
SENATE BILL 6065

State of Washington

59th Legislature

2005 Regular Session

By Senator Kohl-Welles

Read first time 02/28/2005. Referred to Committee on Ways & Means.

1 AN ACT Relating to the extension of local taxes to fund arts,
2 cultural and heritage institutions, and publicly owned sports and
3 entertainment facilities; amending RCW 82.14.0485, 82.14.360,
4 67.28.180, 35.21.280, 82.29A.130, and 39.04.010; adding new sections to
5 chapter 35.21 RCW; and creating new sections.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 **PART I**

8 **DEFINITIONS**

9 NEW SECTION. **Sec. 101.** The definitions in this section apply
10 throughout this act unless the context clearly requires otherwise.

11 (1) "Basketball lessee" means a lessee of a multipurpose public
12 arena that owns or controls, on the effective date of this act, a
13 national basketball association franchise and a women's national
14 basketball association franchise and that has provided at least twenty
15 million dollars to the capital costs of an existing multipurpose public
16 arena and related facilities, and generated at least seventy million
17 dollars in revenues from operations at the multipurpose public arena

1 for the public owner of the multipurpose public arena together with
2 related facilities.

3 (2) "Capital improvements" means designing, acquiring,
4 constructing, expanding, reconstructing, remodeling, altering,
5 equipping, reequipping, or repairing a multipurpose public arena.

6 (3) "Multipurpose public arena" means a multipurpose public arena
7 with a seating capacity of sixteen thousand or more leased to a
8 basketball lessee.

9 (4) "Stadium tax revenues" means: (a) After the earlier of the
10 date the bonds issued to finance construction of a baseball stadium in
11 accordance with RCW 82.14.0485 are retired or December 1, 2014, taxes
12 collected pursuant to RCW 82.14.0485 and 82.14.360; and (b) taxes
13 collected pursuant to RCW 67.28.180(3)(d)(i)(A).

14 **PART II**
15 **FINANCING**

16 **Sec. 201.** RCW 82.14.0485 and 1995 3rd sp.s. c 1 s 101 are each
17 amended to read as follows:

18 (1) The legislative authority of a county with a population of one
19 million or more may impose a sales and use tax in accordance with the
20 terms of this chapter. The tax is in addition to other taxes
21 authorized by law and shall be collected from those persons who are
22 taxable by the state under chapters 82.08 and 82.12 RCW upon the
23 occurrence of any taxable event within the county. The rate of tax
24 shall not exceed 0.017 percent of the selling price in the case of a
25 sales tax or value of the article used in the case of a use tax.

26 (2) The tax imposed under subsection (1) of this section shall be
27 deducted from the amount of tax otherwise required to be collected or
28 paid over to the department of revenue under chapter 82.08 or 82.12
29 RCW. The department of revenue shall perform the collection of such
30 taxes on behalf of the county at no cost to the county.

31 (3) Until the date that is the earlier of the date the bonds issued
32 for the construction of a baseball stadium are retired or December 1,
33 2014, moneys collected under this section shall only be used for the
34 purpose of paying the principal and interest payments on bonds issued
35 by a county to construct a baseball stadium. After the date that is
36 the earlier of the date the bonds issued for the construction of a

1 baseball stadium are retired or December 1, 2014, money collected under
2 this section shall be used for the purposes set forth in section 301 of
3 this act. After the earlier of the date the bonds issued for the
4 construction of a baseball stadium are retired or December 1, 2014, if
5 money collected under this section exceeds the amount needed for the
6 purposes set forth in section 301 of this act in any year, the excess
7 shall be used solely for early retirement of bonds described in section
8 301(1)(b) of this act.

9 (4) No tax may be collected under this section before January 1,
10 1996, and no tax may be collected under this section unless the taxes
11 under RCW 82.14.360 are being collected. The tax imposed in this
12 section shall expire (~~when~~) on the later of the following dates:

13 (a) The earlier of the date on which the bonds issued for the
14 construction of the baseball stadium are retired(~~(, but not more than~~
15 twenty years after the tax is first collected)) or December 1, 2014; or

16 (b) The date on which all bonds described in section 301(1)(b) of
17 this act are retired.

18 (5) As used in this section, "baseball stadium" means a baseball
19 stadium with natural turf and a retractable roof or canopy, together
20 with associated parking facilities, constructed in the largest city in
21 a county with a population of one million or more.

22 **Sec. 202.** RCW 82.14.360 and 2000 c 103 s 10 are each amended to
23 read as follows:

24 (1) The legislative authority of a county with a population of one
25 million or more may impose a special stadium sales and use tax upon the
26 retail sale or use within the county by restaurants, taverns, and bars
27 of food and beverages that are taxable by the state under chapters
28 82.08 and 82.12 RCW. The rate of the tax shall not exceed five-tenths
29 of one percent of the selling price in the case of a sales tax, or
30 value of the article used in the case of a use tax. The tax imposed
31 under this subsection is in addition to any other taxes authorized by
32 law and shall not be credited against any other tax imposed upon the
33 same taxable event. As used in this section, "restaurant" does not
34 include grocery stores, mini-markets, or convenience stores.

35 (2) The legislative authority of a county with a population of one
36 million or more may impose a special stadium sales and use tax upon
37 retail car rentals within the county that are taxable by the state

1 under chapters 82.08 and 82.12 RCW. The rate of the tax shall not
2 exceed two percent of the selling price in the case of a sales tax, or
3 rental value of the vehicle in the case of a use tax. The tax imposed
4 under this subsection is in addition to any other taxes authorized by
5 law and shall not be credited against any other tax imposed upon the
6 same taxable event.

7 (3) Until the date that is the earlier of the date on which bonds
8 issued for the construction of a baseball stadium are retired or
9 December 1, 2014, the revenue from the taxes imposed under this section
10 shall be used for the purpose of principal and interest payments on
11 bonds, issued by the county, to acquire, construct, own, remodel,
12 maintain, equip, reequip, repair, and operate a baseball stadium.
13 Revenues from the taxes authorized in this section may be used for
14 design and other preconstruction costs of the baseball stadium until
15 bonds are issued for the baseball stadium. The county shall issue
16 bonds, in an amount determined to be necessary by the public facilities
17 district, for the district to acquire, construct, own, and equip the
18 baseball stadium. The county shall have no obligation to issue bonds
19 in an amount greater than that which would be supported by the tax
20 revenues under this section, RCW 82.14.0485, and 36.38.010(4) (a) and
21 (b).

22 (4) Until the date that is the earlier of the date on which the
23 bonds issued for the construction of a baseball stadium are retired or
24 December 1, 2014, if the revenue from the taxes imposed under this
25 section exceeds the amount needed for such principal and interest
26 payments in any year, the excess shall be used solely:

27 (a) For early retirement of the bonds issued for the baseball
28 stadium; and

29 (b) If the revenue from the taxes imposed under this section
30 exceeds the amount needed for the purposes in (a) of this subsection in
31 any year, the excess shall be placed in a contingency fund which may
32 only be used to pay unanticipated capital costs on the baseball
33 stadium, excluding any cost overruns on initial construction.

34 ~~((+4))~~ (5) The taxes authorized under this section shall not be
35 collected after June 30, 1997, unless the county executive has
36 certified to the department of revenue that a professional major league
37 baseball team has made a binding and legally enforceable contractual
38 commitment to:

1 (a) Play at least ninety percent of its home games in the stadium
2 for a period of time not shorter than the term of the bonds issued to
3 finance the initial construction of the stadium;

4 (b) Contribute forty-five million dollars toward the reasonably
5 necessary preconstruction costs including, but not limited to
6 architectural, engineering, environmental, and legal services, and the
7 cost of construction of the stadium, or to any associated public
8 purpose separate from bond-financed property, including without
9 limitation land acquisition, parking facilities, equipment,
10 infrastructure, or other similar costs associated with the project,
11 which contribution shall be made during a term not to exceed the term
12 of the bonds issued to finance the initial construction of the stadium.
13 If all or part of the contribution is made after the date of issuance
14 of the bonds, the team shall contribute an additional amount equal to
15 the accruing interest on the deferred portion of the contribution,
16 calculated at the interest rate on the bonds maturing in the year in
17 which the deferred contribution is made. No part of the contribution
18 may be made without the consent of the county until a public facilities
19 district is created under chapter 36.100 RCW to acquire, construct,
20 own, remodel, maintain, equip, reequip, repair, and operate a baseball
21 stadium. To the extent possible, contributions shall be structured in
22 a manner that would allow for the issuance of bonds to construct the
23 stadium that are exempt from federal income taxes; and

24 (c) Share a portion of the profits generated by the baseball team
25 from the operation of the professional franchise for a period of time
26 equal to the term of the bonds issued to finance the initial
27 construction of the stadium, after offsetting any losses incurred by
28 the baseball team after the effective date of chapter 14, Laws of 1995
29 1st sp. sess. Such profits and the portion to be shared shall be
30 defined by agreement between the public facilities district and the
31 baseball team. The shared profits shall be used to retire the bonds
32 issued to finance the initial construction of the stadium. If the
33 bonds are retired before the expiration of their term, the shared
34 profits shall be paid to the public facilities district.

35 ~~((+5))~~ (6) After the earlier of the date the bonds issued for the
36 construction of a baseball stadium are retired or December 1, 2014,
37 money collected under this section shall be used for the purposes set
38 forth in section 301 of this act. After the earlier of the date the

1 bonds issued for the construction of a baseball stadium are retired or
2 December 1, 2014, if money collected under this section exceeds the
3 amount needed for the purposes set forth in section 301 of this act in
4 any year, the excess shall be used solely for early retirement of bonds
5 described in section 301(1)(b) of this act.

6 (7) No tax may be collected under this section before January 1,
7 1996. Before collecting the taxes under this section or issuing bonds
8 for a baseball stadium, the county shall create a public facilities
9 district under chapter 36.100 RCW to acquire, construct, own, remodel,
10 maintain, equip, reequip, repair, and operate a baseball stadium.

11 ((+6)) (8) The county shall assemble such real property as the
12 district determines to be necessary as a site for the baseball stadium.
13 Property which is necessary for this purpose that is owned by the
14 county on October 17, 1995, shall be contributed to the district, and
15 property which is necessary for this purpose that is acquired by the
16 county on or after October 17, 1995, shall be conveyed to the district.

17 ((+7)) (9) The proceeds of any bonds issued for ((the)) a baseball
18 stadium shall be provided to the public facilities district that owns
19 the baseball stadium.

20 ((+8)) (10) As used in this section, "baseball stadium" means
21 "baseball stadium" as defined in RCW 82.14.0485.

22 ((+9)) (11) The taxes imposed under this section shall expire
23 ((when)) on the later of the following dates:

24 (a) The earlier of the date on which the bonds issued for the
25 construction of the baseball stadium are retired(~~(, but not later than~~
26 ~~twenty years after the taxes are first collected)) or December 1, 2014;
27 or~~

28 (b) The date on which all bonds described in section 301(1)(b) of
29 this act are retired.

30 **Sec. 203.** RCW 67.28.180 and 2002 c 178 s 2 are each amended to
31 read as follows:

32 (1) Subject to the conditions set forth in subsections (2) and (3)
33 of this section, the legislative body of any county or any city, is
34 authorized to levy and collect a special excise tax of not to exceed
35 two percent on the sale of or charge made for the furnishing of lodging
36 that is subject to tax under chapter 82.08 RCW.

1 (2) Any levy authorized by this section shall be subject to the
2 following:

3 (a) Any county ordinance or resolution adopted pursuant to this
4 section shall contain, in addition to all other provisions required to
5 conform to this chapter, a provision allowing a credit against the
6 county tax for the full amount of any city tax imposed pursuant to this
7 section upon the same taxable event.

8 (b) In the event that any county has levied the tax authorized by
9 this section and has, prior to June 26, 1975, either pledged the tax
10 revenues for payment of principal and interest on city revenue or
11 general obligation bonds authorized and issued pursuant to RCW
12 67.28.150 through 67.28.160 or has authorized and issued revenue or
13 general obligation bonds pursuant to the provisions of RCW 67.28.150
14 through 67.28.160, such county shall be exempt from the provisions of
15 (a) of this subsection, to the extent that the tax revenues are pledged
16 for payment of principal and interest on bonds issued at any time
17 pursuant to the provisions of RCW 67.28.150 through 67.28.160:
18 PROVIDED, That so much of such pledged tax revenues, together with any
19 investment earnings thereon, not immediately necessary for actual
20 payment of principal and interest on such bonds may be used: (i) In
21 any county with a population of one million or more, for repayment
22 either of limited tax levy general obligation bonds or of any county
23 fund or account from which a loan was made, the proceeds from the bonds
24 or loan being used to pay for constructing, installing, improving, and
25 equipping stadium capital improvement projects, and to pay for any
26 engineering, planning, financial, legal and professional services
27 incident to the development of such stadium capital improvement
28 projects, regardless of the date the debt for such capital improvement
29 projects was or may be incurred; (ii) in any county with a population
30 of one million or more, for repayment or refinancing of bonded
31 indebtedness incurred prior to January 1, 1997, for any purpose
32 authorized by this section or relating to stadium repairs or
33 rehabilitation, including but not limited to the cost of settling legal
34 claims, reimbursing operating funds, interest payments on short-term
35 loans, and any other purpose for which such debt has been incurred if
36 the county has created a public stadium authority to develop a stadium
37 and exhibition center under RCW 36.102.030; or (iii) in other counties,
38 for county-owned facilities for agricultural promotion. A county is

1 exempt under this subsection in respect to city revenue or general
2 obligation bonds issued after April 1, 1991, only if such bonds mature
3 before January 1, 2013.

4 As used in this subsection (2)(b), "capital improvement projects"
5 may include, but not be limited to a stadium restaurant facility,
6 restroom facilities, artificial turf system, seating facilities,
7 parking facilities and scoreboard and information system adjacent to or
8 within a county owned stadium, together with equipment, utilities,
9 accessories and appurtenances necessary thereto. The stadium
10 restaurant authorized by this subsection (2)(b) shall be operated by a
11 private concessionaire under a contract with the county.

12 (c)(i) No city within a county exempt under subsection (2)(b) of
13 this section may levy the tax authorized by this section so long as
14 said county is so exempt.

15 (ii) If bonds have been issued under RCW 43.99N.020 and any
16 necessary property transfers have been made under RCW 36.102.100, no
17 city within a county with a population of one million or more may levy
18 the tax authorized by this section before January 1, 2021. After
19 January 1, 2021, no city within a county with a population of one
20 million or more may levy the tax authorized by this section so long as
21 any bonds described in section 301(1)(b) of this act are outstanding.
22 After all bonds described in section 301(1)(b) of this act are retired,
23 no city within a county with a population of one million or more may
24 levy the tax authorized by this section at a rate in excess of one
25 percent on the sale of or charge made for the furnishing of lodging
26 that is subject to tax under chapter 82.08 RCW thereafter.

27 (iii) However, in the event that any city in a county described in
28 (i) or (ii) of this subsection (2)(c) has levied the tax authorized by
29 this section and has, prior to June 26, 1975, authorized and issued
30 revenue or general obligation bonds pursuant to the provisions of RCW
31 67.28.150 through 67.28.160, such city may levy the tax so long as the
32 tax revenues are pledged for payment of principal and interest on bonds
33 issued at any time pursuant to the provisions of RCW 67.28.150 through
34 67.28.160.

35 (3) Any levy authorized by this section by a county that has levied
36 the tax authorized by this section and has, prior to June 26, 1975,
37 either pledged the tax revenues for payment of principal and interest
38 on city revenue or general obligation bonds authorized and issued

1 pursuant to RCW 67.28.150 through 67.28.160 or has authorized and
2 issued revenue or general obligation bonds pursuant to the provisions
3 of RCW 67.28.150 through 67.28.160 shall be subject to the following:

4 (a) Taxes collected under this section in any calendar year before
5 2013 in excess of five million three hundred thousand dollars shall
6 only be used as follows:

7 (i) Seventy-five percent from January 1, 1992, through December 31,
8 2000, and seventy percent from January 1, 2001, through December 31,
9 2012, for art museums, cultural museums, heritage museums, the arts,
10 and the performing arts. Moneys spent under this subsection (3)(a)(i)
11 shall be used for the purposes of this subsection (3)(a)(i) in all
12 parts of the county.

13 (ii) Twenty-five percent from January 1, 1992, through December 31,
14 2000, and thirty percent from January 1, 2001, through December 31,
15 2012, for the following purposes and in a manner reflecting the
16 following order of priority: Stadium purposes as authorized under
17 subsection (2)(b) of this section; acquisition of open space lands;
18 youth sports activities; and tourism promotion. If all or part of the
19 debt on the stadium is refinanced, all revenues under this subsection
20 (3)(a)(ii) shall be used to retire the debt.

21 (b) From January 1, 2013, through December 31, 2015, in a county
22 with a population of one million or more, all revenues under this
23 section shall be used to retire the debt on the stadium, or deposited
24 in the stadium and exhibition center account under RCW 43.99N.060 after
25 the debt on the stadium is retired.

26 (c) From January 1, 2016, through December 31, 2020, in a county
27 with a population of one million or more, all revenues under this
28 section shall be deposited in the stadium and exhibition center account
29 under RCW 43.99N.060.

30 (d) In a county with a population of one million or more, revenues
31 under this section shall be used as follows:

32 (i) From January 1, 2021, until all bonds described in section
33 301(1)(b) of this act are special excise tax revenues collected under
34 subsection (1) of this section by a county in an amount not to exceed
35 two percent on the sale of or charge made for the furnishing of lodging
36 that is subject to tax under chapter 82.08 RCW shall be used for the
37 following purposes:

1 (A) Fifty percent of the revenues shall be used for the purposes
2 set forth in section 301(1)(b) of this act or for the early retirement
3 of such bonds; and

4 (B) Fifty percent of the revenues shall be used for art museums,
5 cultural museums, heritage museums, the arts, and the performing arts
6 in all parts of the county;

7 (ii) After the bonds described in section 301(1)(b) of this act are
8 retired, special excise tax revenues collected under subsection (1) of
9 this section by a county in an amount not to exceed one percent on the
10 sale of or charge made for the furnishing of lodging that is subject to
11 tax under chapter 82.08 RCW shall continue to be used for art museums,
12 cultural museums, heritage museums, the arts, and the performing arts
13 in all parts of the county.

14 (e) At least seventy percent of moneys spent under (a)(i) of this
15 subsection for the period January 1, 1992, through December 31, 2000,
16 shall be used only for the purchase, design, construction, and
17 remodeling of performing arts, visual arts, heritage, and cultural
18 facilities, and for the purchase of fixed assets that will benefit art,
19 heritage, and cultural organizations. For purposes of this subsection,
20 fixed assets are tangible objects such as machinery and other equipment
21 intended to be held or used for ten years or more. Moneys received
22 under this subsection ~~(3)((d))~~ (e) may be used for payment of
23 principal and interest on bonds issued for capital projects.
24 Qualifying organizations receiving moneys under this subsection
25 ~~(3)((d))~~ (e) must be financially stable and have at least the
26 following:

- 27 (i) A legally constituted and working board of directors;
- 28 (ii) A record of artistic, heritage, or cultural accomplishments;
- 29 (iii) Been in existence and operating for at least two years;
- 30 (iv) Demonstrated ability to maintain net current liabilities at
31 less than thirty percent of general operating expenses;
- 32 (v) Demonstrated ability to sustain operational capacity subsequent
33 to completion of projects or purchase of machinery and equipment; and
- 34 (vi) Evidence that there has been independent financial review of
35 the organization.

36 ~~((e))~~ (f) At least forty percent of the revenues distributed
37 pursuant to (a)(i) of this subsection for the period January 1, 2001,
38 through December 31, 2012, shall be deposited in an account and shall

1 be used to establish an endowment. Principal in the account shall
2 remain permanent and irreducible. The earnings from investments of
3 balances in the account may only be used for the purposes of (a)(i) of
4 this subsection.

5 ~~((f))~~ (g) School districts and schools shall not receive revenues
6 distributed pursuant to (a)(i) or (d) of this subsection.

7 ~~((g))~~ (h) Moneys distributed to art museums, cultural museums,
8 heritage museums, the arts, and the performing arts, and moneys
9 distributed for tourism promotion shall be in addition to and may not
10 be used to replace or supplant any other funding by the legislative
11 body of the county.

12 ~~((h))~~ (i) As used in this section, "tourism promotion" includes
13 activities intended to attract visitors for overnight stays, arts,
14 heritage, and cultural events, and recreational, professional, and
15 amateur sports events. Moneys allocated to tourism promotion in a
16 class AA county shall be allocated to nonprofit organizations formed
17 for the express purpose of tourism promotion in the county. Such
18 organizations shall use moneys from the taxes to promote events in all
19 parts of the class AA county.

20 ~~((i))~~ (j) No taxes collected under this section may be used for
21 the operation or maintenance of a public stadium that is financed
22 directly or indirectly by bonds to which the tax is pledged.
23 Expenditures for operation or maintenance include all expenditures
24 other than expenditures that directly result in new fixed assets or
25 that directly increase the capacity, life span, or operating economy of
26 existing fixed assets.

27 ~~((j))~~ (k) No ad valorem property taxes may be used for debt
28 service on bonds issued for a public stadium that is financed by bonds
29 to which the tax is pledged, unless the taxes collected under this
30 section are or are projected to be insufficient to meet debt service
31 requirements on such bonds.

32 ~~((k))~~ (l) If a substantial part of the operation and management
33 of a public stadium that is financed directly or indirectly by bonds to
34 which the tax is pledged is performed by a nonpublic entity or if a
35 public stadium is sold that is financed directly or indirectly by bonds
36 to which the tax is pledged, any bonds to which the tax is pledged
37 shall be retired. This subsection (3)~~((k))~~ (l) does not apply in
38 respect to a public stadium under chapter 36.102 RCW transferred to,

1 owned by, or constructed by a public facilities district under chapter
2 36.100 RCW (~~(e)~~), a stadium and exhibition center, or a multipurpose
3 public arena as defined in section 101 of this act.

4 (~~(l)~~) (m) The county shall not lease a public stadium that is
5 financed directly or indirectly by bonds to which the tax is pledged
6 to, or authorize the use of the public stadium by, a professional major
7 league sports franchise unless the sports franchise gives the right of
8 first refusal to purchase the sports franchise, upon its sale, to local
9 government. This subsection (3)(~~(l)~~) (m) does not apply to contracts
10 in existence on April 1, 1986, or to contracts with a basketball lessee
11 to lease a multipurpose public arena as defined in section 101 of this
12 act.

13 If a court of competent jurisdiction declares any provision of this
14 subsection (3) invalid, then that invalid provision shall be null and
15 void and the remainder of this section is not affected.

16 **Sec. 204.** RCW 35.21.280 and 2002 c 363 s 5 are each amended to
17 read as follows:

18 (1) Every city and town may levy and fix a tax of not more than one
19 cent on twenty cents or fraction thereof to be paid by the person who
20 pays an admission charge to any place(~~(:—PROVIDED,)~~). However, no
21 city or town shall impose such tax on persons paying an admission to
22 any activity of any elementary or secondary school or any public
23 facility of a public facility district under chapter 35.57 or 36.100
24 RCW for which a tax is imposed under RCW 35.57.100 or 36.100.210,
25 except the city or town may impose a tax on persons paying an admission
26 to any activity of such public facility if the city or town uses the
27 admission tax revenue it collects on the admission charges to that
28 public facility for the construction, operation, maintenance, repair,
29 replacement, or enhancement of that public facility or to develop,
30 support, operate, or enhance programs in that public facility. Also,
31 except as provided in section 205 of this act, no city or town shall
32 impose such tax on persons paying an admission to any activity at a
33 multipurpose public arena as defined in section 101 of this act.

34 (2) Tax authorization under this section includes a tax on persons
35 who are admitted free of charge or at reduced rates to any place for
36 which other persons pay a charge or a regular higher charge for the
37 same privileges or accommodations. A city that is located in a county

1 with a population of one million or more may not levy a tax on events
2 in stadia constructed on or after January 1, 1995, that are owned by a
3 public facilities district under chapter 36.100 RCW and that have
4 seating capacities over forty thousand or, except as provided in
5 section 205 of this act, on events at a multipurpose public arena as
6 defined in section 101 of this act. The city or town may require
7 anyone who receives payment for an admission charge to collect and
8 remit the tax to the city or town.

9 (3) The term "admission charge" includes:

10 (a) A charge made for season tickets or subscriptions;

11 (b) A cover charge, or a charge made for use of seats and tables
12 reserved or otherwise, and other similar accommodations;

13 (c) A charge made for food and refreshment in any place where free
14 entertainment, recreation or amusement is provided;

15 (d) A charge made for rental or use of equipment or facilities for
16 purposes of recreation or amusement; if the rental of the equipment or
17 facilities is necessary to the enjoyment of a privilege for which a
18 general admission is charged, the combined charges shall be considered
19 as the admission charge;

20 (e) Automobile parking charges if the amount of the charge is
21 determined according to the number of passengers in the automobile.

22 NEW SECTION. Sec. 205. (1) A city may levy and fix a tax of not
23 more than one cent on twenty cents or fraction thereof to be paid by
24 any person who pays an admission charge to a multipurpose public arena
25 as defined in section 101 of this act. This includes a tax on persons
26 who are admitted free of charge or at reduced rates to the multipurpose
27 public arena if other persons pay a charge or a regular higher charge
28 for the same privileges or accommodations.

29 (2) The tax collected under this section shall be used exclusively
30 either: (a) For the purpose of paying the principal and interest on
31 all or a portion of the bonds described in section 301(1)(b) of this
32 act; or (b) to fund capital improvements defined in section 101 of this
33 act and major maintenance to the multipurpose public arena and related
34 facilities.

35 (3) The term "admission charge" has the meaning set forth in RCW
36 35.21.280.

1 **Sec. 206.** RCW 82.29A.130 and 1999 c 165 s 21 are each amended to
2 read as follows:

3 The following leasehold interests shall be exempt from taxes
4 imposed pursuant to RCW 82.29A.030 and 82.29A.040:

5 (1) All leasehold interests constituting a part of the operating
6 properties of any public utility which is assessed and taxed as a
7 public utility pursuant to chapter 84.12 RCW.

8 (2) All leasehold interests in facilities owned or used by a
9 school, college or university which leasehold provides housing for
10 students and which is otherwise exempt from taxation under provisions
11 of RCW 84.36.010 and 84.36.050.

12 (3) All leasehold interests of subsidized housing where the fee
13 ownership of such property is vested in the government of the United
14 States, or the state of Washington or any political subdivision thereof
15 but only if income qualification exists for such housing.

16 (4) All leasehold interests used for fair purposes of a nonprofit
17 fair association that sponsors or conducts a fair or fairs which
18 receive support from revenues collected pursuant to RCW 67.16.100 and
19 allocated by the director of the department of agriculture where the
20 fee ownership of such property is vested in the government of the
21 United States, the state of Washington or any of its political
22 subdivisions: PROVIDED, That this exemption shall not apply to the
23 leasehold interest of any sublessee of such nonprofit fair association
24 if such leasehold interest would be taxable if it were the primary
25 lease.

26 (5) All leasehold interests in any property of any public entity
27 used as a residence by an employee of that public entity who is
28 required as a condition of employment to live in the publicly owned
29 property.

30 (6) All leasehold interests held by enrolled Indians of lands owned
31 or held by any Indian or Indian tribe where the fee ownership of such
32 property is vested in or held in trust by the United States and which
33 are not subleased to other than to a lessee which would qualify
34 pursuant to this chapter, RCW 84.36.451 and 84.40.175.

35 (7) All leasehold interests in any real property of any Indian or
36 Indian tribe, band, or community that is held in trust by the United
37 States or is subject to a restriction against alienation imposed by the
38 United States: PROVIDED, That this exemption shall apply only where it

1 is determined that contract rent paid is greater than or equal to
2 ninety percent of fair market rental, to be determined by the
3 department of revenue using the same criteria used to establish taxable
4 rent in RCW 82.29A.020(2)(b).

5 (8) All leasehold interests for which annual taxable rent is less
6 than two hundred fifty dollars per year. For purposes of this
7 subsection leasehold interests held by the same lessee in contiguous
8 properties owned by the same lessor shall be deemed a single leasehold
9 interest.

10 (9) All leasehold interests which give use or possession of the
11 leased property for a continuous period of less than thirty days:
12 PROVIDED, That for purposes of this subsection, successive leases or
13 lease renewals giving substantially continuous use of possession of the
14 same property to the same lessee shall be deemed a single leasehold
15 interest: PROVIDED FURTHER, That no leasehold interest shall be deemed
16 to give use or possession for a period of less than thirty days solely
17 by virtue of the reservation by the public lessor of the right to use
18 the property or to allow third parties to use the property on an
19 occasional, temporary basis.

20 (10) All leasehold interests under month-to-month leases in
21 residential units rented for residential purposes of the lessee pending
22 destruction or removal for the purpose of constructing a public highway
23 or building.

24 (11) All leasehold interests in any publicly owned real or personal
25 property to the extent such leasehold interests arises solely by virtue
26 of a contract for public improvements or work executed under the public
27 works statutes of this state or of the United States between the public
28 owner of the property and a contractor.

29 (12) All leasehold interests that give use or possession of state
30 adult correctional facilities for the purposes of operating
31 correctional industries under RCW 72.09.100.

32 (13) All leasehold interests used to provide organized and
33 supervised recreational activities for disabled persons of all ages in
34 a camp facility and for public recreational purposes by a nonprofit
35 organization, association, or corporation that would be exempt from
36 property tax under RCW 84.36.030(1) if it owned the property. If the
37 publicly owned property is used for any taxable purpose, the leasehold

1 excise taxes set forth in RCW 82.29A.030 and 82.29A.040 shall be
2 imposed and shall be apportioned accordingly.

3 (14) All leasehold interests in the public or entertainment areas
4 of a baseball stadium with natural turf and a retractable roof or
5 canopy that is in a county with a population of over one million, that
6 has a seating capacity of over forty thousand, and that is constructed
7 on or after January 1, 1995. "Public or entertainment areas" include
8 ticket sales areas, ramps and stairs, lobbies and concourses, parking
9 areas, concession areas, restaurants, hospitality and stadium club
10 areas, kitchens or other work areas primarily servicing other public or
11 entertainment areas, public rest room areas, press and media areas,
12 control booths, broadcast and production areas, retail sales areas,
13 museum and exhibit areas, scoreboards or other public displays, storage
14 areas, loading, staging, and servicing areas, seating areas and suites,
15 the playing field, and any other areas to which the public has access
16 or which are used for the production of the entertainment event or
17 other public usage, and any other personal property used for these
18 purposes. "Public or entertainment areas" does not include locker
19 rooms or private offices exclusively used by the lessee.

20 (15) All leasehold interests in the public or entertainment areas
21 of a stadium and exhibition center, as defined in RCW 36.102.010, that
22 is constructed on or after January 1, 1998. For the purposes of this
23 subsection, "public or entertainment areas" has the same meaning as in
24 subsection (14) of this section, and includes exhibition areas.

25 (16) All leasehold interests in public facilities districts, as
26 provided in chapter 36.100 or 35.57 RCW.

27 (17) All leasehold interests in the public or entertainment areas
28 of a multipurpose public arena defined in section 101 of this act. For
29 the purposes of this subsection, "public or entertainment areas" has
30 the same meaning as in subsection (14) of this section and includes
31 exhibition areas.

32 NEW SECTION. Sec. 207. Capital improvements as defined in section
33 101 of this act are exempt from state and local sales and use taxes due
34 under chapters 82.08, 82.12, and 82.14 RCW.

35 **PART III**

1 **FLOW OF FUNDS**

2 NEW SECTION. Sec. 301. (1) Stadium tax revenues as defined in
3 section 101 of this act shall only be used for the following purposes
4 in the following order of priority:

5 (a) Four million dollars in stadium tax revenues collected in any
6 calendar year between and including 2013 and 2020 shall be used for art
7 museums, cultural museums, heritage museums, the arts, and the
8 performing arts in all parts of the county distributing such revenue
9 pursuant to RCW 67.28.180(3)(a).

10 (b) Upon certification by a city that owns a multipurpose public
11 arena that a basketball lessee has entered into a lease for a
12 multipurpose public arena that meets the requirements set forth in
13 section 302(3) of this act, stadium tax revenues collected in any
14 calendar year and remaining after application under (a) of this
15 subsection, shall be transferred to the city that owns such
16 multipurpose public arena and used as follows:

17 (i) To pay scheduled principal and interest on bonds or refunding
18 bonds issued in an aggregate principal amount not to exceed sixty
19 million dollars to finance or refinance costs, or to reimburse the city
20 for the payment of costs, of the first phase of capital improvements
21 defined in section 101 of this act including costs of issuance and
22 costs associated with interim financing pending issuance of the bonds;
23 and

24 (ii) To pay scheduled principal and interest on bonds or refunding
25 bonds issued in an aggregate principal amount necessary to finance or
26 refinance: (A) Costs of the second phase of capital improvements
27 defined in section 101 of this act in an amount not to exceed two
28 hundred five million dollars in 2006 dollars adjusted for inflation
29 annually thereafter using the ENR 20-city construction cost index; (B)
30 costs of issuing the bonds; and (C) costs associated with interim
31 financing pending issuance of the bonds.

32 (2) A city that owns a multipurpose public arena shall pledge
33 stadium tax revenues to the repayment of bonds described in subsection
34 (1)(b)(ii) of this section.

35 NEW SECTION. Sec. 302. (1) A city that owns a multipurpose public
36 arena, after consulting with the basketball lessee, shall have the
37 authority to determine the overall scope and components of any capital

1 improvements defined in section 101 of this act, to approve the design
2 and specifications of such capital improvements, and to approve the
3 budget for such capital improvements.

4 (2) A city that owns a multipurpose public arena shall enter into
5 a development agreement with the basketball lessee under which the
6 basketball lessee undertakes and controls capital improvements defined
7 in section 101 of this act consistent with subsection (1) of this
8 section. Under the development agreement and subject to subsection (1)
9 of this section, the basketball lessee shall, subject to city approval,
10 determine project design, specifications, and budget. In addition, the
11 basketball lessee shall determine procurement procedures, and shall
12 select and engage an architect or architects, other professional
13 service providers, and a contractor or contractors for the capital
14 improvements, provided that any contracts for such capital improvements
15 shall be subject to the prevailing wage requirements of chapter 39.12
16 RCW and any contracts for capital improvements shall be subject to the
17 goals, if any, established by the city for women and minority business
18 participation. The basketball lessee shall, to the extent feasible,
19 hire local residents in connection with such capital improvements.
20 Under the development agreement, the basketball lessee shall assume
21 responsibility for any cost overruns in connection with capital
22 improvements financed with the proceeds of the bonds described in
23 section 301(1)(b)(ii) of this act. The total public contribution to
24 paying the cost of such capital improvements shall be limited to the
25 bonds described in section 301(1)(b)(ii) of this act.

26 (3) In consideration for the city's agreement to issue the bonds
27 described in section 301(1)(b)(ii) of this act, the basketball lessee
28 shall enter into a new sole master tenant lease agreement for the
29 multipurpose public arena, together with related facilities, that
30 includes without limitation the following terms:

31 (a) The term of the lease shall be not less than twenty years.

32 (b) The basketball lessee shall assume responsibility for
33 marketing, operation, and routine maintenance of the multipurpose
34 public arena at no cost to the city that owns the multipurpose public
35 arena.

36 (c) The lessee shall have the authority to sublease and enter into
37 use, license, and concession agreements with various lessees, users,
38 licensees, or concessionaires of the multipurpose public arena. The

1 basketball lessee shall have the right to retain all basketball and
2 nonbasketball revenues derived from the operation of the multipurpose
3 public arena, including revenues from any sublease, use, license and
4 concession agreements, revenues from concessions, ticket sales, suite
5 rentals, suite and seat licenses, advertising, parking, signage,
6 intellectual property rights, and naming rights, subject to section 304
7 of this act.

8 (d) The basketball lessee shall be required to use its good faith
9 best efforts to maintain the use profile of the multipurpose public
10 arena as a multipurpose facility.

11 (e) The basketball lessee shall provide for the national basketball
12 association team owned or controlled by the basketball lessee on the
13 effective date of this act to play not less than ninety percent of the
14 team's home regular season and all of its home playoff basketball games
15 in the multipurpose public arena for not less than twenty years,
16 subject to applicable league rules.

17 (f) The basketball lessee shall use its good faith best efforts to
18 retain the women's national basketball association team owned or
19 controlled by the basketball lessee on the effective date of this act
20 as a user of the multipurpose public arena playing not less than ninety
21 percent of the team's home regular season and all of its home playoff
22 basketball games in the multipurpose public arena for not less than
23 twenty years, subject to applicable league rules.

24 (g) Subject to the terms of the lease, the city is authorized to
25 sell permanent seat licenses to the multipurpose public arena and the
26 basketball lessee may act as sales agent for this purpose.

27 NEW SECTION. **Sec. 303.** A city that owns a multipurpose public
28 arena and a basketball lessee shall enter into an agreement regarding
29 capital improvements as defined in section 101 of this act. The
30 agreement shall address, but shall not be limited to:

- 31 (1) Expedited permit processing for the design and construction of
32 the capital improvements;
- 33 (2) Expedited environmental review processing;
- 34 (3) Expedited processing of requests for street, right of way, and
35 easement vacations necessary for the capital improvements; and
- 36 (4) Other items needed for the design and construction of the
37 capital improvements.

1 Nothing in this section limits a city's police power authority
2 consistent with applicable law.

3 NEW SECTION. **Sec. 304.** A basketball lessee shall have the
4 authority to enter into one or more agreements to sell the right to
5 name all or a portion of the multipurpose public arena, subject to any
6 existing naming rights agreements with respect to the multipurpose
7 public arena. Any sale of the right to name all or a portion of the
8 multipurpose public arena shall be subject to the reasonable approval
9 of the city.

10 **PART IV**
11 **PUBLIC WORKS PROVISIONS**

12 **Sec. 401.** RCW 39.04.010 and 2000 c 138 s 102 are each amended to
13 read as follows:

14 The term state shall include the state of Washington and all
15 departments, supervisors, commissioners and agencies thereof.

16 The term municipality shall include every city, county, town,
17 district or other public agency thereof which is authorized by law to
18 require the execution of public work, except drainage districts, diking
19 districts, diking and drainage improvement districts, drainage
20 improvement districts, diking improvement districts, consolidated
21 diking and drainage improvement districts, consolidated drainage
22 improvement districts, consolidated diking improvement districts,
23 irrigation districts or any such other districts as shall from time to
24 time be authorized by law for the reclamation or development of waste
25 or undeveloped lands.

26 The term public work shall include all work, construction,
27 alteration, repair, or improvement other than ordinary maintenance,
28 executed at the cost of the state or of any municipality, or which is
29 by law a lien or charge on any property therein. All public works,
30 including maintenance when performed by contract shall comply with the
31 provisions of RCW 39.12.020. The term does not include work,
32 construction, alteration, repair, or improvement performed under
33 contracts entered into under RCW 36.102.060(4) or under development
34 agreements entered into under RCW 36.102.060(7) or leases entered into
35 under RCW 36.102.060(8). The term does not include work, construction,

1 alteration, repair, or improvement to a multipurpose public arena and
2 related facilities undertaken and controlled by a basketball lessee
3 pursuant to a development agreement authorized pursuant to section
4 302(2) of this act or a lease authorized pursuant to section 302(3) of
5 this act or services procured by the basketball lessee in connection
6 with any such work, construction, alteration, repair, or improvement.

7 The term contract shall mean a contract in writing for the
8 execution of public work for a fixed or determinable amount duly
9 awarded after advertisement and competitive bid. However, a contract
10 which is awarded from a small works roster need not be advertised.

11 **PART V**
12 **MISCELLANEOUS**

13 NEW SECTION. Sec. 501. Part headings used in this act are not any
14 part of the law.

15 NEW SECTION. Sec. 502. Sections 101, 205, 207, and 301 through
16 304 of this act are each added to chapter 35.21 RCW.

17 NEW SECTION. Sec. 503. If any provision of this act or its
18 application to any person or circumstance is held invalid, the
19 remainder of the act or the application of the provision to other
20 persons or circumstances is not affected.

21 NEW SECTION. Sec. 504. The provisions of this act shall be
22 liberally construed to effect the policies and purposes of this act.

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