

# SENATE BILL REPORT

## SB 6188

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As of January 28, 2014

**Title:** An act relating to dedicating a portion of state sales tax revenues derived from certain short-term major public events for county economic development use.

**Brief Description:** Dedicating a portion of state sales tax revenues derived from certain short-term major public events for county economic development use.

**Sponsors:** Senators O'Ban, Eide and Benton.

**Brief History:**

**Committee Activity:** Trade & Economic Development: 1/28/14.

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### SENATE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

**Staff:** Jeff Olsen (786-7428)

**Background:** Retail sales 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. The state sales tax rate is 6.5 percent, and local tax rates vary from 0.5 percent to 3 percent, depending on the location. The Department of Revenue (Department) administers the collection of state and local sales taxes through the monthly, quarterly, or annual collection of taxes from retailers.

**Summary of Bill:** A county special events tax program is established authorizing an eligible county to receive a temporary additional portion of the state sales tax. An eligible county must be a county that is host to a paid admission event where the venue selection is made independently of the county. In addition, preparation requirements for the event must extend beyond the normal use of the venue and include event support costs borne by the county.

A county executive authority seeking eligibility for the program must notify the Department 90 days prior to the first day of the event that it expects to be eligible for temporary shared revenue under the program. The Department must ensure it has the means to track collections in the eligible county for validation after the event. Within 90 days following the fiscal year in which the event occurred, the Department must compute the sales tax revenue derived during the event period and compare it to the average for the three previous years. If the Department finds that the revenue exceeds the three-year average by more than \$2 million, it must declare the county eligible to receive a temporary share of the additional

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revenue. The state must provide 40 percent of the state sales tax revenue in excess of the three-year average for a one-time disbursement to the economic development account of an eligible county.

An eligible county seeking to participate in the county special events tax program must create and maintain an economic development endowment account. Funds deposited in the account must be used for the support of venues suitable for hosting eligible events.

The act expires December 31, 2016.

**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: Chambers Bay is hosting the 2015 U.S. Open Championships, an event with more than three times as many spectators as the Super Bowl. An estimated 235,000 spectator tickets are estimated to be sold, with \$135 million in spending anticipated in Washington related to the event. The costs to maintain a premier golf course are extraordinary, and the United States Golf Association has declared an interest in hosting a future event at Chambers Bay. In order to be competitive, significant preparation and maintenance costs are necessary for the unique, links-style golf course. The bill does not require any state funds up front. Only a portion of the extraordinary proceeds would be set aside to reinvest and maintain the facility to attract more events in the future.

**Persons Testifying:** PRO: Senator O'Ban, prime sponsor; Scott Nelson, Pierce County; Larry Gilhuly, NW Director, U.S. Golf Assn.; Kevin Phelps, Pierce County, Deputy Executive; Matt Allen, Chambers Bay, Kemper Sports.