tax for furnishing lodging, the district may only impose this tax if the voters approve a ballot proposition authorizing the tax.

Public facility district directors receive compensation at a rate of \$50 per meeting or day of work for the district, but not to exceed \$3,000 per year. A director may waive all or a portion of their compensation. A director may purchase, at their own expense, the same insurance benefits that are provided to employees of the district.

A public facilities district may: (1) Hire staff, fix salaries and wages, and provide for holidays, life insurance, and health benefits for their employees; (2) secure services from a provider by means of an agreement; (3) follow competitive bidding procedures relating to purchases and sales and the letting of contracts; and (4) issue revenue bonds to finance all or a portion of its revenue generating facilities that are paid with revenue from these facilities.

Special Provisions

Counties, with a population of at least one million, authorized to use a variety of financing techniques and incentives to finance the siting, acquisition, and construction of a major league baseball stadium as follows:

1. The county may impose an additional 2 percent sales and use tax on the renting of rental cars. The additional local tax is deducted from the amounts collected under the local government's retail sales and rental car tax. The tax may only be imposed to pay for the cost of siting, acquiring, and constructing a major league baseball stadium.
2. The county may impose an additional 5 percent sales and use tax on sales of food, beverages, souvenirs, scorecards, and programs at sporting events. The additional local tax is deducted from the state's retail sales tax. The tax may only be imposed to pay for the cost of siting, acquiring, and constructing a major league baseball stadium.
3. The interest earned on a loan, from a financial institution, to finance a major league baseball stadium is not subject to business and occupation taxes.
4. A retail sales and use tax deferral is provided on the materials, machinery and equipment, and the services and labor necessary for the siting, acquisition, and construction of a major league baseball stadium. The tax deferral is interest free for a 5-year period after completion of the stadium. The deferred taxes are repaid in equal amounts over a 10-year period.

Amended Bill Compared to Engrossed Substitute Bill: The amendment deletes the county and city authorization to impose an additional voter approved one-tenth of one percent (0.1 percent) sales and use tax to be used for funding stadium facilities, convention center facilities, performing arts center facilities, visual arts center

facilities, and a major league baseball stadium. Counties are now authorized to create a public facilities district. Provides additional incentives to construct a major league baseball stadium to counties with a population of more than one million.

Appropriation: None.

Fiscal Note: Requested on March 31, 1995.

Effective Date of Amended Bill: The bill contains an emergency clause and takes effect on July 1, 1995.

Testimony For: (Original bill) This is one option to finance the construction of a new baseball stadium.

Testimony Against: None.

Testified: (Pro) Rick Wickman, Seattle Mariners.