September 8, 2014

Mr. William A. Longbrake, Chair
Washington State Citizen Commission
for Performance Measurement of Tax Preferences
1300 Quince Street SE
P.O. Box 40910
Olympia, WA 98504-0910


Dear Chair Longbrake:

The Washington State Public Stadium Authority, ("PSA") is writing in support of retaining two tax preferences included in the 2014 Expedited Tax Preference Report currently under review by the Commission – retail sales tax preference on football/soccer stadium and exhibition center parking, and leasehold excise tax preference on the football/soccer stadium.

The PSA was created under Referendum 48 ("The Stadium Act"), passed in 1997 by voters authorizing public funds to build a football/soccer stadium and exhibition center. The Referendum established the PSA as the public owner of the stadium, exhibition center and related parking facilities, with responsibilities for overseeing siting, design, construction and operation of the $430 million complex.

Under an innovative public-private partnership, the PSA and First & Goal Inc. ("FGI"), the project developer, facility operator and team affiliate of the Seattle Seahawks, worked together to construct this world-class football/soccer stadium and exhibition center. The vision for this unique partnership was created by the Washington State Legislature in 1997 and has attracted attention internationally.

Provisions of the Stadium Act were designed to:

1) Save professional football for Washington residents;
2) Construct a new stadium suitable for the National Football League, Olympic games and World Cup soccer;
3) Provide benefits to the public for their investment in the construction of a new football/soccer stadium and exhibition center;
4) Minimize the risk assumed by the public as the owner of the football/soccer stadium and exhibition center; and
5) Provide the football franchise with the stadium-related tools, including relevant tax preferences, needed to allow the professional football team to remain financially viable in Washington state.
The Stadium Act represents a successful public-private partnership; one which is accomplishing its intended objectives. The two tax preferences under review are two pieces of a very complex, complicated deal made between the voters of the state of Washington and Paul Allen to save the Seattle Seahawks. These two preferences should not be looked at out of context. The benefits that Mr. Allen bestowed on the state were unprecedented – all clearly spelled out in the Stadium Act – and the two tax preferences were central bits of consideration given by the voters for those public benefits which include annual profit sharing contributions to the State permanent common school fund. It is ill advised to unwind the elements of this complex deal in a piecemeal fashion, or remove any elements of consideration given by either party that were essential to making the deal simply because time has passed and the public-private partnership has been a resounding success.

This partnership is a “win-win” for both the team and for the people of Washington state with benefits continuing to run both ways. Among FGI’s obligations to the public under a 30-year lease agreement with the PSA, the facility operator assumes the financial obligation to properly maintain and renew the public’s asset in order to avoid another “Kingdome tiles” situation which resulted in the public incurring significant debt to repair the roof system that it continues to pay for today. Discontinuing the tax preferences will have an adverse impact on these public benefits, including reducing the annual contributions to the State permanent common school fund.

The private partner has fulfilled its obligations under the Act and more. The PSA encourages the Commission to recommend against terminating these tax preferences and preserve the integrity of this successful partnership.

Thank you for the opportunity to comment on the tax preferences under consideration. If you have questions or require additional information, please feel free to contact our Executive Director, Ann Kawasaki Romero, at 206-381-7946.

Sincerely,

Lorraine Hine, Board Chair
Washington State Public Stadium Authority

cc: PSA Board members
    Peter McLoughlin, President, First & Goal Inc.
    Ann Kawasaki Romero, PSA Executive Director