

HOUSE BILL REPORT

HB 2977

*As Reported By House Committee on:
Revenue*

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.

**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. Attendance at home games has gone up for two consecutive years;
2. Attendance is within 10 percent of capacity;
3. Attendance is within the top half in the franchise's league;
4. Gross revenue of the franchise has gone up for two consecutive years;
5. A prospective purchaser of the franchise has been rejected on the basis of residence, race, color, creed, or nationality;
6. Removal results in a violation of any contract with a government entity; or
7. 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 plaintiff 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).