

SENATE BILL REPORT

2SSB 5452

As Passed Senate, March 15, 1999

Title: An act relating to funding for regional convention, conference, or special events centers.

Brief Description: Authorizing the creation of public facilities districts.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Bauer, Deccio, Benton, Goings, Winsley, Rasmussen, Franklin, Eide, Zarelli, Wojahn and Hale).

Brief History:

Committee Activity: State & Local Government: 2/18/99, 3/3/99 [DPS-WM].

Ways & Means: 3/8/99 [DP2S].

Passed Senate, 3/15/99, 42-5.

SENATE COMMITTEE ON STATE & LOCAL GOVERNMENT

Majority Report: That Substitute Senate Bill No. 5452 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Patterson, Chair; Gardner, Vice Chair; Hale, Haugen, Horn, Kline and McCaslin.

Staff: Diane Smith (786-7410)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 5452 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Loveland, Chair; Bauer, Vice Chair; Brown, Vice Chair; Fairley, Fraser, Kline, Kohl-Welles, Rasmussen, B. Sheldon, Snyder, Spanel, Thibaudeau, West, Winsley, Wojahn and Zarelli.

Staff: David Schumacher (786-7474)

Background: Public facilities districts (PFDs) are municipal corporations and independent taxing districts. They are created by resolution of the county legislative authority and their boundaries are coextensive with those of the county. A PFD is authorized to build, own and operate sports facilities, entertainment facilities or convention facilities. King County's construction and operation of a new Mariners Baseball Stadium is governed by PFD statutes. King and Spokane counties are the only counties to have established PFDs.

Summary of Bill: The legislative authority of a city or a group of contiguous cities located in a county or counties each having a population of less than one million may create a regional PFD to build a regional center that costs at least \$10 million, including debt service.

The city-created PFD has authority to build, own and operate the regional center. The county PFD is given like authority.

The members of the governing board of a single-city PFD are the same as the members of the legislative body of the city. A multi-city PFD is governed in accordance with the inter-local agreement that establishes it. The boundary of the city PFD is coextensive with the boundaries of the city or cities that establish it.

The PFD may impose a 0.2 percent voter-approved sales and use tax after August 1, 2000. This tax may be used to build, maintain and operate the regional center.

If the construction of the new regional center or improvement of an existing new regional center begins before January 1, 2003, then the city or county PFD may impose a 0.033 percent sales and use tax that is deducted from the state sales tax. This tax may not be collected before August 1, 2000. It expires when the bonds issued for the construction of the regional center are retired. If both the city and county PFDs assess this sales tax, the city PFD tax is credited against the county PFD tax.

The PFD may issue 30-year general obligation bonds. The city PFD may also issue 30-year revenue bonds to fund the revenue-generating facilities that it operates. These bonds are not an indebtedness of the district and are payable only from the revenues pledged to meet the principal and interest of the bonds.

Both the city and county PFDs may charge taxes on admissions and parking fees that preempt any city, town, or county tax of a similar nature. Leasehold interests in both city and county PFDs are exempt from tax.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 1999.

Testimony For: This bill will help at least five projects throughout the state. These projects will provide great tax revenues when completed and boost the economic well-being of the localities where they are sited. A demonstrated need exists for convention facilities to absorb the demand created when national and international interests occupy the larger facilities. Concerns also exist about an additional hotel/motel tax and the co-opting of the county PFD board.

Testimony Against: None.

Testified: PRO: Mark Brown, City of Vancouver; Kathy Cotley, Yakima Valley Visitor Lounge Bureau/Yakima Convention Center; Kevin Phelps, City of Tacoma; Jeff Collition, City of Spokane; Vernon Stoner, City of Vancouver; Phil Watkins, Spokane Public Facilities District (concerns); Hartly Kruger, Spokane Convention and Visitors Bureau; Todd Mielke, Spokane Area Chamber of Commerce (concerns).

House Amendment(s): In the House amendment, the governing body of the single-city regional public facilities district is a board of directors and members of the legislative authority of the city are expressly prohibited from serving. The board of directors has five members appointed for four-year terms directly by the city's legislative authority and by the city's legislative authority on the recommendation of local organizations.

The governing body of a multi-contiguous-city PFD is also a board of directors appointed for four-year terms by the same appointing body and the same criteria as the single-city PFD. Members of the cities' legislative authorities are expressly prohibited from serving.

Relating to funding mechanisms available to the new, regional, city-created PFD, the 0.033 percent sales tax deducted from the state sales tax must be matched by the PFD from public or private sources to 33 percent of the sales tax collected. Proceeds from nonvoter-approved taxes cannot be used for the match.

Relating to additional taxes permitted for existing, county-created PFDs, the 0.033 percent sales tax is subject to the same matching requirements and restrictions, and is not available if the county legislative authority has imposed a sales tax for a major league baseball stadium or for a soccer or an NFL football stadium.

The emergency clause is removed.