FINAL BILL REPORT

2ESSB 6049

C 14 L 95 E1
Synopsis as Enacted

Brief Description: Financing public stadiums used by sports teams.

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

Senate Committee on Ways & Means
House Committee on Trade & Economic Development

Background: The state sales tax is imposed on each retail sale of most articles of tangible personal property and certain 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.

As amended by SSB 5127 in the 1995 Regular Session (C 396 L 95), a public facilities district may be created in any county by the county legislative authority and must be coextensive with the county. A public facilities district is authorized to acquire, construct, own, remodel, maintain, equip, reequip, repair, and operate sports facilities, entertainment facilities, and convention facilities.

A public facilities district may impose an excise tax of up to 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 if, after imposing the tax, the rate of state and local excise taxes on such sales or charges does not exceed 11.5 percent in any jurisdiction within its boundaries. Currently, a district created in King County would be precluded from imposing the tax. The tax must be approved by the voters if not imposed by December 31, 1995.

With voter approval, a public facilities district may impose a 0.1 percent sales and use tax and both single-year excess property tax levies and multiple-year excess levies to retire general obligation bonds issued for capital purposes.

No taxes may be imposed unless a majority of the voters of the district validates its creation. A single ballot proposition may authorize both the creation of the district and either the sales and use tax or the lodging tax.

A public facilities district may issue general obligation bonds up to three-eighths of 1 percent of the value of the taxable property in the district. In addition, a public facilities district may issue revenue bonds.

Summary: In a charter county where the largest city has less than 40 percent of the county population, appointments to the board of directors of a public facilities district are made by the county executive, with confirmation by the county legislative authority.

A public facilities district may contract with a public or private entity for management or operation of a public facility.

A public facilities district may use the state's alternative public works contracting procedures for construction of a public facility.

A public facilities district may issue general obligation bonds up to one-half of 1 percent of the value of the taxable property in the district.

No taxes may be imposed by a public facilities district unless approved by a majority of the voters of the district. A single ballot proposition may authorize both the sales and use tax and the lodging tax.

A sales and use tax deferral program is established for the construction of a baseball stadium with a retractable roof or canopy and natural turf. Taxes are deferred for five years from the date the facility is operationally complete and are repaid over the following ten years.

A county with a population of one million or more may impose a sales and use tax of 0.1 percent by resolution adopted by December 31, 1995, following approval by a majority of the voters in the county.

The tax revenue must be used to finance a baseball stadium with a retractable roof or canopy and natural turf. Tax revenue in excess of the amount needed for bond payments on the baseball stadium must be used for early retirement of the bonds or to pay costs to repair, remodel, or reequip a multipurpose stadium that seats in excess of 45,000 people.

Before the tax can be collected, the county executive must certify that: (1) A professional baseball team will occupy the stadium for a period equal to or greater than the terms of the bonds; (2) the baseball team will contribute $45 million toward the cost of stadium construction, with interest paid on amounts deferred after the bonds are issued; and (3) the baseball team will share a portion of the profits from its operations, for a period not to exceed the term of the bonds, to retire the initial bonds on stadium construction. If the bonds are retired early, then the shared profits are paid to the public facilities district.

The admissions tax on events in the new baseball stadium may only be imposed by the county which must provide the revenue to the public facilities district.

The transfer of an existing facility to or the management of an existing facility by a public facilities district does accelerate repayment of existing bonds on the facility.

Votes on Final Passage:

Senate	31	18	
House	40	56	(House amended; failed)
House	50	40	(House reconsidered)

First Special Session

Senate	28	16	
House	57	34	(House amended)
Senate	31	14	(Senate concurred)

Effective: June 14, 1995 (Sections 10 and 12)
July 1, 1995 (Sections 1-9)