



Legislative Fiscal Bureau

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November 8, 2023

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Summary of Senate Amendment 1 to Assembly Bill 438, as Amended by Assembly Amendment 1

This memorandum provides a summary of Senate Amendment (SA) 1 to Assembly Bill (AB) 438, as amended by Assembly Amendment (AA) 1. Together with AB 439, as amended by AA 1, these bills would provide funding to a professional baseball stadium district ("District") to make improvements to baseball park facilities.

The following provisions are included in SA 1:

State Annual Contribution. As compared to AB 438, as amended by AA 1, SA 1 would reduce the state's annual contribution amount to the District by \$10,000,000, in lease years 21 and 22. Under AB 438, as amended, beginning in 2024, 22 consecutive annual payments from the state to the District would be required, with the final five annual payments not to exceed \$10,000,000 each. Under SA 1, 20 consecutive annual payments from the state to the District would be required, which results in three final annual payments of \$10,000,000 each (the amount due in lease year 20 is further reduced under a separate provision relating to the ticket surcharge). See the Attachment to this memorandum which shows the deposits required under SA 1 to AB 438, as amended by AA 1, and SA 1 to AB 439, as amended by AA 1.

Team Rent Payments. As compared to AB 438, as amended by AA 1, SA 1 would increase the total new and existing team rent payments by \$10,000,000, from a total of \$82,626,827 over the lease term, to \$92,626,827 over the lease term. As compared to AB 438, as amended by AA 1, SA 1 would increase the total new and existing team rent payments from a total of \$140,426,827 over the lease term, to \$150,426,827. Under AB 438, as amended by AA 1, the team would be required to make at least 27 annual payments in the amount of \$1,208,401 to the District beginning in 2024. SA 1 would continue to require the team to make 27 payments, but as follows: (a) 22 annual payments in the amount of \$1,208,401 to the District beginning in 2024; and (b) at least five annual rental payments in the amount of \$3,208,401 to the District beginning in 2046, of which the District

must deposit not less than \$2,000,000 of each payment into the baseball park facilities improvement segregated fund. See the Attachment to this memorandum which shows these \$2,000,000 annual payments as added to the "Team Rent Payments (New)" amounts due for 2046 through 2050.

Ticket Surcharge. Require the District board to require that the sponsor of an event, other than a baseball game involving a professional baseball team that uses the baseball park facilities as its home field, or an exhibition, "All Star," or other similar event involving professional baseball teams or representatives of other teams that are members of the same league as the professional baseball team that uses the facilities as its home field, held at the baseball park facilities of the District, impose the following ticket surcharges and deliver the surcharge moneys to the District board: (a) a \$2 surcharge for each ticket that is sold to the event; and (b) an \$8 surcharge for each ticket sold that entitles the holder to access a stadium luxury box or suite.

Specify that no ticket surcharge may be charged for any of the following categories of events: (a) events for which the sponsor is a professional baseball team that uses the baseball park facilities as its home field; (b) events that are not ticketed; (c) events for which tickets are provided at no charge; (d) events held to benefit or honor military or law enforcement or other emergency response personnel; (e) political conventions; (f) charitable events, (g) events for which tickets were made available for presale or sale before the effective date of the bill.

Ticket Surcharge Revenue and State Payment Reductions. Require the District board to deposit all ticket surcharge moneys into the baseball park facilities improvement segregated fund, and to annually certify to the secretary of Department of Administration (DOA) the amount of surcharge moneys received in the preceding year. Require that, beginning with the 20th annual state payment and working backward, the annual state payments scheduled to be made into the segregated fund be reduced by an amount equal to the amount of ticket surcharge moneys certified.

Baseball Park Facilities Improvement Segregated Fund Deposits. In addition to the deposits into the baseball park facilities improvement segregated fund required under AB 438, as amended by AA 1, SA 1 would require the following to also be deposited into the fund: (a) all ticket surcharge receipts; and (b) between 2046 and 2050, \$2,000,000 of each annual rental payment required to be paid by the team under a lease agreement, as specified in SA 1.

Loans to a Professional Baseball Stadium District. As compared to AB 438, as amended by AA 1, SA 1 would reduce the maximum loan amount available to the District by \$15,000,000, from a \$50,000,000 limit, to a \$35,000,000 limit. In addition, SA 1 would require the District to maintain all loan proceeds in a separate account in the baseball park facilities improvement segregated fund, and may expend the loan proceeds only for major capital repairs, retractable roof maintenance and repairs, and necessary improvements to the baseball park facilities. As passed by the Assembly, AB 438, as amended by AA 1, would require all loans to be deposited only into the baseball park facilities improvement segregated fund and the funds could be used to assist in the development, construction, improvement, repair, and maintenance of baseball park facilities.

Financial Audit Requirement. Require that the Legislative Audit Bureau, after the end of each fiscal biennium, concluding with the 2049-51 fiscal biennium, conduct a financial audit of a local

professional baseball park district. Require the Legislative Audit Bureau to file a copy of each audit report with the distributees specified under current law. Require the Legislative Audit Bureau to charge the District for the cost of the audit.

Contracting. Specify that the District not be precluded from entering into long-term performance or service contracts, capital leases, lease purchase agreements utilizing 3rd-party financing, or similar arrangements with respect to the equipping, repair, maintenance, or improvement of baseball park facilities. As passed by the Assembly, AB 438, as amended by AA 1, would limit the District's borrowing to the DOA loan allowed under the bill. SA 1 would clarify that certain long-term performance or service contracts be allowed. As passed by the Assembly, AB 438, as amended by AA 1, the remaining contracting requirements would continue to apply.

Redevelopment Report. Require the redevelopment report, as required under AB 438, as amended by AA 1, contain a recommendation supporting or opposing a potential payment in lieu of general property taxes for any development of the baseball park facilities of the District other than a baseball stadium. As passed by the Assembly, AB 439, as amended by AA 1, would require the District, in consultation with the City of Milwaukee, Milwaukee County, and the team, to study the feasibility of, and options for, the redevelopment of baseball park facilities of the district other than a baseball stadium and, not later than two years after the effective date of the bill, prepare a report summarizing the findings of the study.

District Governance. AB 438, as amended by AA 1, specifies that one of the appointees to the newly-created nine-member District board would be one person who may not be an employee of the state or the team, appointed by the Governor from a list provided by the team. SA 1 requires that the list contain the names of not fewer than three persons.

District Board Transition. Beginning on the effective date of the bill, require the DOA Secretary or the Secretary's designee to act as the District board for purposes of approving regular disbursements of the District. Specify that this provision does not apply after the appointment and qualification of a majority of the members of the District board.

RH/lb
Attachment

ATTACHMENT

**Fund Deposits and other Financial Commitments Required under SA 1 to AB 438,
as amended by AA 1, and SA 1 to AB 439, as amended by AA 1**

Baseball Park Facilities Improvement Segregated Fund Deposits

		State	Estimated	County	Estimate of	Estimate of	District	Team	Team		Team	Team-
		Contribution	Revenue From	Contribution	Annual City	District	Deposit	Capital	Rent	Total	Rent	Funded
Year		(New)*	Non-Brewers	(New)	Contribution	License	From	Contribution	Payments		Payments	Discretionary
			Event Ticket	(New)	Amounts	Plate Revenue	Treasury	(Existing)	(New)		(Existing)	Capital
			Surcharge		(New)	(Existing)	Assets	(Existing)				Projects (New)
Lease Signing	2023	\$60,800,000								\$60,800,000		\$50,000,000
Lease Year 1	2024	13,400,000	\$50,000	\$2,500,000	\$100,000	\$300,000	\$2,200,000	\$300,000	\$1,851,852	20,701,852	\$1,208,401	
Lease Year 2	2025	13,900,000	300,000	2,500,000	2,400,000	300,000	2,200,000	300,000	1,851,852	23,751,852	1,208,401	
Lease Year 3	2026	14,500,000	550,000	2,500,000	2,400,000	300,000	2,200,000	300,000	1,851,852	24,601,852	1,208,401	
Lease Year 4	2027	15,100,000	550,000	2,500,000	2,500,000	300,000	2,200,000	300,000	1,851,852	25,301,852	1,208,401	
Lease Year 5	2028	15,700,000	550,000	2,500,000	2,600,000	300,000	2,200,000	300,000	1,851,852	26,001,852	1,208,401	
Lease Year 6	2029	16,300,000	550,000	2,500,000	2,700,000	300,000	2,200,000	300,000	1,851,852	26,701,852	1,208,401	
Lease Year 7	2030	17,000,000	550,000	2,500,000	2,700,000	300,000	2,200,000	300,000	1,851,852	27,401,852	1,208,401	
Lease Year 8	2031	17,600,000	550,000	2,500,000	2,800,000	300,000	2,200,000	300,000	1,851,852	28,101,852	1,208,401	
Lease Year 9	2032	18,300,000	550,000	2,500,000	2,900,000	300,000	2,200,000	300,000	1,851,852	28,901,852	1,208,401	
Lease Year 10	2033	19,100,000	550,000	2,500,000	3,000,000	300,000	2,200,000	300,000	1,851,852	29,801,852	1,208,401	
Lease Year 11	2034	19,800,000	550,000	2,500,000	3,100,000	300,000	2,200,000	300,000	1,851,852	30,601,852	1,208,401	
Lease Year 12	2035	20,000,000	550,000	2,500,000	3,200,000	300,000	2,200,000	300,000	1,851,852	30,901,852	1,208,401	
Lease Year 13	2036	20,000,000	550,000	2,500,000	3,300,000	300,000	2,200,000	300,000	1,851,852	31,001,852	1,208,401	
Lease Year 14	2037	20,000,000	550,000	2,500,000	3,400,000	300,000	2,200,000	300,000	1,851,852	31,101,852	1,208,401	
Lease Year 15	2038	20,000,000	550,000	2,500,000	3,500,000	300,000	2,200,000	300,000	1,851,852	31,201,852	1,208,401	
Lease Year 16	2039	20,000,000	550,000	2,500,000	3,600,000	300,000	2,200,000	300,000	1,851,852	31,301,852	1,208,401	
Lease Year 17	2040	20,000,000	550,000	2,500,000	3,700,000	300,000	300,000	300,000	1,851,852	29,201,852	1,208,401	
Lease Year 18	2041	10,000,000	550,000	2,500,000	3,800,000	300,000	300,000	300,000	1,851,852	19,301,852	1,208,401	
Lease Year 19	2042	10,000,000	550,000	2,500,000	3,900,000	300,000	300,000	300,000	1,851,852	19,401,852	1,208,401	
Lease Year 20	2043**	850,000	550,000	2,500,000	4,000,000	300,000	300,000	300,000	1,851,852	10,351,852	1,208,401	
Lease Year 21	2044		550,000	2,500,000	4,100,000	300,000	300,000	300,000	1,851,852	9,601,852	1,208,401	
Lease Year 22	2045		550,000	2,500,000	3,800,000	300,000	300,000	300,000	1,851,852	9,301,852	1,208,401	
Lease Year 23	2046		550,000	2,500,000		300,000	300,000	300,000	3,851,852	7,501,852	1,208,401	
Lease Year 24	2047		550,000	2,500,000		300,000	300,000	300,000	3,851,852	7,501,852	1,208,401	
Lease Year 25	2048		550,000	2,500,000		300,000	300,000	300,000	3,851,852	7,501,852	1,208,401	
Lease Year 26	2049		550,000	2,500,000		300,000	300,000	300,000	3,851,852	7,501,852	1,208,401	
Lease Year 27	2050		550,000	2,500,000		300,000		300,000	3,851,852	7,501,852	1,208,401	
TOTAL		\$382,350,000	\$14,100,000	\$67,500,000	\$67,500,000	\$8,100,000	\$35,200,000	\$8,100,000	\$60,000,000	\$642,850,000	\$32,626,827	\$50,000,000

* Does not reflect State GPR-Earned reductions associated with the reduction in DOR's administrative fee from 1.75% to 0.75%. Also does not reflect any state loan potentially made to the District, as provided under the bill.

** State contribution amounts in this year reflect reductions due to the amount of ticket surcharge moneys received under SA 1, starting in lease year 20, and working backward.

*** Assumes a \$2 surcharge on each paid regular admission ticket and a \$8 surcharge on each paid suite admission ticket. Assumes that the surcharge would apply to 26,500 tickets sold in 2024, 137,000 tickets sold in 2025, and 243,000 tickets sold annually between 2026 and 2050. Amounts collected after lease year 19 are not reflected in state contribution amounts.