

Fiscal Estimate Narratives

DOR 11/13/2007

LRB Number	07s0166/1	Introduction Number	ASA1- AB559	Estimate Type	Supplemental
Description A sales and use tax exemption for the right to purchase season admission to athletic events sponsored by an institution of higher education					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, sales of admissions to amusement, athletic, and entertainment events or places are subject to sales and use tax.

Under the bill, purchases of "rights to purchase" season admissions to athletic events sponsored by certain institutions of higher education that take place at a facility owned or leased by the institution would be exempt from sales and use taxes. The sales and use tax exemption under the bill would take effect the first day of the second month beginning after publication.

A "right to purchase" is an amount paid to an institution in excess of the face value of a season ticket and, essentially, is a surcharge or premium added to the price of a season ticket.

The University of Wisconsin-Madison (UW) requires the purchase of a right to purchase as a condition of buying some season tickets for football, men's and women's basketball, and men's hockey. Marquette University requires the purchase of a right to purchase as a condition of buying season tickets for men's basketball.

According to UW, a right to purchase a season ticket costs \$100-\$250 for football, \$50-\$150 for men's basketball, \$25 for women's basketball, and \$25-50 for men's hockey. Also according to UW, sales of rights total \$6.1 million annually. Marquette University has a rights-to-purchase program for men's basketball, charging from \$50-150 per season ticket, producing an estimated \$0.4 million per year. Statewide total sales of rights to purchase season tickets are \$6.5 million (\$6.1 mil. + \$0.4 mil.) annually. State sales taxes on sales of rights to purchase would decrease \$0.3 million (\$6.5 mil. x 5%) per year under the bill. Distributions of county and stadium taxes would decrease by \$30,000 under the bill.

Administrative costs of the bill would be absorbed.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description A sales and use tax exemption for the right to purchase season admission to athletic events sponsored by an institution of higher education			
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	\$	\$-300,000
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	TOTAL State Revenues	\$	\$-300,000
NET ANNUALIZED FISCAL IMPACT			
		State	Local
	NET CHANGE IN COSTS	\$	\$
	NET CHANGE IN REVENUE	\$-300,000	\$-\$30,000
Agency/Prepared By		Authorized Signature	Date
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