

Draft Seattle Center Legislation

AN ACT Relating to the extension of local taxes to fund improvements to civic amenities; amending RCW 82.14.360; and adding new sections.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

Sec. 1. RCW 82.14.360 and 2000 c 103 s 10 are each amended to read as follows:

(1) The legislative authority of a county with a population of one million or more may impose a special stadium sales and use tax upon the retail sale or use within the county by restaurants, taverns, and bars of food and beverages that are taxable by the state under chapters 82.08 and 82.12 RCW. The rate of the tax shall not exceed five-tenths of one percent of the selling price in the case of a sales tax, or value of the article used in the case of a use tax. The tax imposed under this subsection is in addition to any other taxes authorized by law and shall not be credited against any other tax imposed upon the same taxable event. As used in this section, “restaurant” does not include grocery stores, mini-markets, or convenience stores.

(2) The legislative authority of a county with a population of one million or more may impose a special stadium sales and use tax upon retail car rentals within the county that are taxable by the state under chapters 82.08 and 82.12 RCW. The rate of the tax shall not exceed two percent of the selling price in the case of a sales tax, or rental value of the vehicle in the case of a use tax. The tax imposed under this subsection is in addition to any other taxes authorized by law and shall not be credited against any other tax imposed upon the same taxable event.

(3) ~~((The))~~ Except as set forth in subsection (6), the revenue from the taxes imposed under this section shall be used for the purpose of principal and interest payments on bonds, issued by the county, to acquire, construct, own, remodel, maintain, equip, reequip, repair, and operate a baseball stadium. Revenues from the taxes authorized in this section may be used for design and other preconstruction costs of the baseball stadium until bonds are issued for the baseball stadium. The county shall issue bonds, in an amount determined to be necessary by the public facilities district, for the district to acquire, construct, own, and equip the baseball stadium. The county shall have no obligation to issue bonds in an amount greater than that which would be supported by the tax revenues under this section, RCW 82.14.0485, and 36.38.010(4) (a) and (b). ~~((#))~~

(4) Except as set forth in subsection (6), if the revenue from the taxes imposed under this section exceeds the amount needed for such principal and interest payments in any year, the excess shall be used solely:

(a) For early retirement of the bonds issued for the baseball stadium; and

(b) If the revenue from the taxes imposed under this section exceeds the amount needed for the purposes in (a) of this subsection in any year, the excess shall be placed in a contingency fund which may only be used to pay unanticipated capital costs on the baseball stadium, excluding any cost overruns on initial construction.

~~((4))~~ (5) The taxes authorized under this section shall not be collected after June 30, 1997, unless the county executive has certified to the department of revenue that a professional major league baseball team has made a binding and legally enforceable contractual commitment to:

(a) Play at least ninety percent of its home games in the stadium for a period of time not shorter than the term of the bonds issued to finance the initial construction of the stadium;

(b) Contribute forty-five million dollars toward the reasonably necessary preconstruction costs including, but not limited to architectural, engineering, environmental, and legal services, and the cost of construction of the stadium, or to any associated public purpose separate from bond-financed property, including without limitation land acquisition, parking facilities, equipment, infrastructure, or other similar costs associated with the project, which contribution shall be made during a term not to exceed the term of the bonds issued to finance the initial construction of the stadium. If all or part of the contribution is made after the date of issuance of the bonds, the team shall contribute an additional amount equal to the accruing interest on the deferred portion of the contribution, calculated at the interest rate on the bonds maturing in the year in which the deferred contribution is made. No part of the contribution may be made without the consent of the county until a public facilities district is created under chapter 36.100 RCW to acquire, construct, own, remodel, maintain, equip, reequip, repair, and operate a baseball stadium. To the extent possible, contributions shall be structured in a manner that would allow for the issuance of bonds to construct the stadium that are exempt from federal income taxes; and

(c) Share a portion of the profits generated by the baseball team from the operation of the professional franchise for a period of time equal to the term of the bonds issued to finance the initial construction of the stadium, after offsetting any losses incurred by the baseball team after the effective date of chapter 14, Laws of 1995 1st sp. sess. Such profits and the portion to be shared shall be defined by agreement between the public facilities district and the baseball team. The shared profits shall be used to retire the bonds issued to finance the initial construction of the stadium. If the bonds are retired before the expiration of their term, the shared profits shall be paid to the public facilities district.

(6) After the date the bonds issued for the initial construction of a baseball stadium are retired, revenues collected under this section shall be used for the purposes described in section 3 of this act.

~~((5))~~ (7) No tax may be collected under this section before January 1, 1996. Before collecting the taxes under this section or issuing bonds for a baseball stadium, the county shall create a public facilities district under chapter 36.100 RCW to acquire, construct, own, remodel, maintain, equip, reequip, repair, and operate a baseball stadium.

~~((6))~~ (8) The county shall assemble such real property as the district determines to be necessary as a site for the baseball stadium. Property which is necessary for this purpose that is owned by the county on October 17, 1995, shall be contributed to the district, and property which is necessary for this purpose that is acquired by the county on or after October 17, 1995, shall be conveyed to the district.

~~((7))~~ (9) The proceeds of any bonds issued for the baseball stadium shall be provided to the district.

~~((8))~~ (10) As used in this section, “baseball stadium” means “baseball stadium” as defined in RCW 82.14.0485.

~~((9))~~ (11) The taxes imposed under subsection (1) of this section shall expire at the end of the second full calendar year following the year in which ~~when~~ the bonds issued for the initial construction of the baseball stadium are retired, but not later than twenty years after the taxes are first collected. The taxes imposed under subsection (2) of this section shall expire at the end of the fifth full calendar year following the year in which the bonds issued for the initial construction of the baseball stadium are retired.

NEW SECTION. Sec. 2. The definitions in this section apply to section 3 of this act unless the context clearly requires otherwise.

(1) “Basketball lessee” means an entity that owns or controls a national basketball association franchise, or its successor, directly or through an affiliated entity.

(2) “Civic amenity” means any publicly owned facility, including a multipurpose public arena, located at a campus that is a public gathering space at least 70 acres in size and that includes theater, museum and other public facilities.

(3) “Finance” means to issue bonds, notes, or other obligations in accordance with chapter 39.46 RCW.

(4) “Improve” means to plan, design, expand, alter, remodel, reequip, modernize, renovate, or refurbish a civic amenity.

(5) “Local tax revenue” means revenue collected pursuant to RCW 82.14.360 after the date the bonds issued for the initial construction of a baseball stadium are retired.

(6) “Multipurpose public arena” means a publicly owned multipurpose public arena with a seating capacity of sixteen thousand or more.

(7) “Refinance” means to issue bonds, notes, or other obligations to refund or defease bonds, notes, or other obligations, or otherwise refinance or reimburse costs.

NEW SECTION. Sec. 3. (1) The legislative body of a county with a population of one million or more may apply local tax revenue only to pay, finance or refinance costs to improve one or more civic amenities designated by the legislative body of the city with the largest population within the county. Local tax revenue may be used to pay, finance or refinance costs of improving a civic amenity that is a multipurpose public arena that is leased to, or subject to a lease commitment with, a basketball lessee only if: (a) the basketball lessee has entered into a legally binding commitment to pay at least one hundred and fifty million dollars toward the cost of improvements to the multipurpose public arena; and (b) the improvements to the multipurpose public arena paid, financed or refinanced with local tax revenue are limited to base building

improvements, such as replacement and enhancement of major systems and structural improvements, and expansion or renovation of functional support and public spaces.

(2) The legislative body of a county with a population of one million or more may pledge local tax revenue applied pursuant to subsection (1) to pay bonds, notes, or other obligations issued by the county, the city with the largest population within the county, or a public corporation or authority formed by the city. The legislative body of the city with the largest population within the county, or a public corporation or authority formed by the city, may pledge local tax revenue received from the county to pay bonds, notes, other obligations issued to finance or refinance costs permitted under subsection (1). No tax pledged under this subsection may be eliminated or modified if it would impair the pledge made in any agreement or for the benefit of the owner of any bond, note, or other obligation.

(3) The total amount of local tax revenue applied under subsection (1) to pay, finance or refinance costs of a project to improve a multipurpose public arena that is leased to, or subject to a lease commitment with, a basketball lessee shall be an amount that would be necessary to pay principal and interest on bonds issued in one or more series in an aggregate principal amount that produces net bond proceeds of seventy five million dollars. Net bond proceeds means gross bond proceeds less costs of issuance, less deposits to reasonably required reserves, less capitalized interest, and less earnings on any portion of gross bond proceeds. The limitation on net bond proceeds shall be adjusted for inflation annually beginning in 2009 using the ENR 20-City Construction Cost Index until the date that construction of the project is commenced. If bonds are not issued to pay the costs of a project to improve such a multipurpose public arena, seventy five million in local tax revenue may be applied under subsection (1) to pay directly costs of such project, adjusted for inflation annually beginning in 2009 using the ENR 20-City Construction Cost Index until the date that construction of the project is commenced.

(4) A city legislative authority may transfer an existing multipurpose public arena to a public corporation or authority formed by such city. Such transfer may be for no consideration or such consideration as determined by the legislative authorities of the city and public corporation or authority.

(5) Leasehold interests in public or entertainment areas of a multipurpose public arena shall be entitled to comparable treatment for the purposes of RCW 82.29A.030 and 82.29A.040 as “public or entertainment areas” described in RCW 82.29A.130(14) and (15).

NEW SECTION. Sec. 4. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 5. The provisions of this act shall be liberally construed to give effect to the policies and purposes of this act.

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