

PROFESSIONAL BASEBALL PARK DISTRICT

Budget Change Items

1. GRANT TO A PROFESSIONAL BASEBALL PARK DISTRICT AND DISTRICT POWERS

Governor: Require the Department of Administration (DOA) to award a grant, in the amount of \$290,000,000, to a local professional baseball park district, as defined under current law. Provide \$290,000,000, in 2023-24, to a newly-created continuing appropriation under DOA, to assist in the development, construction, improvement, repair, and maintenance of baseball park facilities.

Specify that DOA may not award a grant under this provision unless the DOA Secretary determines that all of the following apply: (a) the District has entered into a lease arrangement for a term that expires not earlier than December 31, 2043, with a professional baseball team that uses baseball park facilities specified in the lease as its home facilities; (b) the District has entered into a nonrelocation agreement with the professional baseball team, in a form satisfactory to the Secretary, that requires the professional baseball team to play substantially all of its home games at the baseball park facilities, and prohibits the professional baseball team from relocating while the lease term is in effect; (c) the District has entered into an agreement with the professional baseball team, in a form satisfactory to the DOA Secretary, that requires the professional baseball team, or a third party on the professional baseball team's behalf, to make expenditures relating to or in connection with the baseball park facilities during the lease term, in an agreed upon amount satisfactory to the DOA Secretary; and (d) the District has agreed to provide on an ongoing basis to the Department, the Legislative Fiscal Bureau, and the Legislative Audit Bureau, all baseball park facilities project reports and all financial reports of the District. Provide that no grant moneys awarded may be used to retire debt of the local professional baseball park district.

Require a professional baseball park district to establish and maintain a facilities enhancement fund that consists of all moneys received from the Department of Administration (DOA) from the \$290,000,000 grant to the District. Specify that the District may use moneys deposited in the fund solely for purposes related to the development, construction, improvement, repair, and maintenance of baseball park facilities. Prohibit moneys deposited in the fund to be used for the securitization or retirement of bonds. Specify that if any monies remains in the fund after the District lease is no longer in effect, the District board must return the amount to DOA.

Modify the definition of "baseball park facilities" under current law to specify that such a facility is principally for the support or performance of professional baseball operations, instead of principally for professional baseball. Under current law, "baseball park facilities" is defined as property, tangible or intangible, owned in whole or in substantial part, operated or leased by a

district that is principally for professional baseball including parking lots, garages, restaurants, parks, concession facilities, entertainment facilities, and transportation facilities, and other functionally related or auxiliary facilities or structures. Modify the current reference to local professional baseball park facilities as a public utility under municipal law for DOA project management, construction, and engineering assistance, to instead reference "baseball park facilities".

District Dissolution. Modify current law regarding when a district may dissolve to include the expiration or termination of all lease arrangements between the District and a professional baseball team with respect to the baseball park facilities. Under current law, a district may dissolve subject to providing for the payment of its bonds, including interest on the bonds, and the performance of its other contractual obligations, by action of the District board. Include the state as a party to whom the property of the District must be transferred upon dissolution of the District. Under current law, this property may only be transferred to counties within the District. Require that the state apportion and distribute property transferred under this provision among the state and the counties in the jurisdiction of the District, based on the tax revenues derived from each county and the \$290,000,000 grant to be made by the state under the bill, as determined by the DOA Secretary.

Majority Vote Requirement. Provide that, in connection with baseball park facilities and any baseball park development, a majority vote of the District board would be required to enter into any lease of property, instead of a supermajority vote as required under current law. For the definition of "baseball park development" as specified under the bill, see the following summary item "Expand Property Tax Exemption to Include Non-Baseball Park Facilities of a Professional Baseball Team".

Sublease Authority. Specify that a district may, in connection with baseball park facilities and any baseball park development, and in addition to powers already provided for under current law, authorize the sublease of property. For the definition of baseball park development as specified under the bill, see the following summary item "Expand Property Tax Exemption to Include Non-Baseball Park Facilities of a Professional Baseball Team". Under current law, a district may, in connection with baseball park facilities, acquire; lease, as lessor or lessee; use; or transfer property.

Team Approval of Contract Standards. Specify that when a district enters into contracts, which are subject to certain standards as may be established by the District board as provided under current law, that these standards may include approval by a professional baseball team pursuant to the terms of a lease with the District.

District Investment Authority. Provide that a local professional baseball park district may delegate the investment authority over any funds held in trust to an investment manager who is registered as an investment adviser under the federal Investment Advisers Act of 1940. Specify that a local professional baseball park district be excluded from the types of local governmental entities that may invest any of its funds not immediately needed in any of the following: (a) time deposits in any credit union, bank, savings bank, trust company, or savings and loan association which is authorized to transact business in this state, (b) bonds or securities issued or guaranteed

as to principal and interest by the federal government, or by a commission, board or other instrumentality of the federal government; (c) bonds or securities of any county, city, drainage district, technical college district, village, town, school district of this state, or certain other special districts and authorities; (d) certain securities which mature or which may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired; and (e) certain securities of an open-end management investment company or investment trust.

Statement of Public Purpose. Specify that the Legislature finds and determines that baseball park facilities encourage economic development and tourism in this state, reduce unemployment in this state, preserve business activities within this state, generate additional tax revenues that would not exist without the baseball park facilities, and bring needed capital into this state for the benefit and welfare of people throughout the state. Provide that it is in the public interest and serves a statewide public purpose, and it is the public policy of this state, to assist a local professional baseball park district in the development, construction, improvement, repair, and maintenance of baseball park facilities. Further, add the provision of any appropriation or grant of funds to a District to the existing list of assistance that the legislature determines serves a statewide public purpose, by assisting the development, construction, improvement, repair, and maintenance of a professional baseball park facilities in the state for providing recreation, by encouraging economic development and tourism, by preserving business activities within the state, by generating additional tax revenues that would not exist without the baseball park facilities, by reducing unemployment, and by bringing needed capital into the state for the benefit and welfare of people throughout the state.

Eliminate District Sales and Use Tax Provisions. Effective April 30, 2024, eliminate the District's authority to impose a sales tax and a use tax. Although the 0.1% District sales and use tax has ended and the District Board is not be permitted to reinstate the tax under current law, there are a number of provisions under current law which reference the public purpose, creation, imposition, administration, termination, excess revenue distributions, and other provisions associated with the District sales and use tax. The bill would delete these provisions from law, effective April 30, 2024.

Effective January 1, 2025, repeal the current law provision allowing the Department of Revenue (DOR) to issue assessments or act on refund claims after the end of the calendar year that is four years after the year in which a District tax has terminated. Current law requires that the termination date of the five-county sales tax be the last day of the fiscal quarter in which the District certifies the end of the tax to DOR. The District certified full funding of the reserves necessary to meet District maintenance, capital improvement obligations, and principal and interest on its debt obligations, by a Board resolution dated March 10, 2020, and the sales tax was terminated effective March 31, 2020.

Effective April 30, 2024, provide that the District would continue to receive revenues into an existing district revenues appropriation account, modified to eliminate references to the rescinded district sales and use tax collections but retain provision providing for the receipt of monies from the sale of Brewers license plates.

Other Provisions. Define "professional baseball team" to mean a baseball team that is a

member of a league of professional baseball teams that have home stadiums approved by the league in at least 10 states and a collective average attendance for all league members of at least 10,000 persons per game over the five years immediately preceding the effective date of the bill. Delete all references to "major league professional baseball team" and "major league professional baseball club" under current law and, instead, use term "professional baseball team".

Expand the definition for the types of gifts and donations that a district board is required to solicit to include donations for the development, improvement, repair, and maintenance of baseball park facilities.

Specify that a district's jurisdiction is any county with a population of more than 600,000 (Milwaukee) that is the site of baseball park facilities that are home to a professional baseball team and all counties that are contiguous to that county. Under current law, a district's jurisdiction is, in part, defined as any county with a population of more than 600,000 and all counties that are contiguous to that county.

Specify that, among the powers granted to a city or a county in a district, is the power to grant land or other property to the state, to be used for baseball park facilities or baseball park development. Under current law, this district power was reserved for grants of land to the state to be used for a professional baseball park.

1995 Wisconsin Act 56 created a local professional baseball park district for the construction and operation of a new baseball stadium for the Milwaukee Brewers. The Southeast Wisconsin Professional Baseball Park District is made up of five counties: Milwaukee, Ozaukee, Racine, Washington, and Waukesha. The District is governed by a 13-member board, appointed as follows: six persons appointed by the Governor; one person appointed by the Mayor of the City of Milwaukee; two people appointed by the Milwaukee County Executive; one person appointed by the Racine County Executive; one person appointed by the Waukesha County Executive; one person appointed by the Chairperson of the Ozaukee County Board of Supervisors; and one person appointed by the Chairperson of the Washington County Board of Supervisors.

The total amount of sales and use tax revenue retained by the District through the entire period when the tax was collected (January, 1996, through March, 2020) was \$609.0 million.

[Bill Sections: 84, 155, 483, 539, 1213, 1215, 1611 thru 1614, 1617, 1619, 1621, 1623, 1625, 1627, 1638, 1639, 2464, 2465, 2467 thru 2478, 2480 thru 2485, 2498 thru 2501, 2733, and 9437(8)]

2. EXPAND PROPERTY TAX EXEMPTION TO INCLUDE NON-BASEBALL PARK FACILITIES OF A PROFESSIONAL BASEBALL TEAM

Governor: Expand the current law property tax exemption for sports and entertainment home stadium facilities to include any property that constitutes baseball park development. Define "baseball park development" to mean property, other than baseball park facilities, tangible or intangible, operated by a professional baseball team on real estate leased or subleased from a district that is part of the operations of the professional baseball team for any legally permissible

use, including retail facilities, hospitality facilities, commercial and residential facilities, health care facilities, and any other functionally related or auxiliary facilities or structures. Provide that this exemption first applies to property tax assessments as of January 1, 2024.

Under current law, property exempted from general property taxes includes property consisting of or contained in a sports and entertainment home stadium, except a football stadium of a professional football team as defined under current law; including but not limited to parking lots, garages, restaurants, parks, concession facilities entertainment facilities, transportation facilities, and other functionally related or auxiliary facilities and structures, including those facilities and structures while they are being built; constructed by, leased to or primarily used by a professional athletic team that is a member of a league that includes teams that have home stadiums in other states, and the land on which that stadium and those structures and facilities are located. Current law specifies that leasing or subleasing the property; regardless of the lessee, the sublessee and the use of the leasehold income; does not render the property taxable.

[Bill Sections: 1282, 2466, and 9337(14)]

3. SALES TAX EXEMPTION FOR LOCAL PROFESSIONAL BASEBALL PARK DISTRICTS

Governor: Provide an exemption from the general sales and use tax for sales to a local professional baseball park district established under state law (which would be modified and expanded under the bill). The Administration estimates that this provision would have a minimal effect on general fund tax collections. Separate provisions of the bill would make various changes to professional baseball park districts. [For more information, see "General Fund Taxes -- General Sales and Use Taxes".]

[Bill Section: 1590]

4. SALES TAX EXEMPTION FOR IMPROVEMENTS TO BASEBALL PARK DISTRICTS AND DEVELOPMENTS

Governor: Provide an exemption from the general sales and use tax for sales of building materials used to construct, develop, improve, renovate, repair, or maintain property that constitutes a baseball park development, as created and defined under separate provisions of the bill. Such baseball park development property would include property operated by a professional baseball team, including the following facilities: (a) retail; (b) hospitality; (c) commercial and residential; (d) health care; and (e) any others that are functionally related or auxiliary.

Expand the current law exemption from the sales and use tax to include sales of building materials used to improve, repair, or maintain a home stadium for any professional athletic team participating in a multistate league that is exempt from property taxation (including baseball park development property). Under current law, sales of building materials to owners, contractors, subcontractors, or builders, if these materials are used solely to construct, develop, or renovate a home stadium for any professional athletic team participating in a multistate league are exempt from the sales and use tax. This provision would expand that exemption to also include sales of

building materials used for improvements, repairs, or maintenance of such stadiums.

The Administration estimates that this provision would have a minimal effect on general fund tax collections. [For more information, see "General Fund Taxes -- General Sales and Use Taxes ".]

[Bill Sections: 1282, 1595, and 2466]