

HOUSE BILL REPORT

EHB 2977

*As Passed House
February 17, 1992*

Title: An act relating to wrongful removal of a professional sports franchise.

Brief Description: Creating a cause of action for wrongful removal of a professional sports franchise.

Sponsor(s): Representatives Appelwick, Padden, Hargrove, Van Luven, Riley, Schmidt, Jacobsen, Paris, Heavey, Brough, Rasmussen, R. King, Leonard, G. Fisher, May, Ludwig, Anderson, Peery, H. Myers, Neher, Horn, Fuhrman, Betrozoff, Tate, Vance, Ballard, P. Johnson, Wang, Ferguson and J. Kohl.

Brief History:

Reported by House Committee on:
Revenue, February 8, 1992, DP;
Passed House, February 17, 1992, 97-0.

**HOUSE COMMITTEE ON
REVENUE**

Majority Report: *Do pass.* Signed by 13 members: Representatives Wang, Chair; Fraser, Vice Chair; Brumsickle, Ranking Minority Member; Wynne, Assistant Ranking Minority Member; Appelwick; Carlson; Day; J. Kohl; Leonard; Morris; Morton; Rust; and Silver.

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

Staff: Robin Appleford (786-7093).

Background: Recently, considerable controversy has arisen over the possible loss of a major league sports franchise from the state. Franchise owners and others have argued that the franchise has lost, and will continue to lose money if it stays in the area. Opponents of moving the franchise dispute some or all of these claims and argue that moving the franchise out of state will deprive the state of substantial economic and cultural benefits.

Summary of Bill: A cause of action is created for the wrongful removal of a professional sports franchise. The

state or any of its political subdivisions may recover damages against any person, corporation, state, or other entity for a decision, action, or inaction that results in the wrongful removal of a franchise.

A removal of a franchise is "wrongful" if any one of the following factors is present:

1. A prospective purchaser of the franchise has been rejected on the basis of residence, race, color, creed, or nationality;
2. Removal violates the state Franchise Act;
3. Removal results in a violation of any contract with a government entity; or
4. There has been bad faith on the part of persons responsible for the removal.

Damages recoverable by a government entity are the direct or indirect losses of tax revenue projected for six years after the removal. Punitive damages may be awarded if the defendant acted in bad faith. The prevailing party is also entitled to reasonable attorneys' fees and costs.

Liability of defendants is joint and several.

Fiscal Note: Requested February 9, 1992.

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

Testimony For: The message of this bill is that an owner can move a franchise, but can't move it wrongfully. Moving the franchise will have an adverse impact on Washington's economy and tax revenues.

Testimony Against: None.

Witnesses: Representative Marlin Appelwick, Prime Sponsor (in favor).