
Ways & Means Committee

HB 1997

Brief Description: Providing economic development by funding tourism promotion, workforce housing, art and heritage programs, and community development.

Sponsors: Representatives Orwall, Kenney, Goodman, Fitzgibbon, Maxwell, Santos and Pedersen.

Brief Summary of Bill

- Directs stadium-related tax sources in King County to a dedicated account once the obligations for stadium debt are paid.
- Requires that money in the dedicated account be used for arts and heritage programs, affordable housing provided by nonprofit organizations and housing authorities, community development, and the Washington State Convention Center.

Hearing Date: 2/22/11

Staff: Rick Peterson (786-7150).

Background:

In King County the 2 percent state-shared hotel-motel tax is used for retiring the debt on the Kingdome, arts and heritage programs, and after 2015 (or earlier if the debt is repaid) for repaying the debt on the football stadium and exhibition center and for youth athletic facility grants to cities, counties, or nonprofit organizations if sufficient money is available. King County is exempt from providing a tax credit for similar city hotel-motel taxes. As a result King County benefits from a double credit against state sales for hotel stays in Bellevue. The double credit is scheduled to stop at the end of 2012.

Also scheduled to stop at the end of 2012 is the distribution of a portion of the 2 percent state-shared hotel-motel tax to arts and heritage programs. Forty percent of these distributions are deposited into a county permanent and irreducible arts fund (Permanent Arts Fund) of which only the earnings on the fund may be spent on current programs. In addition to the 2 percent

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hotel-motel tax, the debt on the professional football stadium and exhibition hall is being retired by revenue from a credit against the state sales tax of 0.016 percent of taxable retail sales in King County and additional lottery games.

In 1995 the Legislature authorized financing for a new baseball stadium in King County. The state's contribution included a credit against the state sales tax of 0.017 percent of taxable retail sales in King County, sports-themed lottery revenues, and commemorative ballpark license plates. King County was authorized to impose a special 0.5 percent sales tax on food and beverages in King County restaurants, taverns, and bars; a 2 percent sales tax on car rentals in King County; and admission taxes at the new ballpark. The baseball team also contributed to the construction of the facility. One of the 5 percent admissions taxes is dedicated to paying unanticipated capital costs excluding cost overruns on the initial construction. The 0.017 percent sales tax credit, the 0.5 percent tax on restaurant meals, the lottery revenue, and the 2 percent car rental tax all end when construction bonds are paid. The authority for a second 5 percent admissions tax, which was never imposed, also ends when the construction bonds are paid.

The baseball stadium was developed by the Washington State Major League Baseball Stadium Public Facilities District. Public facility districts are authorized to impose certain taxes with approval of the voters of the district including a tax of up to 10 percent on parking at facilities owned or leased by the public facility district.

All counties are authorized to impose a 1 percent car rental tax. The revenue from the 1 percent car rental tax may be used for public stadium facilities and youth or amateur sports activities or facilities.

In 2007 the Legislature established the Pioneer Square-International District Community Preservation and Development Authority within the boundaries of the Pioneer Square-International District within the City of Seattle.

Summary of Bill:

After current obligations to stadium debt are paid, revenue from the 2 percent state-shared hotel-motel tax in King County is directed to a new local fund in King County: MLK Workforce Housing, Arts and Preservation, Convention and Trade Center, and Community Development Fund (Fund). The following revenue will also be deposited into the Fund: the 0.5 percent restaurant tax (until December 31, 2015, when it expires), the 2 percent car rental tax (which is extended indefinitely) , and 75 percent of the 1 percent car rental tax. The authorization to extend the restaurant tax and the 2 percent car rental tax is contingent on following distribution of funds.

Beginning in 2012, distributions from the Fund are made as follows:

1. Through 2020, \$3 million per year (adjusted for inflation) to art museums, cultural museums, heritage museums, heritage and preservation programs, the arts, and the performing arts and after 2020, 37.5 percent of the 2 percent state-shared hotel-motel tax;
2. Through 2020, \$5 million per year (adjusted for inflation) to nonprofit organizations or public housing authorities for affordable workforce housing near transit stations and after 2020, 37.5 percent of the 2 percent state-shared hotel-motel tax;

3. \$1 million (adjusted for inflation) to the Pioneer Square - International District Community Preservation and Development Authority for historic preservation, economic revitalization, or tourism-related purposes; and
4. the remainder for construction, expansion, or repair of the Washington State Convention Center.

Beginning January 1, 2013, the principal of the Permanent Arts Fund may be used for current programs.

The Washington State Major League Baseball Stadium Public Facilities District is authorized to impose the 10 percent parking tax at a parking facility owned or leased by the District without voter approval. The revenue from the tax must be used for repair, re-equipping, and capital improvement of the baseball stadium. The permitted uses of the county 5 percent admissions charge is changed to fund repair, re-equipping, and capital improvement of the baseball stadium.

Appropriation: None.

Fiscal Note: Requested on February 19, 2011.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.