

HOUSE BILL REPORT

HB 2192

As Reported By House Committee On:

Trade & Economic Development

Title: An act relating to a mechanism for financing stadium and exhibition centers and education technology grants.

Brief Description: Financing a stadium and exhibition center and technology grants.

Sponsors: Representatives Van Luven and Wolfe; by request of Governor Locke.

Brief History:

Committee Activity:

Trade & Economic Development: 3/3/97, 3/5/97 [DPS].

HOUSE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 5 members: Representatives Van Luven, Chairman; Dunn, Vice Chairman; Alexander; Ballasiotes and Mason.

Minority Report: Do not pass. Signed by 4 members: Representatives Veloria, Ranking Minority Member; Sheldon, Assistant Ranking Minority Member; McDonald and Morris.

Staff: Kenny Pittman (786-7392).

Background: A public facilities district may be created in any county by the county legislative authority. A public facilities district is authorized to acquire, construct, own, remodel, maintain, equip, re-equip, repair, and operate sports facilities, entertainment facilities, and convention facilities. A public facilities district is governed by either a five- or seven-member board of directors that are appointed by the county legislative authority. There are currently two public facility districts in the state; one in Spokane County for a sports and entertainment, arena and one in King County for a new baseball stadium.

Summary of Substitute Bill: The Legislature expresses its intent on having facilities that can accommodate both sporting events and exhibits. The Legislature intends that: (1) financing for the facility is a fair, balanced partnership between the private sector, the public sector, and the facility users; (2) any construction of the facility and

operation of concessions within the facility include 33 percent representation of minority-owned businesses; and (3) the developer and master tenant of the facility take steps to mitigate the impact of the facility on the surrounding areas.

Substitute Bill Compared to Original Bill: The substitute bill replaces the financing package for the construction of an open-air stadium and exhibition facility and program of education technology grants to K-12 schools with an expression of legislative intent. The substitute bill removes all references to: (1) the creation of a new public facility district; (2) a stadium and exhibition center funding package that includes a state sales and use tax credit, \$6 million dollars in annual revenue generated from new sports theme lottery games, a statewide voter approved 10 percent wholesale tax on sports memorabilia and sports licensed goods, a new county imposed 2.5 percent car rental tax, admission and parking tax on events in the facility; (3) a sales and use tax exemption on construction of the facility; (4) a leasehold tax exemption; (5) the conditions required to authorize issuance of bonds to finance the facility; (6) a binding commitment from the sports franchise, that includes a commitment of at least \$100 million toward the construction of the facility; and (7) a plan to use excess revenue not needed for debt repayment to be used for technology grants to school districts for K-12 classroom computer and on-line access.

Appropriation: None.

Fiscal Note: Requested on February 25, 1997.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: The financing of the stadium has to be a statewide effort. The financing package is fair in that the revenue comes from users of the facility and sports fans. The proposal is more than just a stadium for the Seattle Seahawks. It will provide a facility for international soccer and technology-based education grants to school districts. Sports and education do work together and it's another way to help educate the children of our state. The facility will create needed jobs during the construction and the daily operation periods. Give the citizens the opportunity to vote on the wholesale tax used to finance the stadium and education grants.

Testimony Against: The wholesale tax will place an unfair disadvantage on licensed products against those products that are not licensed. The wholesale tax will hurt the business of sports-licensed products in the state. Business will be forced to pass the tax on to the consumers. Minor league sports products should be exempt from the wholesale tax. If the goal of the financing package is a user fee, then taxing the other sports associations for a facility it gets no benefit from is unfair. The proposed car rental tax increase to 20 percent will make King County the highest car rental tax rate

in the country. Most people that rent cars are local residents not tourist. A new stadium is not necessary to field a competitive team or to fill the seats.

Testified: TO ORIGINAL BILL -- Marty Brown and Jim Kelley, Governor's Office (pro); Bert Kolde and Bob Whitsett, Football Northwest, Inc (pro); Dennis Erickson and Gary Wright, Seattle Seahawks (pro); Fred Mendoza, Northwest Soccer Stadium Committee (pro); Carolyn Holmes (pro); Jean Amuluxen, Superintendent of Public Instruction's Office (pro); Richard Leigh, Football Northwest, Inc. (pro); Smokey Simons (pro); Kit Hawkins, Washington Restaurant Association (pro); Gary Nelson (pro); Eartha Brooks (pro); Cathie Burt (pro); Greg Frye (pro); Angela Tara (pro); Donald Eighelberger (pro); Lovis Poter (pro); Robert Stephens (pro); William Scott (pro); Mark Collins (pro); Dan Henderson (pro); Mick McHugh (pro); Wayne Lindy (pro); Marie Rudler (pro); Billie Pearl (pro); Vincent Richichi (pro); Glen Logan (pro); John Thorson, Snohomish County Economic Development Council (pro); Reba Lucey (pro); Bart Clennon (pro); Mark Johnson (pro); Angela Tarah, Tarah and Associates (pro); Dan Stephenson and Ron Merrin, Washington State Youth Soccer Association (pro); John Duncan (pro); Tina Bueche (pro); Clark Kokich, Seattle Olympic Bid Committee (pro); Dick Langley (pro); Michael Campbell, Sports and Events Council of Seattle/King County (pro); Mike Anderson (pro); Ryan Firoved (pro); Tim Hammer (pro); Pauline VanSenusets (pro); Charles Graham (pro); Terry Malm (pro); George Schroeder (pro); Bob and Margaret Bavasi, Everett Aquasox Baseball (con); Lisa Uriguen, Trademark Management (con); Jeffrey Mishkin and Richard Buchanan, National Basketball Association (con); Paul Kelley, Nike, Inc. (con); Gordon Walgren, Car and Truck Rental and Leasing Association (con); Chad Harkness, Budget Rent a Car (con); Scott Yagschi, Enterprise Car Rental (con); Rick Lucas, Thrifty Car Rental (con); Scott Soteberg, Friends of Athletic Fields (con); Anita Parker, Greater Seattle Soccer Association (con); Ron Hudnall, JC Penney (con); Kent Rolde (con); Chris Clifford (con); Brian Livingston, Civic Foundation (con); Ray Stebbins, A to B Auto Rental (con); Thomas Heller (con); and Harold Chambers, Sherry Bockwinkle and Shawn Neuman, Citizens for Legislative Ethics and Accountability Now - CLEAN (con).