

SENATE BILL REPORT

SB 5103

As of February 5, 2013

Title: An act relating to grants for community outdoor and indoor athletic facilities.

Brief Description: Concerning grants for community outdoor and indoor athletic facilities.

Sponsors: Senators Harper, Murray, Litzow, Frockt, Conway, Fain and Kohl-Welles.

Brief History:

Committee Activity: Ways & Means: 1/30/13.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dean Carlson (786-7305)

Background: Retail sales and use taxes are imposed by the state, most cities, and all counties. Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products, and some services. A retail sale is a sale to the final consumer or end user of the property, digital product, or service. If retail sales taxes were not collected when the property, digital products, or services were acquired by the user, then use taxes apply to the value of most tangible personal property and digital products and some services when used in this state. The state sales and use tax rate is 6.5 percent. Local tax rates vary from 0.5 percent to 3.0 percent, depending on the location.

Amusement and recreational activities are subject to the sales tax. Amusement and recreation activities include such activities such as golfing, bowling, skiing, and skating. Additionally, they include payment for competitive team sports activities such as softball and basketball, and individual sporting activities such as triathlons and running races. These activities are subject to the sales tax whether or not they are provided for by a government entity, nonprofit entity, or a for-profit entity.

The youth athletic facilities program and youth athletic facilities account were created as part of Referendum 48, which funded what is now known as Century Link Field. An initial \$10 million was contributed by the Seattle Seahawks team affiliate in December 1998. The programs provide grants to cities, counties, and nonprofit organizations for youth athletic fields. Grants may be used for acquiring, developing, equipping, maintaining, and improving youth or community athletic facilities and must have a 50 percent match.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Additional funding for the youth athletic facilities program comes from the stadium and exhibition center account if there are funds left over after paying off the bond payments and after having a year's reserves in bond payments. To this date funding has not been received from the stadium and exhibition center account.

Summary of Bill: By November 1 of each year, the State Treasurer is to transfer 50 percent of sales tax revenues collected from competitive team sports activities and tournaments to the youth athletic facility account.

By October 1, 2013, and by October 1 of every third year thereafter, the Department of Revenue must estimate the amount of sales tax revenue collected from competitive team sports and provide the estimates to the treasurer.

Competitive team sport means a sport in which teams of two or more players compete against one another where the collective effort of the teams' members determines the final score and the outcome of the competition.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: This bill attempts to get at the real need of community athletic fields and there is a real nexus. The sales tax on competitive sports has been a gray area for many years. Those who are doing competitive sports pay a sales tax and this gives some of that sales tax to athletic fields. This reinvests tax money back into the fields they compete on. Our area is short 11 fields. We schedule four to six teams per field which is about 120 kids on a field at one time. Our synthetic athletic fields should have been replaced two to four years ago. Our kids wonder if their games are going to be cancelled. These facilities combat the unhealthy issues of today. We ask that you reinvest this new tax revenue back into the infrastructure that generates it. Taxpayers want to see their tax dollars directly linked to where they come from. Redmond has a lack of facility space, and as programs increase the space decreases. We struggle making space for the less traditional sports. We have estimated that we have a \$20 million need to just keep up with current demand. With continued dwindling of public resources we can't see upgrades coming anytime soon. We had to cancel and reschedule 40 percent of tournaments because of field conditions. If we can move to synthetic fields we would be able to keep up.

Persons Testifying: PRO: Doug Levy, WA Recreation and Parks Assn.; Paul Kaftanski, City of Everett Parks Director; Mark Hickok, City of Redmond Recreation Division Manager; Kyle Winterhouse, Pierce County-Recreation Manager; Elizabeth Albertson, City of Kent.