

Fiscal Estimate Narratives
DOR 4/22/02

LRB Number 01-0582/1	Introduction Number AB-922	Estimate Type Original
Subject Sales tax on luxury boxes		

Assumptions Used in Arriving at Fiscal Estimate

The bill imposes sales taxes on leases of luxury boxes, sky boxes, and club seats at a sports facility if sales of admissions to sporting events at the facility are subject to sales taxes.

Sales tax is currently imposed on the fair market value of amenities, such as admission tickets, parking and catering, that are included in the lease of a luxury box. Therefore, the fiscal effect of the bill is the sales tax on the lease payment less the taxable value of amenities.

The bill would primarily affect leases at 5 facilities: Miller Park, the Bradley Center, Lambeau Field, Camp Randall Stadium and the Kohl Center. The bill may have a minor fiscal effect due to leases at additional facilities, such as the Alliant Energy Center (Madison) and the Fox Cities Stadium (Appleton).

The attached table shows the number of luxury boxes and club seats at the 5 facilities as well as estimated luxury box revenues, costs of currently taxable amenities included with the luxury boxes, and the changes in taxable revenues and sales taxes under the bill. Estimated annual revenues and costs are based on discussions with staff of the respective facilities and published information. As shown in the table, taxable revenue is estimated to increase by about \$23.8 million and sales taxes are estimated to increase by about \$1.2 million annually.

Under the foregoing assumptions, local sales taxes are estimated to increase by a total of about \$124,000 annually under the bill. Dane County sales taxes are estimated to increase by about \$30,000; Milwaukee County sales taxes are estimated to increase by about \$28,000; Southeast Wisconsin Professional Baseball Park District taxes are estimated to increase by about \$5,000; and Local Professional Football Stadium District taxes are estimated to increase by about \$61,000.

Long-Range Fiscal Implications

**Attachment to Fiscal Estimate for AB 922:
Estimated Revenues, Costs and Sales Taxes of Luxury Boxes and Club Seats**

<u>Facility</u>	<u>No. Boxes/ Club Seats</u>	<u>Est'd Annual Revenue</u>	<u>Est'd Cost of Tickets & Other Amenities</u>	<u>Change in Taxable Revenue</u>	<u>Change in Sales Taxes</u>
<u>Miller Park:</u>					
Luxury Boxes	74	\$6,590,000	\$3,440,000	\$3,150,000	\$158,000
Club Seats (1)	3,400			---	---
<u>Lambeau Field:</u>					
Luxury Boxes	166	14,320,000	2,060,000	12,260,000	613,000
Club Seats (1)	6,260			---	---
<u>Bradley Center (2):</u>					
Luxury Boxes	68	4,360,000	2,010,000	2,350,000	118,000
<u>Camp Randall Field:</u>					
Luxury Boxes	93	4,560,000	370,000	4,190,000	210,000
Club Seats (3)	644	1,090,000	130,000	960,000	48,000
<u>Kohl Center (2):</u>					
Luxury Boxes	36	1,260,000	380,000	<u>880,000</u>	<u>44,000</u>
TOTAL				\$23,790,000	\$1,190,000

- (1) Club seats include only admission, which is taxable under current law.
- (2) Does not offer club seats.
- (3) Based on a \$1,500 contribution per seat.

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 01-0582/1		Introduction Number AB-922	
Subject			
Sales tax on luxury boxes			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$		
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$		\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
	Increased Rev	Decreased Rev	
GPR Taxes	\$1,190,000		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$1,190,000		\$
NET ANNUALIZED FISCAL IMPACT			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$	\$	
NET CHANGE IN REVENUE	\$1,190,000	\$124,000	
Agency/Prepared By		Authorized Signature	Date
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