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## WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

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<b>2015 Assembly Bill 93</b>	<b>Assembly Amendment 1</b>
<i>Memo published: July 28, 2015</i>	<i>Contact: Melissa Schmidt, Senior Staff Attorney (266-2298)</i>

### CURRENT LAW

Under current law, a local professional baseball park district is created within any county with a population of more than 600,000 (currently only Milwaukee County) and all of the counties that are contiguous to that county (Ozaukee County, Racine County, Washington County, and Waukesha County). The local professional baseball park district is known as the Southeast Wisconsin Professional Baseball Park District (the "Miller Park District"). The Miller Park District is governed by a 13-member board, six persons appointed by the Governor, two persons appointed by the Milwaukee County executive, one person appointed by the executive of each of the other four counties in the Miller Park District, and one person appointed by the mayor of Milwaukee.

The Miller Park District is authorized under current law to conduct various activities. For example, the Miller Park District may enter into contracts established by its board; construct, equip, maintain, improve, operate and manage its baseball facilities; impose a sales and use tax at a rate of no more than 0.1%; and issue revenue bonds if certain conditions are met. The Miller Park District is required to maintain a special fund into which the revenues from the sales and use tax are deposited and may only use this revenue for purposes related to baseball park facilities. If the district board determines that the revenues in the special fund exceed operating expenses for the operation of baseball park facilities, the board must apply the excess to either fund an account for maintenance costs and capital improvements or to retire bonds issued by the Miller Park District. Also, the Miller Park District may not collect the sales and use taxes after the calendar quarter in which it certifies to the Department of Revenue (DOR) that all of the following apply: (1) all bonds issued for the initial construction of the baseball park facilities and all bonds issued to fund or refund those bonds have been retired; and (2) after funding an account for maintenance costs and capital improvement obligations sufficiently to meet any

maintenance or capital improvement obligations between the Miller Park District and any professional baseball team using the baseball facilities (the Milwaukee Brewers).

Current law also requires the Miller Park District to comply with certain financial accounting and reporting requirements. For example, it must have its financial statements and debt covenants audited annually by an independent certified public accountant. It must also provide to the Department of Administration (DOA), the Legislative Fiscal Bureau (LFB), and the Legislative Audit Bureau all financial reports of the district, as well as all regular monthly statements of any trustee of the bonds on a direct and ongoing basis.

### **2015 ASSEMBLY BILL 93**

2015 Assembly Bill 93 (“the bill”) makes the following changes to current law related to the Miller Park District:

- Requires the Miller Park District to complete final plans and arrangement for the supervision of construction and receive approval from the Building Commission before it may enter into a contract for the construction, reconstruction, remodeling of, or addition to, any building, structure, or facility, in connection with any building project which involves a cost in excess of \$500,000.
- Creates two new requirements that must be met before the Miller Park District may issue new revenue bonds. Beginning on the effective date of the bill, in addition to the requirements for issuing revenue bonds under current law, the Miller Park District may not issue a new revenue bond unless both of the following also apply:
  - The date on which the bonds are payable is not later than the latest date on which outstanding district bonds are payable. However, this provision does not apply if the Secretary of DOA determines that adherence to this requirement is likely to result in the Milwaukee Park District drawing on funds in the special debt service reserve fund.
  - The total amount of principal and interest that must be paid for outstanding bonds is not increased by the issuance of refunding bonds. However, this provision does not apply if the DOA secretary determines that adherence to this requirement is likely to result in the Miller Park District drawing on funds in the special debt service reserve fund.
- Requires the Miller Park District to provide all of the district’s financial reports to the LFB.
- Limits the amount of annual expenditures that the Miller Park District board may expend for the board’s administrative expenses to 4% of expected revenue.
- Requires the Miller Park District board to expend annually not less than 75% of expected revenue to retire bonds issued by the district or to a sinking fund.

- Amends the purposes for which the Miller Park District board may use revenue from the sales and use tax imposed in the Miller Park District. Under the bill, revenue may only be used for any of the following:
  - Payments of principal and interest on bonds in the district.
  - Current operating expenses.
  - Routine maintenance of the Milwaukee Brewers Baseball Club LP baseball facility, known as “Miller Park,” and its directly related auxiliary structures and facilities. The bill defines “routine maintenance” to mean the repair or replacement of existing equipment; any other action the district is contractually obligated to perform; or a combination thereof.
- Amends the certification process made by the Miller Park District to DOR regarding the retirement of bonds issued by the district. Specifically, the bill requires the LFB to make a determination that all of the following have occurred, and make a certification to DOR to that effect:
  - All bonds issued for initial construction of baseball park facilities and all bonds issued to fund or refund those bonds have been retired.
  - A fund for routine maintenance costs sufficient to meet any routine maintenance obligations between the district and any professional baseball team using baseball park facilities constructed under this subchapter as a home stadium has been funded.
- Requires the Miller Park District to submit the annual audit on its financial statements and debt covenants conducted by an independent certified public accountant to be submitted to the chief clerks of the Senate and Assembly for dissemination to the Legislature as provided under current law.

### **ASSEMBLY AMENDMENT 1**

Assembly Amendment 1 (AA 1) makes the following changes to the bill:

- Restricts the requirement related to the Miller Park District receiving Building Commission approval on a building project involving a cost in excess of \$500,000 to only apply prospectively to contracts entered into on or after the effective date of the bill.
- Restricts the timeframe within which the Miller Park District board is limited to expending annually not more than 4% of its expected revenue for the board’s administrative expenses. Under AA 1, this limitation only applies until either all bonds issued by the Miller Park District have been paid or sufficient funds have been reserved in a sinking fund to pay all bonds issued by the district.

- Eliminates the requirement that the LFB make the determination and certification to DOR related to the retirement of bonds and routine maintenance fund, as specified above. Instead it requires the Miller Park District to make this determination and certification.
- Specifies what information must be included in the audit report submitted to the Legislature. Specifically, the report must include all of the following:
  - A statement of the amount of tax revenues collected and of the amounts of the tax revenues used for debt payment, for nondebt expenses, and for any other purpose.
  - A statement of all remaining obligations of the Miller Park District.
  - An estimate of the amount of tax revenues that will be needed to meet the Miller Park District's remaining obligations.

### **BILL HISTORY**

AA 1 was introduced by Representative Weatherston on April 7, 2015. On May 5, 2015, the Assembly Committee on Urban and Local Affairs voted to recommend adoption of AA 1 by a vote of Ayes, 8; Noes, 0. The committee then voted to recommend adoption of the bill, as amended, by a vote of Ayes, 7; Noes, 1.

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