

**SENATE BILL REPORT**

**HB 2977**

**AS REPORTED BY COMMITTEE ON WAYS & MEANS, FEBRUARY 27, 1992**

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

**SPONSORS:** 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

**HOUSE COMMITTEE ON REVENUE**

**SENATE COMMITTEE ON WAYS & MEANS**

**Majority Report:** Do pass as amended.

Signed by Senators McDonald, Chairman; Bauer, Bluechel, Gaspard, Hayner, M. Kreidler, Murray, Rinehart, Talmadge, West, Williams, and Wojahn.

**Staff:** Terry Wilson (786-7715)

**Hearing Dates:** February 26, 1992; February 27, 1992

**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:**

A cause of action is created for the wrongful removal of a professional sports franchise. The state and 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 include the direct and 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.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** available

**SUMMARY OF PROPOSED SENATE AMENDMENT:**

Injunctive relief is authorized.

**TESTIMONY FOR:**

This creates a long-arm statute. It is drafted to be non-discriminatory.

**TESTIMONY AGAINST:** None

**TESTIFIED:** Representative Marlin Appelwick, prime sponsor