

October 24, 1995

Introduced By: Bruce Laing  
Greg Nickels

CLERK:jem

Proposed No.: 95-728

ORDINANCE NO. **12000**

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AN ORDINANCE relating to baseball stadium facilities; imposing taxes for baseball stadium purposes, including a special stadium sales and use tax of 0.017 percent credited against the state sales and use tax, a special stadium sales and use tax of 0.5 percent on the retail sale or use of food and beverages by restaurants, taverns and bars, a special stadium sales and use tax of two percent upon retail car rentals, with collection of such taxes after June 30, 1997 subject to certification of a long-term stadium lease with a major league baseball team; setting debt issuance policy for baseball stadium bonds; creating the Washington State Major League Baseball Stadium Public Facilities District under RCW chapter 36.100, as amended; requiring progress and reporting on site selection, design, mitigation and financing; providing for review by an independent financial oversight committee; requiring the execution of interlocal agreements between the district, the county, and the city of Seattle; and repealing Ordinance No. 11899.

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BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. Repealer. Ordinance 11899 is hereby repealed.

SECTION 2. Findings. The council makes the following findings of fact:

A. There is a significant likelihood that the current ownership of the Seattle Mariners Baseball Club will be forced by economic circumstances to sell the Mariners

1 franchise prior to or upon expiration of the existing  
2 Kingdome lease agreement between King County and the Club  
3 following the conclusion of the 1996 baseball season unless a  
4 decision is made to construct a new retractable roof baseball  
5 stadium with natural turf financed through both public and  
6 private contributions on a basis which offers certain revenue  
7 generating capabilities not presently available at the  
8 Kingdome.

9 B. The presence of a Major League Baseball team in King  
10 County provides a public benefit to the citizens of the  
11 county. The presence of the Mariners has a positive impact  
12 on the local and regional economy, and it enriches the  
13 overall quality of life of the citizens of King County and of  
14 the State of Washington by providing both a source of  
15 wholesome, family-centered entertainment and a sense of  
16 enhanced civic pride. In addition, a new publicly-owned  
17 baseball stadium facility will provide a general public  
18 benefit as a possible venue for civic events, amateur  
19 athletics, concerts, and other activities.

20 C. This Council previously acted upon the only  
21 authority granted to it by the state legislature and  
22 presented to the voters for approval a general sales tax  
23 increase to finance construction of a baseball stadium. The  
24 voters of King County narrowly defeated that taxing package.  
25 Subsequently the state legislature met in special session to  
26 authorize a different means of financing a new stadium  
27 through taxes more closely related to the economic impact of  
28 a major league baseball team. As a result, the council deems  
29 it appropriate to proceed with the mechanisms now made  
30 available by the legislature and to work toward the goal of

1 constructing the new baseball stadium, so long as it does not  
2 jeopardize the County's current expense fund or bond rating.

3 D. The state has a vital interest in the funding of a  
4 new baseball stadium, because of the state-wide impact of  
5 major league baseball being played in King County. The  
6 legislature has recognized this interest by providing state  
7 funding sources for the new stadium. These sources alone,  
8 however, are insufficient to build a stadium. The imposition  
9 of the special stadium sales and use tax of 0.017% credited  
10 against the state sales and use tax, the sales and use tax of  
11 0.5% on the retail sale of food and beverages at restaurants,  
12 taverns and bars and the special stadium sales and use tax of  
13 2% on car rentals are the local options chosen by the state  
14 legislature to fund the remaining cost of a new baseball  
15 stadium.

16 E. The construction of a new baseball stadium should  
17 not jeopardize the County's current expense fund, which  
18 provides for police, courts, juvenile criminal justice  
19 programs, public health and human services and other  
20 essential governmental services. Nor should the construction  
21 of a new baseball stadium jeopardize the County's bond  
22 rating, which is among the best in the nation and allows the  
23 county to borrow at reasonable rates for crucial government  
24 projects. County financial policies have for many years been  
25 based on a long-term foundation of serving as responsible  
26 stewards of limited public funds, consistently requiring  
27 adequate debt service and project reserves as well as  
28 cautious revenue and expenditure projections when considering  
29 issuing public debt for major projects. This same level of  
30 scrutiny must be applied to the new baseball stadium proposal

1 and will be achieved by the financial oversight committee and  
2 bond issuance determination to be made by the Council on or  
3 after December 1, 1996.

4       SECTION 3. Sales and Use Tax Imposed. A. There is  
5 hereby imposed a special baseball stadium sales and use tax  
6 to be collected beginning January 1, 1996 from those persons  
7 who are taxable by the state under chapters 82.08 and 82.12  
8 RCW upon the occurrence of any taxable event within the  
9 county as authorized by laws of 1995, third ex. sess. (EHB  
10 2115). The rate of the tax shall equal seventeen thousandths  
11 percent (0.017%) of the selling price in the case of a sales  
12 tax or value of the article used in the case of a use tax.

13       B. The tax imposed under this section shall be deducted  
14 from the amount of tax otherwise required to be collected or  
15 paid over to the department of revenue under chapter 82.08 or  
16 82.12 RCW.

17       C. Moneys collected under the tax imposed in this  
18 section shall only be used for the purpose of principal and  
19 interest payments on bonds issued by the county to construct  
20 a baseball stadium with natural grass and a retractable roof  
21 or canopy, together with associated parking facilities,  
22 constructed in the City of Seattle.

23       D. No tax may be collected under this section before  
24 January 1, 1996, and no tax may be collected under this  
25 section unless the taxes authorized under RCW 82.14.360 are  
26 being collected. The tax imposed under this section shall  
27 expire as determined by applicable state law.

28       SECTION 4. Restaurant, bar and tavern food and drink  
29 sales and use tax and car rental sales and use tax imposed.

1           A. There is hereby imposed a special baseball stadium  
2 sales and use tax upon the retail sale or use in King County  
3 by restaurants, bars, and taverns of food and beverages that  
4 are taxable by the state under chapters 82.08 and 82.12 RCW.  
5 The rate of the tax shall equal five-tenths of one percent  
6 (0.5%) of the selling price in the case of a sales tax, or  
7 value of the article used in the case of a use tax. The tax  
8 imposed under this subsection is in addition to any other  
9 taxes authorized by law and shall not be credited against any  
10 other tax imposed upon the same taxable event. As used in  
11 this section, "restaurant" does not include grocery stores,  
12 mini-markets, or convenience stores. Collection of the tax  
13 shall begin on January 1, 1996. Collection after June 30,  
14 1997 shall be subject to the conditions set forth in  
15 subsection (D) of this section.

16           B. There is hereby imposed a special baseball stadium  
17 sales and use tax upon retail car rentals within the county  
18 that are taxable by the state under chapters 82.08 and 82.12  
19 RCW. The tax shall equal two percent (2%) of the selling  
20 price in the case of a sales tax, or rental value of the  
21 vehicle in the case of a use tax. The tax imposed under this  
22 subsection is in addition to any other taxes authorized by  
23 law and shall not be credited against any other tax imposed  
24 upon the same taxable event. Collection of the tax shall  
25 begin on January 1, 1996. Collection after June 30, 1997  
26 shall be subject to the conditions set forth in subsection  
27 (D) of this section.

28           C. The revenue from the taxes imposed under this  
29 section shall be used for the purpose of principal and  
30 interest payments on the bonds issued by the county to

1. acquire, construct, own, remodel, maintain, equip, repair,  
2. and operate a baseball stadium. Revenues from the taxes  
3. authorized in this section may be used for design and other  
4. preconstruction costs of the baseball stadium until bonds are  
5. issued for the baseball stadium. King County shall have no  
6. obligation to issue bonds in an amount greater than that  
7. which would be supported by the tax revenues provided for by  
8. this ordinance and by the other revenues provided by EHB  
9. 2115, Laws of Washington, 1995 3rd ex.sess., to the extent  
10. they are committed for the term of the bonds. If the revenue  
11. from these sources exceeds the amount needed for such  
12. principal and interest payments in any year, the excess shall  
13. be used as directed in applicable state law.

14. D. The taxes authorized under this section shall not be  
15. collected after June 30, 1997, unless the county executive  
16. has certified to the department of revenue that a  
17. professional major league baseball team has made a binding  
18. and legally enforceable contractual commitment to:

19. 1. Play at least ninety percent of its home games  
20. in the new baseball stadium for a period of time not shorter  
21. than the term of the bonds issued to finance the initial  
22. construction of the baseball stadium;

23. 2. Contribute principal of forty-five million  
24. dollars toward the reasonably necessary preconstruction costs  
25. including, but not limited to architectural, engineering,  
26. environmental, and legal services, and the cost of  
27. construction of the baseball stadium, or to any associated  
28. public purpose separate from bond-financed property,  
29. including without limitation land acquisition, parking  
30. facilities, equipment, infrastructure or other similar costs

1 associated with the project, which contribution shall be made  
2 during a term not to exceed the term of the bonds issued to  
3 finance the initial construction of the baseball stadium. If  
4 all or part of the contribution is made after the date of  
5 issuance of the bonds, the team shall contribute an  
6 additional amount equal to the accruing interest on the  
7 deferred portion of the contribution, calculated at the  
8 interest rate on the bonds maturing in the year in which the  
9 deferred contribution is made. To the extent possible,  
10 contributions shall be structured in a manner that would  
11 allow for the issuance of bonds to construct the stadium that  
12 are exempt from federal income taxes; and

13           3. Share a portion of the profits generated by a  
14 major league baseball team from the operation of the  
15 professional franchise for a period of time equal to the term  
16 of the bonds issued to finance the initial construction of  
17 the stadium, after offsetting any losses incurred by a major  
18 league baseball team after the effective date of laws of  
19 1995, 1st ex. sess., chap. 14. Such profits and the portion  
20 to be shared shall be defined by agreement between the public  
21 facilities district and a major league baseball team. The  
22 shared profits shall be used to retire the bonds issued to  
23 finance the initial construction of the baseball stadium. If  
24 the bonds are retired before the expiration of their term,  
25 the shared profits shall be paid to the public facilities  
26 district.

27           D. The taxes imposed under this section shall expire as  
28 determined by applicable state law.

29           SECTION 5. Debt issuance policy. It is the policy of  
30 King County to issue general obligation bonds for the

1 purposes of funding the construction of a baseball stadium  
2 unless the Metropolitan King County Council by ordinance  
3 determines that such a bond issue will likely result in (1)  
4 the county's current expense fund having to pay any portion  
5 of the baseball stadium's debt service, or (2) the reduction  
6 of King County's bond rating. Any such pledge or issuance of  
7 debt must be authorized by ordinance.

8       SECTION 6. District Created. A public facilities  
9 district, which shall be called the Washington State Major  
10 League Baseball Stadium Facilities District, with the powers  
11 set forth in RCW chapter 36.100, is hereby created within  
12 King County, coextensive with the boundaries of King County.  
13 The board of directors of the public facilities district  
14 shall consist of seven members, four to be appointed by the  
15 Executive, subject to confirmation by the Council, and three  
16 to be appointed by the Governor. No Executive appointee shall  
17 exercise any of the powers of office until confirmed by the  
18 Council. The first order of business for the district shall  
19 be to execute an interlocal agreement with King County  
20 guaranteeing that the district shall make as its first  
21 priority avoiding any action which might place the current  
22 expense fund or bond rating of King County at unreasonable  
23 risk.



1        SECTION 7. Reports and agreements to implement project.

2        Recognizing that the Council will be asked to issue debt in  
3        connection with the financing of the baseball stadium, and  
4        must therefore remain fully informed of the planning for and  
5        determination of potential costs of the project, the Council  
6        will require that the public facilities district, the major  
7        league baseball team, the Executive, and the City of Seattle  
8        achieve the following objectives:

9            A. Provide monthly reports to the Council on the status  
10        of the public facilities district's decision-making with  
11        respect to site selection, project design, mitigation  
12        requirements, project costs and budget, and financing  
13        recommendations. A decision by the public facilities  
14        district concerning the preferred site recommendation for the  
15        stadium shall be made by August 1, 1996. The Executive and  
16        the district shall provide the Council with a comprehensive  
17        report on the status of these items together with the best  
18        possible information then available on costs and financing by  
19        December 1, 1996.

20            B. Execute by March 1, 1996, and prior to any lease  
21        negotiations or issuance of any contracts for construction  
22        work on the stadium, interlocal agreements between:

23            1. King County, Seattle, and the public facilities  
24        district, that are approved by the Council, addressing  
25        expedited permit processing, environmental review and other  
26        necessary design and construction approvals.

27            2. King County and the public facilities district,  
28        approved by the Council, that ensures that King County will  
29        be consulted in connection with structuring the financing of  
30        the stadium project, as required by EHB 2115, and that the

1 principles set forth in the county's debt issuance policy  
2 (Section 5 of this ordinance) will be satisfied in  
3 structuring that financing. The district shall agree that its  
4 first priority shall be avoiding any action which might place  
5 the current expense fund or bond rating of King County at  
6 unreasonable risk.

7 SECTION 8. Independent Financial Review Committee.

8 Created. A. An independent financial review committee  
9 consisting of seven members is hereby established to explore  
10 the financing possibilities afforded by EHB 2115. The  
11 committee shall be chaired by a person from the firm acting  
12 as the County's financial advisor and shall include a person  
13 from the firm acting as the County's bond counsel. Of the  
14 remaining members there shall be one member with expertise in  
15 each of the following areas: 1) investment banking; 2) law;  
16 3) economic forecasting; 4) government finance; and  
17 5) construction and value engineering. Members of the  
18 financial review committee shall be appointed by motion of  
19 the Council.

20 B. The mission of the financial review committee shall  
21 be to develop a financing plan for the new stadium that  
22 provides the maximum amount of resources while at the same  
23 time protects the County's bond rating and current expense  
24 fund. The committee shall consult with the public facilities  
25 district and the major league baseball team. The financial  
26 review committee, at a minimum, shall review all new stadium  
27 financing options and shall report back to the King County  
28 Council prior to the beginning of the 1997 session of the  
29 Washington State legislature on findings and recommendations  
30 with regards to:

1           1. whether the taxes and revenue sources  
2 authorized in EHB 2115 are sufficient to fund the  
3 construction of a baseball stadium with a retractable roof  
4 and natural grass;

5           2. whether the County, with the priority of  
6 protecting the current expense fund and the County's bond  
7 rating, should issue general obligation bonds or revenue  
8 bonds or some other financial instrument in order to raise  
9 the funds necessary to construct a new stadium;

10          3. the conditions and results of recently financed  
11 sports facilities including revenue backed financing  
12 arrangements; and

13          4. recommend funding levels necessary for  
14 establishing major maintenance and capital equipment  
15 replacement reserves.

16          SECTION 9. Land assembly and conveyance. It is the  
17 intent of King County to assemble such real property as the  
18 district determines to be necessary for the baseball stadium,  
19 consistent with applicable state law and the project budget.  
20 Property which is necessary for this project that was owned  
21 by the county as of the effective date of EHB 2115 shall be  
22 contributed to the district consistent with state law.  
23 Property which is necessary for this purpose that the county  
24 acquires on or after the effective date of EHB 2115 shall be  
25 conveyed to the district by interlocal agreement as a cost to  
26 the baseball stadium project and, therefore, subject to the  
27 project's budget. The district shall promptly reimburse King  
28 County for the cost of such property as well the cost of its  
29 acquisition.

1            SECTION 10. Partial severability. Sections 5, 7, and 8  
2 of this ordinance are necessary to achieve the intent of the  
3 council in imposing these taxes. If any provision of any of  
4 these sections is finally declared by a court of competent  
5 jurisdiction to be invalid for any reason, all provisions of  
6 the ordinance shall be deemed to be of no force or effect and  
7 the taxes provided for herein shall not be collected. The  
8 remaining provisions of this ordinance are severable.

9            INTRODUCED AND READ for the first time this 16<sup>th</sup>  
10 day of October, 1995.

11            PASSED by a vote of 10 to 3 this 23<sup>rd</sup> day of  
12 October, 1995.

13            KING COUNTY COUNCIL  
14            KING COUNTY, WASHINGTON

15            Kent Pullen  
16            Chair

17            ATTEST:

18            Gerald A. Peterson  
19            Clerk of the Council

20            APPROVED this 25<sup>th</sup> day of October, 1995.

21            Ray F. Locke  
22            King County Executive

23            Attachments: None