



## Legislative Fiscal Bureau

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November 8, 2023

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Assembly Bill (AB) 439, as amended by the Assembly: Funding for District Administration and Improvement of Baseball Park Facilities

AB 439 was introduced on September 28, 2023, and referred to the Assembly Committee on State Affairs. On October 12, 2023, Assembly Amendment 1 (AA 1) to AB 439 was introduced and adopted by the Assembly Committee on State Affairs on a vote of 13-1. AB 439, as amended by AA 1, was recommended for passage by a vote of 13-1. On October 17, 2023, AB 439, as amended passed the Assembly on a vote of 69-27 and was messaged to the Senate.

On October 18, 2023, the bill, as amended by the Assembly, was referred to the Senate Committee on Government Operations. The Committee held a public hearing on the bill, as amended, on October 25, 2023.

### **SUMMARY OF THE AMENDED BILL**

#### **State Grant to a Local Professional Baseball Park District**

AB 439, as amended, would create a sum sufficient GPR appropriation under DOA for payments to a local professional baseball park district to assist in the development, construction, improvement, repair, and maintenance of baseball park facilities, not to exceed the following, in each fiscal year: (a) 2023-24, \$60,800,000; (b) 2024-25, \$13,400,000; (c) 2025-26, \$13,900,000; (d) 2026-27, \$14,500,000; (e) 2027-28, \$15,100,000; (f) 2028-29, \$15,700,000; (g) 2029-30, \$16,300,000; (h) 2030-31, \$17,000,000; (i) 2031-32, \$17,600,000; (j) 2032-33, \$18,300,000; (k) 2033-34, \$19,100,000; (l) 2034-35 to 2040-41, \$20,000,000; and (m) 2041-42 to 2045-46, \$10,000,000. Under these provisions, the total grant from the state would equal \$411,000,000 over the entire term of the 27-year lease.

#### **Loans to a Professional Baseball Stadium District**

AB 439, as amended, would create a sum sufficient GPR appropriation under DOA for loans to a local professional baseball park district to assist in the development, construction,

improvement, repair, and maintenance of baseball park facilities, not to exceed \$50,000,000 in aggregate.

### **City of Milwaukee Sales Tax -- DOR Administrative Fee Reduction**

AB 439, as amended, would specify that from the monies received from municipal taxes collected by DOR, 1.75% would continue to be retained by DOR for administrative fees, with the unencumbered balance at the end of each fiscal year transferred to a newly-created all monies received appropriation account for the purpose of making the required cumulative payments to the District, up to \$67,500,000.

Require that, at the same time DOR deposits into the baseball park facilities improvement segregated fund a cumulative amount equal to \$67,500,000, the Department send a notice to the Legislative Reference Bureau (LRB) for publication in the Wisconsin Administrative Register that states the date on which the cumulative amount deposited into the baseball park facilities improvement segregated fund equals \$67,500,000. Require DOR to send an identical notice to the City of Milwaukee at the same time the Department sends the notice to LRB under this provision.

As passed by the Legislature, and similar to current law for such appropriations, 2023 Act 19 would have required any unencumbered balance in DOR's newly-created PR-S appropriation associated with the 1.75% fee for the administration of municipal sales and use taxes to be transferred to the general fund at the end of each fiscal year. The Governor's partial veto deleted this provision. Consequently, any annual unencumbered balance remains and accumulates in DOR's newly-created PR-S appropriation account year after year.

Reduce the percentage of municipal taxes that are deposited into DOR's administration of municipal sales and use taxes appropriation from 1.75% to 0.75%, beginning on the date on which the cumulative amount deposited into the baseball park facilities improvement segregated fund equals \$67,500,000. Based on current estimates, the reduction in the percentage would occur sometime during 2045.

### **County Sales Tax -- DOR Administrative Fee Reduction for All Counties**

AB 439, as amended, would reduce the percentage of county taxes that are deposited into DOR's administration of county sales and use taxes appropriation from 1.75% to 0.75%, beginning on July 1, 2024. It is estimated that this reduced rate would reduce fee revenues, and the corresponding transfer to the general fund, by \$6.5 million in 2024-25, and will likely increase each year thereafter.

Under current law, 1.75% of county sales and uses taxes collected are deposited into the DOR's collection of taxes - administration of county sales and use taxes appropriation to cover the costs of administering county taxes. This appropriation is provided \$3,183,700 PR in 2023-24 and \$3,186,300 PR in 2024-25 under 2023 Act 19. At the end of the fiscal year, any revenues collected in excess of expenditures in this appropriation are transferred to the general fund. In 2022-23, \$10.8 million of fee revenue was deposited into this appropriation, \$2.9 million was expended,

and \$7.9 million was transferred to the general fund.

It is estimated that the 68 counties that currently impose the local option sales and use tax would, as a result of DOR's administrative fee being reduced from 1.75% to 0.75% on July 1, 2024, see total distributions increase by \$3.6 million in calendar year 2024 and \$7.5 million in calendar year 2025. (See the Attachment for county estimates)

### **Other Provisions**

*Redevelopment Report.* AB 439, as amended, would require the District, in consultation with the City of Milwaukee, Milwaukee County, and the team, to study the feasibility of, and options for, the redevelopment of baseball park facilities of the district other than a baseball stadium and, not later than two years after the effective date of the bill, prepare a report summarizing the findings of the study.

### **FISCAL EFFECT**

*State Effect.* Over the 27-year lease term, state contributions to the District would total \$411.5 million. The total cost to the state's general fund over this period would exceed this amount when factoring in the state GPR-Earned reductions associated with DOR's county sales tax administrative fee being reduced from 1.75% to 0.75%, as provided under AA 1 to AB 439. It is estimated that this lower rate would reduce revenues to the appropriation, which would decrease the transfer to the general fund, by \$6.5 million in 2024-25, \$6.7 million in 2025-26, and \$6.9 million in 2026-27. Assuming a 3% annual growth in county sales tax revenue, it is estimated that in 2049-50, the final year of the lease, the annual reduction in the transfer to the general fund would grow to \$13.6 million.

Under current law, 1.75% of City of Milwaukee sales and use tax revenues are to be deposited to the DOR program revenue appropriation account for administration of the taxes. After amounts are expended for DOR administration of the City's taxes, the remaining funds currently accumulate in the appropriation account. AB 439, as amended, would deposit the annual residual amounts not expended or encumbered by DOR in the District's baseball park improvement segregated fund as part of the City's contribution to the fund. These deposits, are estimated at \$100,000 in 2023-24 and \$2,400,000 in 2024-25.

### **ATTACHMENT**

The Attachment to this memorandum shows the estimated additional county sales tax revenues that would be distributed in calendar year 2024 and 2025 under the bill, as amended, as compared to current law.

BL/lb  
Attachment

## ATTACHMENT

### Estimated County Sales Tax Revenue Associated with the DOR Administrative Fee Reduction, Calendar Year 2024 and 2025 (General Fund Reduction Amount)

<u>County</u>	<u>2024</u> <u>Amount (six months)</u>	<u>2025</u> <u>Amount</u>	<u>County</u>	<u>2024</u> <u>Amount (six months)</u>	<u>2025</u> <u>Amount</u>
Adams	\$13,000	\$28,000	Marathon	\$89,000	\$183,000
Ashland	10,000	21,000	Marinette	25,000	51,000
Barron	32,000	67,000	Marquette	7,000	14,000
Bayfield	10,000	20,000	Menominee	-	1,000
Brown	199,000	410,000	Milwaukee (0.5%)	525,000	1,081,000
Buffalo	5,000	12,000	Milwaukee (0.4%)*	421,000	865,000
Burnett	9,000	19,000	Monroe	26,000	54,000
Calumet	31,000	63,000	Oconto	16,000	33,000
Chippewa	45,000	91,000	Oneida	35,000	73,000
Clark	16,000	31,000	Outagamie	135,000	279,000
Columbia	35,000	73,000	Ozaukee	61,000	124,000
Crawford	10,000	22,000	Pepin	4,000	9,000
Dane	429,000	884,000	Pierce	18,000	37,000
Dodge	48,000	99,000	Polk	26,000	54,000
Door	33,000	68,000	Portage	45,000	93,000
Douglas	30,000	61,000	Price	7,000	15,000
Dunn	24,000	50,000	Richland	8,000	17,000
Eau Claire	74,000	152,000	Rock	103,000	212,000
Florence	2,000	4,000	Rusk	7,000	14,000
Fond du Lac	61,000	126,000	Saint Croix	65,000	134,000
Forest	4,000	8,000	Sauk	67,000	138,000
Grant	27,000	56,000	Sawyer	15,000	32,000
Green	20,000	40,000	Shawano	21,000	42,000
Green Lake	11,000	23,000	Sheboygan	73,000	150,000
Iowa	14,000	30,000	Taylor	9,000	18,000
Iron	4,000	7,000	Trempealeau	15,000	30,000
Jackson	11,000	22,000	Vernon	14,000	29,000
Jefferson	47,000	96,000	Vilas	22,000	44,000
Juneau	14,000	29,000	Walworth	77,000	160,000
Kenosha	109,000	224,000	Washburn	11,000	23,000
Kewaunee	8,000	18,000	Washington	88,000	182,000
La Crosse	91,000	186,000	Waupaca	26,000	54,000
Lafayette	7,000	15,000	Waushara	11,000	23,000
Langlade	12,000	25,000	Wood	<u>41,000</u>	<u>86,000</u>
Lincoln	15,000	33,000			
			County Total	\$3,623,000	\$7,467,000

\*This estimate assumes 10 months of distributions to Milwaukee County from the new 0.4% sales and use tax