

SENATE BILL REPORT

ESSB 5914

As Passed Senate, March 15, 1995

Title: An act relating to financing of public stadium, convention, performing arts, visual arts, and other tourism facilities.

Brief Description: Financing public stadium, convention, performing arts, visual arts, and other tourism facilities.

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

Brief History:

Committee Activity: Ways & Means: 2/23/95, 3/6/95 [DPS].
Passed Senate, 3/15/95, 32-16.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5914 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rinehart, Chair; Loveland, Vice Chair; Bauer, Drew, Finkbeiner, Fraser, Gaspard, Hargrove, Pelz, Sheldon, Snyder, Spanel and Wojahn.

Staff: Terry Wilson (786-7715)

Background: The sales tax is imposed on each retail sale of most articles of tangible personal property and certain services. Taxable services include construction, repair, telephone, lodging of less than 30 days, physical fitness, and some recreation and amusement services. The use tax is imposed on the use of articles of tangible personal property when the sale or acquisition has not been subject to the sales tax. The use tax commonly applies to purchases made from out-of-state firms.

The state tax rate is 6.5 percent of the selling price. Local governments may levy additional sales taxes. The average local sales tax rate is 1.5 percent. The sales tax is paid by the purchaser and collected by the seller.

Cities and counties may impose a tax of up to 5 percent on admissions to events except elementary and secondary school events. The county tax may not apply within cities that impose the tax.

Summary of Bill: A county or city may impose an additional sales and use tax of up to 0.1 percent if approved by the voters. A city cannot levy the tax unless the county waives its right to levy the tax in the city. The tax can be used to fund stadium facilities, convention center facilities, performing arts center facilities, and visual arts center facilities, expansion of the convention and trade center, and construction of a major league baseball stadium.

Appropriation: None.

Fiscal Note: Available.

Effective date: The bill contains an emergency clause and takes effect July 1, 1995.

Testimony For: The Kingdome generates \$15 million per year in state tax revenues. The Kingdome is an economic engine for the entire state. It generates \$200 million per year in new spending. The NCAA Final 4 will generate \$31 million in new spending. Revenues from the Kingdome barely cover the expenses of operation. The repairs were a lot more costly than originally expected. King County needs \$6.5 million per year to pay for bonds for the repairs. This bill is needed because the moneys have already been spent.

Testimony Against: The tax on admissions is unfair. The Seahawks are already paying a lot of taxes on the Kingdome. There is no new benefit. This is just a rent increase. The Seahawks should not have to pay for the county's negligence. This is a 60 percent increase in admissions taxes and a 41 percent total tax increase. The tax cannot be passed along to fans because the pricing is already set for the year. The Mariners cost the county \$9,000 each day they play, but the Seahawks add \$144,000 to the county each day they play. If the market will bear a price increase, the increase should go to the Seahawks.

Testified: Gary Locke, King County Executive (pro); Ann Kawasaki, King County Stadium Manager (pro); Mickey Loomis, Seattle Seahawks (con); Mayor Don Davidson, City of Bellevue (pro); John Plymyer, Bellevue Convention Center Authority (pro).

House Amendment(s): A county with a population of one million or more may levy a tax of not more than 2.5 percent on events in stadiums that are owned by county government and that have seating capacities over 45,000. A city that is located in a county with a population of one million or more may not levy a tax in excess of 2.5 percent on events in stadiums that are owned by county government and that have seating capacities over 45,000.