

HOUSE BILL REPORT

HB 1510

As Reported by House Committee On:

Local Government
Finance

Title: An act relating to establishing permanent funding for community preservation and development authorities approved through RCW 43.167.060.

Brief Description: Establishing permanent funding for community preservation and development authorities approved through RCW 43.167.060.

Sponsors: Representatives Santos, Chopp, Fitzgibbon and Pollet.

Brief History:

Committee Activity:

Local Government: 2/7/23, 2/10/23 [DP];

Finance: 2/16/23, 2/22/23 [DPS].

Brief Summary of Substitute Bill

- Requires a county in which a Community Preservation and Development Authority (CDPA) is located to impose a \$1 impact assessment fee on each ticket sold for entry into a qualified facility.
- Establishes the CDPA Local Account in the custody of the State Treasurer.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: Do pass. Signed by 4 members: Representatives Duerr, Chair; Alvarado, Vice Chair; Berg and Riccelli.

Minority Report: Do not pass. Signed by 3 members: Representatives Goehner, Ranking Minority Member; Jacobsen, Assistant Ranking Minority Member; Griffey.

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

Staff: Elizabeth Allison (786-7129).

Background:

Community Preservation and Development Authorities.

A community preservation and development authority (CPDA) allows for the creation of authorities dedicated to preserving or enhancing the unique historical or cultural character of communities adversely impacted by publicly funded facilities, public works, capital projects, or other land use decisions.

A CPDA is formed by residents, property owners, employees, or business owners of an impacted community by presenting a proposal in writing to the appropriate legislative committees in the state House of Representatives and Senate. The proposal must include proposed boundaries and provisions. Formation of the CPDA is subject to legislative authorization by statute.

The CPDA Account exists in the State Treasury and is composed of two subaccounts, one for operating purposes and one for capital purposes.

A CPDA must have at least one of the following purposes:

- revitalize, enhance, and preserve the unique character of impacted communities;
- mitigate the adverse effects of multiple major public facilities projects, public works projects, or capital projects with significant public funding; a secure community transition facility; or other land use decisions;
- restore a local area's sense of community;
- reduce the displacement of community members and businesses;
- stimulate the community's economic vitality;
- enhance public service provisions;
- improve the standard of living of community members; or
- preserve historic buildings or areas by returning them to economically productive uses that are compatible with or enhance their historic character.

There are currently two approved CPDAs, both in Seattle: the Pioneer Square-International District Community Preservation and Development Authority and the Central District Community Preservation and Development Authority.

Lumen Field.

The 325,000 square-foot Seahawks Stadium was established in 2002 with a seating capacity of 68,740, with 5,000 additional seats available for special events. Lumen Field has a roof covering 70 percent of the seating area. In 2004 Seahawks Stadium was renamed Qwest Field; in 2011 Qwest Field was renamed to CenturyLink Field; and in 2020 CenturyLink Field was given its current name, Lumen Field.

T-Mobile Park.

In 1999 the 88,000 square-foot Safeco Field was established with a seating capacity of 47,000 and a retractable roof. In 2018 Safeco Field was renamed T-Mobile Park.

Summary of Bill:

Counties in which a CPDA is located must, by resolution or ordinance, impose a \$1 impact assessment fee on the price of admission for each ticket sold for entry into a qualified facility. The fee is in addition to any other taxes or fees imposed on a ticket sold for admission.

A Community Preservation and Development Authority Local Account is established in the custody of the State Treasurer. The proceeds of the fee must be deposited into this account and expenditures may only be used by a CPDA for projects approved for a CPDA. Such expenditures may only be authorized by the State Treasurer, and the State Treasurer must disburse funds on a quarterly basis to the county and the CPDA.

A qualified facility is a facility located in a county in which a CPDA is established that:

- has a seating capacity of at least 68,000 fixed seats in an open-air stadium and has related event space of at least 300,000 square feet; or
 - has a seating capacity of at least 47,000 seats for its main use and a retractable roof.
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Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on January 1, 2024.

Staff Summary of Public Testimony:

(In support) Fishing, agriculture, and other economic activities funded in Washington require human participation. People provide the backbone of these activities. Many workers were immigrants who have been confined by law and practice to live in specifically segregated areas such as Pioneer Square and the International District. Policymakers have historically ignored and underfunded these communities and consistently authorized destructive facilities unintentionally because they do not consider the weight of the impacts of such facilities on communities. Policymakers are considering siting a multimodal transportation center which will cause another 10 years of disruption in areas where much of the population is elderly. Police have driven protesters away from the downtown Seattle area to Pioneer Square where they caused damage and stole. Construction of the stadiums in Seattle has brought disruption and destruction from crowds due to the regular attendance by tens of thousands of people. Stadiums are funded by public money, so why not also help

secure funding for those who have helped build the state and economy? CPDAs are actually state agencies. The Legislature did originally intend for there to be a regular revenue source for CPDAs and now requires future CPDAs to come to the Legislature with an idea of what their funding source will be. There was a one-time appropriation made when the Legislature first authorized CPDAs, and one additional appropriation was made. CPDAs would like to be self-sufficient and this bill provides them a way to become so. The bill allows local communities to define concerns and solve them. Residents in Chinatown are already in a difficult situation with Interstate 5 and a transit hub cutting through it. Residents suffer health problems due to pollution, and family-run businesses want to be more than a place for visitors to park. The bill helps repair past harms. There are both negative and positive impacts from game days. One negative impact is intoxicated patrons. A \$1 fee is a nominal payment to support small businesses impacted by game days.

(Opposed) Admissions tax is not new and has been around for a while now. The Mariners take responsibility in the community seriously and are proud of the positive economic impacts and programs that benefit communities around the state. Another admissions fee would be another taxation. There is already a 10 percent parking tax collected, and a 5 percent admissions tax in place. Fees make it more challenging to attract sporting and other events. Between sales tax and admissions taxes, over 25 percent of the cost of a ticket is subject to tax. This bill could add as much as 6 to 10 percent in additional taxes. Pioneer Square residents are subject to past and present issues, but Lumen field has had so many positive impacts on communities.

Persons Testifying: (In support) Representative Sharon Tomiko Santos, prime sponsor; Joël Tan, Wing Luke Museum; Tuyen Than; Kathleen Barry Johnson, Historic South Downtown; and Ellen Ta, Historic South Downtown and Baegopah Restaurant.

(Opposed) Emily Shay, Association of Washington Business; Amber Carter, Seattle Mariners; and Zach Hensley, First & Goal.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON FINANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Berg, Chair; Street, Vice Chair; Chopp, Ramel, Santos, Thai, Walen and Wylie.

Minority Report: Do not pass. Signed by 2 members: Representatives Jacobsen, Assistant Ranking Minority Member; Stokesbary.

Minority Report: Without recommendation. Signed by 3 members: Representatives Orcutt, Ranking Minority Member; Barnard and Springer.

Staff: Tracey Taylor (786-7152).

Summary of Recommendation of Committee On Finance Compared to Recommendation of Committee On Local Government:

Finance provides a delay for imposing the impact assessment fee for events sponsored by nonprofit 501(c)(3) and (6) organizations until January 1, 2028.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect on January 1, 2024.

Staff Summary of Public Testimony:

(In support) The native and immigrant population has and continues to be important contributors to Washington's economy. These populations provided the workers necessary for the success of our heritage industries; however, these workers were often not welcome in communities and were segregated from the rest of the population. Chinatown and the International District in King County developed as a result. Subsidies have been enacted that support heritage industries and stadiums, but have not provided similar support to those immediately adjacent communities that are the most directly and negatively impacted by these stadiums. This small community of .005 square miles is inundated by fans flocking to the stadiums for events. These events can host 60,000 additional people and local services and businesses are impacted. Moreover, intoxicated fans have an adverse impact on the safety and security of the residents and property.

It is important to ensure local input in development by elevating local voices and employing local solutions. The CPDAs are deploying a strategy to ensure the resilience of the community by supporting local nonprofits and community groups.

(Opposed) The Seattle Mariners take these impacts seriously and work to address it through their nonprofit, including through homeless community impact grants. Unfortunately, this bill is basically double taxation as there is already a 5 percent admission tax. A legislative requested study by the Department of Revenue had several suggestions for the CPDA funding and an admission tax was only one option. Moreover, this tax would penalize consumers and have an adverse impact on artistic events around the state. If funding CPDAs is a priority, the Legislature should provide funding through the biennial budget.

Persons Testifying: (In support) Representative Sharon Tomiko Santos, prime sponsor; and Kathleen Johnson, Historic South Downtown.

(Opposed) Emily Shay, Association of Washington Buisness; and Amber Carter, Seattle

Mariners.

Persons Signed In To Testify But Not Testifying: None.