

# HOUSE BILL REPORT

## HB 2821

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### As Reported By House Committee On:

Trade & Economic Development

**Title:** An act relating to financing public sports facilities.

**Brief Description:** Correcting baseball legislation.

**Sponsors:** Representatives Van Luven and Appelwick.

### Brief History:

#### Committee Activity:

Trade & Economic Development: 1/29/96, 2/1/96 [DPS].

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## HOUSE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Van Luven, Chairman; Radcliff, Vice Chairman; D. Schmidt, Vice Chairman; Backlund; Ballasiotes; Hatfield; Hickel; Skinner and Valle.

**Minority Report:** Do not pass. Signed by 4 members: Representatives Sheldon, Ranking Minority Member; Voloria, Assistant Ranking Minority Member; Mason and Sherstad.

**Staff:** Kenny Pittman (786-7392).

**Background:** In 1995, the Legislature authorized state and local financing for a baseball stadium with natural turf and retractable roof, to be constructed in the largest city in a county with a population of one million or more.

The state approved the following revenue sources for the construction of the baseball stadium: (1) a sales and use tax at the rate of .017 percent, that is credited against the state tax, on all retail sales in the approved county; (2) the revenue from at least two but not more than four games with sports themes per year, beginning in 1996, with a minimum of \$3 million per year and with an annual 4 percent increase each year; (3) a county-imposed special sales and use tax on food and beverage sales in restaurants, taverns, and bars, at a rate not to exceed 0.5 percent; (4) a special sales and use tax on car rentals at the rate not to exceed 2 percent; (5) two separate 5 percent taxes on admissions to events in the baseball stadium for the purpose of

baseball stadium bond retirement (any excess is used to pay unanticipated capital costs on the baseball stadium); and (6) a special baseball stadium license plate fee. With the exception of the special baseball stadium license plate fee and one of the 5 percent tax on admissions to events to the baseball stadium, these taxes expire when the baseball stadium bonds are retired, but not later than 20 years after the taxes are first collected.

Approved revenues in excess of the amount needed to pay principal and interest on the bonds issued to construct the baseball stadium must be used for early retirement of the baseball stadium bonds, or placed in a contingency fund which may be used only to pay unanticipated capital costs on the baseball stadium.

**Summary of Substitute Bill:** The Public Facilities District is authorized to use the approved revenue sources to (1) pay principal and interest on bonds issued to refund bonds issued to construct the baseball stadium; and (2) pay design and other preconstruction costs of the baseball stadium until the bonds are issued to construct the baseball stadium. "Preconstruction costs" include necessary administrative and operating costs of the public facilities district.

Revenues in excess of the amount needed to pay principal and interest on bonds issued to construct the baseball stadium are divided equally between (1) a contingency reserve fund created by the public facilities district; and (2) a reserve fund created by the county.

The contingency reserve fund is used to pay for major maintenance, facility or equipment repair or replacement, or capital costs associated with the baseball stadium. The annual amount deposited in the contingency reserve fund cannot exceed 0.5 percent of the initial total construction cost of the baseball stadium.

Any amount in excess of the contingency reserve fund funding requirement is deposited into a reserve fund that is used (1) to reimburse the county for principal and interest payment on stadium bonds when revenues pledged to repayment of the stadium bonds are insufficient in any year; or (2) for early retirement of the bonds issued to finance the baseball stadium when the amount in the fund is sufficient to pay off the bonds.

The contingency fund that is funded with excess revenue and used to pay for unanticipated capital costs on the baseball stadium is removed.

**Substitute Bill Compared to Original Bill:** The substitute bill creates the reserve fund, in the county, to reimburse the county for principal and interest payments on the stadium bonds when there is not sufficient revenue in any year to pay the annual bond debt payment. The money in the reserve fund also is used for early retirement of the stadium bonds when the amount in the fund is sufficient to pay off the bonds.

Technical corrections are made to language concerning the issuance of bonds and refund bonds for the construction of the baseball stadium.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** The bill makes technical corrections concerning the issuance of bonds to finance the construction of the baseball stadium and eligible preconstruction costs. The contingency reserve fund will allow the Public Facilities District to cover future major maintenance costs that may arise 15 to 20 years from now.

**Testimony Against:** None.

**Testified:** (Pro) Rick Wickman, Seattle Mariners.