

HOUSE BILL REPORT

HB 2722

*As Reported By House Committee on:
Trade & Economic Development*

Title: An act relating to professional sports franchises.

Brief Description: Authorizing cities, code cities, and counties to own an interest in a professional sports franchise.

Sponsor(s): Representatives Jacobsen, Cantwell, Basich, Casada, G. Fisher, Ferguson, Wineberry, Neher, Appelwick, Paris, Heavey, Beck, Nelson, Brumsickle, Bray and J. Kohl.

Brief History:

Reported by House Committee on:
Trade & Economic Development, February 6, 1992, DPS.

**HOUSE COMMITTEE ON
TRADE & ECONOMIC DEVELOPMENT**

Majority Report: *The substitute bill be substituted therefor and the substitute bill do pass.* Signed by 8 members: Representatives Cantwell, Chair; Sheldon, Vice Chair; Ferguson; Ludwig; Moyer; Rasmussen; Riley; and Roland.

Minority Report: *Do not pass.* Signed by 3 members: Representatives Forner, Ranking Minority Member; Betrozoff, Assistant Ranking Minority Member; and Kremen.

Staff: Melissa Pailthorp (786-7118).

Background: Washington state law authorizes counties and cities, individually or collectively, to own and operate an existing professional sports franchise when the owners of such franchises announce their intention to sell or move a franchise. A public corporation must be created to manage and operate the franchise.

Summary of Substitute Bill: In addition to owning an existing professional sports franchise, counties or cities can own an interest in the franchise when the owner of the franchise decides to sell or move the franchise. The purchase must be approved by the governing body of the city or county through an ordinance or resolution.

The ordinance or resolution must contain findings specifying that the purchase has a public purpose and is the most reasonable alternative available to the city or county to ensure that the sports franchise does not relocate. Any benefit from the public purchase to other private owners or the franchise will be incidental. The public investment in the franchise is limited to the interest held by the city or county. Each city or county involved in the purchase will be liable for its own portion of the investment only. The purchase agreement will be structured so as not to lend the public's credit.

Substitute Bill Compared to Original Bill: The substitute requires the city or county governing body's approval by ordinance or resolution of the purchase of a franchise or an interest in a franchise. It also adds specifics detailing liability and the structure of the purchase, and a severability clause.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect immediately.

Testimony For: Sports franchises bring substantial benefit to Washington State including new jobs, indirect spending, tax revenues, and recreational opportunities. This legislation provides local government another tool to deal with the dynamics of keeping a professional sports franchise in town. The public has already expended significant money on financing public stadiums to attract and keep professional sports franchises in this area. Without this tool, that investment is lost.

Testimony Against: None.

Witnesses: Representative Ken Jacobsen, Prime Sponsor (Pro); Mike Doubleday, City of Seattle (Pro); Ron Main, King County Council (Pro); and Jim Brewer, Counsel to King County Council (Pro).