

### Fiscal Estimate - 2019 Session

Original
  Updated
  Corrected
  Supplemental

|  |   |
|--|---|
| <b>LRB Number</b> <b>19-1505/1</b>   | <b>Introduction Number</b> <b>SB-067</b>                  |
| <b>Description</b><br>lease terms and the imposition of sales and use taxes related to a local professional baseball park district   |   |
| <b>Fiscal Effect</b>   |   |
| <b>State:</b><br><input checked="" type="checkbox"/> No State Fiscal Effect<br><input type="checkbox"/> Indeterminate<br><div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <input type="checkbox"/> Increase Existing Appropriations<br/> <input type="checkbox"/> Decrease Existing Appropriations<br/> <input type="checkbox"/> Create New Appropriations                 </div> <div style="width: 30%;"> <input type="checkbox"/> Increase Existing Revenues<br/> <input type="checkbox"/> Decrease Existing Revenues                 </div> <div style="width: 30%;"> <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget<br/> <input type="checkbox"/> Yes      <input type="checkbox"/> No<br/> <input type="checkbox"/> Decrease Costs                 </div> </div>   |   |
| <b>Local:</b><br><input type="checkbox"/> No Local Government Costs<br><input checked="" type="checkbox"/> Indeterminate<br><div style="display: flex; justify-content: space-between;"> <div style="width: 30%;">                     1. <input type="checkbox"/> Increase Costs<br/> <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory<br/>                     2. <input type="checkbox"/> Decrease Costs<br/> <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory                 </div> <div style="width: 30%;">                     3. <input type="checkbox"/> Increase Revenue<br/> <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory<br/>                     4. <input checked="" type="checkbox"/> Decrease Revenue<br/> <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory                 </div> <div style="width: 30%;">                     5. Types of Local Government Units Affected<br/> <input type="checkbox"/> Towns      <input type="checkbox"/> Village      <input type="checkbox"/> Cities<br/> <input type="checkbox"/> Counties      <input checked="" type="checkbox"/> Others      <u>Baseball District</u><br/> <input type="checkbox"/> School Districts      <input type="checkbox"/> WTCS Districts                 </div> </div> |   |
| <b>Fund Sources Affected</b> <b>Affected Ch. 20 Appropriations</b><br><input type="checkbox"/> GPR <input type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.566(1)(gd)  |   |
| <b>Agency/Prepared By</b><br>DOR/ Travis Arthur (608) 266-8565   | <b>Authorized Signature</b><br>Jamie Adams (608) 266-6785 |
| <b>Date</b><br>3/7/2019  |   |

## Fiscal Estimate Narratives

DOR 3/7/2019

|  |           |                     |        |               |          |
|--|-----------|---------------------|--------|---------------|----------|
| LRB Number   | 19-1505/1 | Introduction Number | SB-067 | Estimate Type | Original |
| <b>Description</b><br>lease terms and the imposition of sales and use taxes related to a local professional baseball park district |           |                     |        |               |          |

### Assumptions Used in Arriving at Fiscal Estimate

The bill terminates the baseball district stadium tax effective December 31, 2019. The bill also provides that any lease between the district and the baseball team that uses the facilities must extend for at least the same number of years during which the sales and use tax is collected. The bill also specifies that the district board may not incur any new obligations after June 30, 2019, if the obligation could not be paid once the sales and use tax is no longer collected.

Under current law, the tax is scheduled to sunset when the Southeast Wisconsin Professional Baseball Park District has satisfied reserve fund requirements which are sensitive to sales tax growth and investment performance. Based on an analysis performed by PFM Financial Advisors that assumes average sales tax growth of 3.14% and a 2.3% average interest yield on investments, the estimated sunset date is between late 2019 and early 2020. Assuming the tax would otherwise sunset December 31, 2019, there would be no fiscal effect under the bill. To the extent investment performance or sales tax growth fall below PFM's assumptions, the tax may sunset sometime in 2020. Under such a scenario, the bill would reduce the amount of district taxes collected compared to current law.

PFM estimates CY 2019 distributions to be \$32.1 million. Assuming the growth rate remains the same, the department estimates CY 2020 sales tax distributions to reach \$33.1 million. The bill would result in a revenue decrease of some portion of \$33.1 million dependent upon when the tax would otherwise sunset.

To the extent the bill shortens the period during which the tax is collected, DOR administrative costs would decrease compared to current law. DOR administrative costs are funded with an administrative fee of 2.5% of the district taxes collected. The fee funds 4.4 FTE positions in the department associated with the district tax. The bill would result in little impact on DOR administrative costs if the bill does not change the sunset date that would otherwise occur under current law. DOR has previously anticipated the baseball district tax will sunset December 31, 2019 and has allocated resources accordingly.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2019 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

|  |  |               |
|--|--|---------------|
| <b>LRB Number</b> <b>19-1505/1</b>   | <b>Introduction Number</b> <b>SB-067</b>       |               |
| <b>Description</b><br>lease terms and the imposition of sales and use taxes related to a local professional baseball park district                         |  |               |
| <b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>                                |  |               |
|  |  |               |
| <b>II. Annualized Costs:</b>   | <b>Annualized Fiscal Impact on funds from:</b> |               |
|  | Increased Costs      Decreased Costs           |               |
| <b>A. State Costs by Category</b>  |  |               |
| State Operations - Salaries and Fringes  | \$   | \$            |
| (FTE Position Changes)   |  |               |
| State Operations - Other Costs   |  |               |
| Local Assistance   |  |               |
| Aids to Individuals or Organizations   |  |               |
| <b>TOTAL State Costs by Category</b>   | <b>\$</b>                                      | <b>\$</b>     |
| <b>B. State Costs by Source of Funds</b>   |  |               |
| GPR  |  |               |
| FED  |  |               |
| PRO/PRS  |  |               |
| SEG/SEG-S  |  |               |
| <b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b> |  |               |
|  | Increased Rev                                  | Decreased Rev |
| GPR Taxes  | \$   | \$            |
| GPR Earned   |  |               |
| FED  |  |               |
| PRO/PRS  |  |               |
| SEG/SEG-S  |  |               |
| <b>TOTAL State Revenues</b>  | <b>\$</b>                                      | <b>\$</b>     |
| <b>NET ANNUALIZED FISCAL IMPACT</b>  |  |               |
|  | <u>State</u>                                   | <u>Local</u>  |
| NET CHANGE IN COSTS  | \$   | \$            |
| NET CHANGE IN REVENUE  | \$ See text                                    | \$ See text   |
|  |  |               |
| <b>Agency/Prepared By</b>  | <b>Authorized Signature</b>                    | <b>Date</b>   |
| DOR/ Travis Arthur (608) 266-8565  | Jamie Adams (608) 266-6785                     | 3/7/2019      |