

HOUSE BILL REPORT

ESHB 1510

As Amended by the Senate

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: House Committee on Finance (originally sponsored by 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].

Floor Activity:

Passed House: 2/7/24, 94-1.
Senate Amended.
Passed Senate: 3/1/24, 41-7.

Brief Summary of Engrossed Substitute Bill

- Requires 30 percent of the sales tax revenue at qualified facilities to be deposited into the Community Preservation and Development Authority (CPDA) Account.
- Requires a Joint Legislative Audit and Review Committee review of CPDA activities.
- Requires each CPDA to submit a biennial report to the Legislature on funding and strategic planning.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

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.

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.

Staff: Elizabeth Allison (786-7129).

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).

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.

Joint Legislative Audit and Review Committee.

The Joint Legislative Audit and Review Committee (JLARC) is a statutorily created body consisting of eight members from the Senate and eight members from the House of Representatives, with no more than four members from each house from the same political party. The JLARC conducts a variety of analyses including performance audits, program evaluations, and sunset reviews.

Summary of Engrossed Substitute Bill:

Beginning January 1, 2025, through January 1, 2036, 30 percent of the sales tax revenue from qualified facilities must be deposited into the Community Preservation and Development Authority (CPDA) Account. The revenue must be split equally between the operating subaccount and the capital subaccount. The Department of Revenue (Department) must determine the amount to be deposited by November 1 and May 1 of each year. The Department must notify the State Treasurer of the amount to be deposited.

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.

By December 1, 2033, the Joint Legislative Audit and Review Committee (JLARC) must conduct a review of CPDA funding and provide its findings to the Legislature. The Legislature states its intent to extend the expiration of funding for CPDAs if the JLARC review finds that the CPDA:

- increases the economic vitality of the area, increases safety, and promotes the conversion of unused or underutilized properties;
- enhances the livability of the community; and
- addresses housing needs.

By November 1 of each odd-numbered year, each CPDA must submit a biennial report to the Legislature on the CPDA's strategic plan, use of funding, and impacts on the community.

EFFECT OF SENATE AMENDMENT(S):

The Senate amendment specifies that the portion of sales tax revenue collected at qualified facilities to be deposited into the Community Preservation and Development Authority (CPDA) Account is collected from the state sales tax, rather than all sales taxes. The collected sales tax revenue must be deposited into the CPDA Account beginning June 1, 2025, rather than January 1, 2025. The amount of sales tax to be deposited is limited to a maximum of \$3 million for fiscal year 2026 and must be adjusted annually thereafter based on the consumer price index.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony (Local Government):

(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.

Staff Summary of Public Testimony (Finance):

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

(Opposed) Emily Shay, Association of Washington Business; and Amber Carter, Seattle Mariners.

Persons Signed In To Testify But Not Testifying (Local Government): None.

Persons Signed In To Testify But Not Testifying (Finance): None.