

Fiscal Estimate Narratives

DOR 3/31/2008

LRB Number	07-4182/1	Introduction Number	SB-547	Estimate Type	Original
Description The sunset of local professional baseball park district sales and use taxes, restricting the use of sales and use tax revenue, and auditing the finances of a local professional baseball park district.					

Assumptions Used in Arriving at Fiscal Estimate

The Southeast Wisconsin Professional Baseball Park District imposes a 0.1% sales tax in the counties of Milwaukee, Ozaukee, Racine, Washington, and Waukesha. The Department of Revenue collects the tax on behalf of the district and retains 1.5% of the amount collected to cover the department's administrative costs. The baseball district received \$25.9 million from the tax in calendar year 2007.

Under current law, the district may use the revenue from the tax only for purposes related to baseball park facilities. The tax is terminated after the calendar quarter in which the district certifies to the Department of Revenue that the district has collected sufficient revenue from the tax to meet its obligations for debt service on bonds issued for construction of the baseball park facility and its obligations to fund maintenance and capital improvement needs of the baseball park facility.

Under the bill, the tax is terminated December 31, 2014. In addition, the district must use the revenue from the tax exclusively for purposes directly related to the operation of existing baseball park facilities and corresponding debt retirement.

The termination date of the baseball district tax under current law is dependent on several variables, including the growth in baseball stadium tax collections and earnings on the district's investments. Consultants for the district have recently estimated that under current law, and under a range of assumptions, the tax may be ended somewhere between 2014 and 2017.

Since the bill may terminate the baseball district tax prior to the date when the tax would be terminated under current law, other revenue sources will be needed to meet the baseball district's obligations. The bill's modification to the allowable uses of the tax revenue is not expected to require any changes in how the revenue is currently used by the district.

Baseball district taxes increased approximately 2% annually from 2005 to 2007. Assuming this growth rate continues through 2017, the district would receive approximately \$31.0 million annually from the tax during the 2015-2017 period. Using this assumption, if the bill leads to the termination of the tax up to three years earlier than would occur under current law, district receipts from the tax may be reduced by up to a cumulative \$93 million.

Both the department's costs to administer the tax and administrative fee collections to support the department's expenses are expected to cease at an earlier date as a result of the bill.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description The sunset of local professional baseball park district sales and use taxes, restricting the use of sales and use tax revenue, and auditing the finances of a local professional baseball park district.			
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		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues		\$	\$
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$see text	\$
NET CHANGE IN REVENUE		\$see text	\$see text
Agency/Prepared By		Authorized Signature	Date
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