

SENATE BILL REPORT

SB 6049

As Reported By Senate Committee On:
Ways & Means, March 6, 1995

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

Brief Description: Financing public stadiums used by professional sports teams.

Sponsors: Senators Prentice, Finkbeiner, Snyder and Pelz.

Brief History:

Committee Activity: Ways & Means: 3/2/95, 3/6/95 [DPS].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6049 be substituted therefor, and the substitute bill do pass.

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

Staff: Terry Wilson (786-7715)

Background: Sales and Use Taxes. The sales tax is paid 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 state tax rate is 6.5 percent.

An additional state sales tax of 5.9 percent applies to each retail car rental. This tax is in lieu of the motor vehicle excise tax on the vehicle. Counties may impose additional local sales and use taxes of 1.0 percent on car rentals for public sports stadium facilities and youth or amateur sport activities or facilities.

Admissions Taxes. 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.

Lottery. The state lottery was established in 1982 and conducts various lottery games for the state. Revenues, less costs of administration and prizes, are deposited into the state general fund.

Summary of Substitute Bill: For the purposes of funding stadium facilities, convention center facilities, performing arts center facilities, and visual arts center facilities, a county may impose county-wide an additional sales and use tax of up to 0.1 percent, an additional

hotel/motel tax of up to 2.0 percent, and an additional admissions tax of up to 5.0 percent. None of these taxes may be imposed unless first approved by the voters.

Substitute Bill Compared to Original Bill: The original bill provided the following:

Admissions Tax. A county with a population of one million or more may collect an additional tax of 5 percent tax on admissions to events in the county, except events in county-owned stadiums seating over forty-five thousand. Elementary and secondary school activities are exempt. The tax must be used for the siting, acquisition, and construction of a major league baseball stadium by the county.

Sales and Use Taxes. A county with a population of one million or more may impose an additional sales and use tax of 5.0 percent on each retail car rental in the county. This tax is paid to the county and deducted from the state sales tax. The tax must be used for the siting, acquisition, and construction of a major league baseball stadium by the county.

A sales and use tax exemption is provided for the sale and use of personal property and services, including renting and leasing, to or on behalf of a county with a population of one million or more that are necessary to the siting, acquisition, and construction of a major league baseball stadium.

Lottery. The lottery commission is required to conduct 4 instant lottery games per year designed for baseball. The proceeds of the games, minus a reasonable cost of administration, is deposited into a baseball stadium construction account created in the custody of the state treasurer and disbursed quarterly to counties of over one million for the siting, acquisition, 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: Professional baseball is at the crossroads. We need another stadium to keep the Mariners in Seattle. The Mariners create \$142 million in economic activity, and \$42 million is from outside the state. Jobs and tax revenues will increase if the stadium is built. The Mariners are operating at a loss. They are lowest since 1989 in attendance related revenues but high in attendance. Baseball capital improvements in the Kingdome are not cost effective. We need an open-air ballpark to attract new fans. The lease expires after the 1996 season and will not be renewed unless there is a commitment to fund a new stadium. Baseball is a major tourist attraction and catalyst for economic redevelopment.

Testimony Against: Admission tax increases are 100 percent under this bill. It is unfair to restaurants. This is a regional facility that needs a regional solution. The car rental tax is already at 15.1 percent. It could be 25.1 percent under this bill and is not good for tourism. Theaters are not asking the state to help pay for new theaters. This is asking people who are competing with the mariners to fund their stadium.

Testified: Senator Prentice, prime sponsor (pro); Norm Maleng (pro); John Ellis (pro); Greg Nichols (pro); Gordon Walgren, Car & Truck Renting & Leasing Assn. (con); Kit Hawkins, Restaurant Assn. (con); Celia Fritz, Motion Picture Assn. of America (con); Becky Bogard, Ackerly Communications (con); Rick Lucas, Catrala (con); Roger Wilson.