

HOUSE BILL REPORT

HB 1187

As Reported by House Committee On:
Community Development, Housing & Tribal Affairs

Title: An act relating to grants for community outdoor and indoor athletic facilities.

Brief Description: Concerning grants for community outdoor and indoor athletic facilities.

Sponsors: Representatives Stanford, Warnick, Dunshee, Zeiger, Appleton, Ryu, Bergquist and Fey.

Brief History:

Committee Activity:

Community Development, Housing & Tribal Affairs: 1/30/13, 2/5/13 [DPS].

Brief Summary of Substitute Bill

- Requires an annual transfer of certain tax revenues to the Youth Athletic Facility Account from the State General Fund to fund community outdoor and indoor athletic facilities that serve youth or communities.
- Revises several elements of the Youth Athletic Facilities Program.

HOUSE COMMITTEE ON COMMUNITY DEVELOPMENT, HOUSING & TRIBAL AFFAIRS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives McCoy, Chair; Appleton, Vice Chair; Angel, Ranking Minority Member; Johnson, Assistant Ranking Minority Member; Pike, Ryu, Santos and Sawyer.

Minority Report: Do not pass. Signed by 1 member: Representative Haler.

Staff: Jill Reinmuth (786-7134).

Background:

Youth Athletic Facility Account.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The Youth Athletic Facility Account (YAF Account) was created as a nonappropriated account in the State Treasury as part of the Stadium and Exhibition Center Bond Issue approved by voters as Referendum 48 in 1997. Referendum 48 required the professional football team affiliate to deposit at least \$10 million into the YAF Account, and \$10 million was deposited. The YAF Account's current unobligated balance is \$190,000. Referendum 48 also required that any moneys in the Stadium and Exhibition Center Account not required or permitted for payment of bond principal and interest or for reserves must be transferred into the YAF Account. Bond principal and interest payments for the stadium and exhibition center project are scheduled to end in 2021, and no transfers to the YAF Account have yet occurred.

Youth Athletic Facilities Program.

Moneys in the YAF Account may only be used by the state's Recreation and Conservation Office (RCO) to make competitive grants or loans to cities, counties, and qualified nonprofit organizations. These grants or loans must be used to acquire, develop, equip, maintain, and improve community outdoor athletic facilities. Funding must be provided in proportion to the population of the jurisdiction where the project is located, and must be divided equally between development, maintenance, and improvement projects. The RCO administrative overhead for the Youth Athletic Facilities Program (YAF Program) is capped at 1.5 percent.

The RCO has not conducted a competitive application round since the 2007-09 biennium due to insufficient funds in the YAF Account.

Youth Athletic Facilities projects have included developing ball fields, swimming pools, and tennis and basketball courts; renovating fields by adding artificial turf, lights, and drainage systems; and buying land for athletic complexes. Funding has always been provided in the form of grants, not loans. Maximums set by the RCO for previous competitive application rounds were \$150,000 for developing new facilities, \$75,000 for improving existing facilities, and \$25,000 for maintaining existing facilities. The RCO also required applicants to provide 50 percent cash or in-kind resources as match for the state funds.

Sales and Use Tax on Charges for Amusement and Recreation Services.

Charges for amusement and recreation services are subject to state sales and use taxes. Amusement and recreation services include activities such as golf, pool, billiards, skating, bowling, swimming, bungee jumping, ski lifts and tows, basketball, racquetball, handball, squash, tennis, all batting cages, and related facilities. The Department of Revenue (Department) has initiated a rulemaking process to clarify the tax-reporting responsibilities of those providing amusement and recreation services, including the question of when charges for sporting activities and events are subject to the tax.

Summary of Substitute Bill:

Transfer of Tax Revenues.

By October 1, 2013, and by October 1 of every third year thereafter, the Department must estimate the amount of state sales and use taxes collected in the previous fiscal year on the sale of or charges made for the right to participate in competitive team sports activities, including competitive team sport tournaments. The Department must provide the estimate to the State Treasurer. By November 1, 2013, and every November 1 thereafter, the State Treasurer must transfer 50 percent of that estimated amount from the State General Fund into the YAF Account. For purposes of the estimate and transfer, "competitive team sport" is defined.

Revisions to the YAF Program.

Several clarifications and revisions are made to the existing YAF Program.

Project Purposes. Grants are to be used for community outdoor and indoor athletic facilities that are designed to serve youth or communities. Project categories include acquisition of land to support facilities; development; renovation; or equipping facilities.

Required Outcomes. Land acquisition and facilities development projects must provide new youth and community athletic opportunities. Renovation projects must increase playing capacity of an existing facility by changing its use, extending its use, or expanding its size. Maintenance projects must result in continuing or retaining the originally-designed and built use and capacity of the existing facility.

Eligibility. Metropolitan park districts become eligible for funding; cities, counties, and nonprofit organizations remain eligible. A nonprofit organization, however, must submit a proposal for a grant as a joint applicant with a city, county, or metropolitan park district, and with the agreement of the jurisdiction's legislative authority. Indoor facilities become eligible for funding; outdoor facilities remain eligible. Projects must meet eligibility criteria established by the Recreation and Conservation Funding Board rather than by the Director of the RCO.

Funding. Funding is in the form of grants, not loans. Funding a project in proportion to the population size of the jurisdiction in which it is located is not required. Dividing the funds equally between development, maintenance and improvement projects is not required.

Program Administration. The RCO's administrative overhead is capped at 3 percent.

Substitute Bill Compared to Original Bill:

A provision in current law is restored that allows grants to nonprofit organizations. A provision is added that requires a nonprofit organization to submit a proposal as a joint applicant with a city, county, or metropolitan park district, and with the agreement of the jurisdiction's legislative authority.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Across the state, athletic fields are in short supply. It has been difficult to keep up with growing recreation needs. In addition, athletic fields are in disrepair and other facilities are in various stages of failure. Some park lands have been closed.

In Everett, the city is short 11 athletic fields based on the comprehensive plan. The demand for soccer facilities requires the city to schedule four to six youth teams to practice per field, meaning that there are upwards of 120 players at a time on each field. In Lakewood, there have been no capital dollars in the parks and recreation fund for over three years, and the operating and maintenance budget has been reduced every year for the past six years.

This bill creates a logical way to fund improvements. The sales tax on competitive leagues is newly being collected. It had been a gray area for years and years. In 2011 the Legislature considered whether to exempt those sales taxes, but the Legislature decided not to do that. The Department is in rulemaking to decide exactly how the taxes will apply. The newly-collected taxes would go partly to the General Fund, but also to the YAF Account to help fund the grant program for upgrading fields and facilities.

The state would be assisting in efforts to preserve the recreational and social infrastructure that is paramount in promoting healthy communities. The moneys would be invested in facilities that kids use for practice and competition, and others use to be active and healthy.

This bill is important to cities, towns, and park districts. It would be okay to allow nonprofits to receive grants on a partnership basis.

(Opposed) None.

Persons Testifying: Doug Levy, Washington Recreation and Parks Association; Mary Dodsworth, City of Lakewood; and Paul Kaftanski, City of Everett.

Persons Signed In To Testify But Not Testifying: None.