

### Fiscal Estimate - 2005 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>05-1122/1</b>	<b>Introduction Number</b> <b>SB-19</b>
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**Subject**  
 Sunset local professional baseball park district sales and use taxes

**Fiscal Effect**

**State:**

No State Fiscal Effect  
 Indeterminate

<input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs
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**Local:**

No Local Government Costs  
 Indeterminate

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<b>5. Types of Local Government Units Affected</b> <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input checked="" type="checkbox"/> Others <u>Baseball park district</u> <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
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<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

<b>Agency/Prepared By</b> DOR/ Blair Kruger (608) 266-1310	<b>Authorized Signature</b> Rebecca Boldt (608) 266-6785	<b>Date</b> 2/7/2005
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## Fiscal Estimate Narratives

DOR 2/7/2005

LRB Number	05-1122/1	Introduction Number	SB-19	Estimate Type	Original
<b>Subject</b>					
Sunset local professional baseball park district sales and use taxes					

### Assumptions Used in Arriving at Fiscal Estimate

1995 Act 56 authorized the Southeast Wisconsin Professional Baseball Park District Board (SWPBPDB) to levy a 0.1% sales and use tax in Milwaukee, Ozaukee, Racine, Washington and Waukesha counties to fund construction of Miller Park. The Department of Revenue administers the baseball district tax and retains 1.5% of collections for administrative costs. The tax sunsets upon certification by SWPBPDB that all bonds issued for the initial construction of the baseball park and bonds issued to fund or refund those bonds have been retired, and that a maintenance and capital improvement fund sufficient to meet any maintenance or capital improvement obligation between SWPBPDB and the Milwaukee Brewers has been funded.

Under SB 219, the baseball park sales and use tax would sunset December 31, 2014. In addition, SB 219 adds the term "existing" such that baseball park taxes would have to be used exclusively for the operation of existing baseball park facilities and debt retirement. Also, the bill would require the maintenance and capital improvement fund to be used exclusively for maintenance and capital improvement of existing baseball park facilities.

In November 1996, SWPBPDB issued \$160 million in revenue bonds maturing in December 2029; these bonds were subsequently refinanced to take advantage of lower interest rates. In addition, some bonds have been retired early because baseball district sales tax revenues have exceeded payment obligations. As of January 2005, baseball park sales and use taxes distributed to the SWPBPDB have totalled \$191.4 million.

According to SWPBPDB, if baseball district sales taxes increase 5.5% per year and the district's earnings on fund balances increase 3.5% per year, the district's debt can be retired and the maintenance and capital improvement fund funded by the end of 2014. Assuming the projected revenue and earnings growth rates occur, sunsetting the tax as provided under the bill would not have a fiscal effect in the current biennium nor in future biennia.

If the baseball district's revenue or earnings growth is lower than the 5.5% or 3.5% projected rates, the sunset provisions under the bill may result in a funding shortfall for the maintenance and capital improvement fund and/or default on the bonds. If the actual revenue and earnings growth rates are greater than projected, the tax may be sunsetted prior to December 31, 2014.

The Department's administrative costs and program revenue retained to recover those administrative costs would decrease upon sunset of the tax in 2014 under the bill.

### Long-Range Fiscal Implications