

# DEPARTMENT OF TAXATION

## 2001 Fiscal Impact Statement

1. **Patron** Whipple

3. **Committee** Passed House and Senate

4. **Title** Major League Baseball Stadium Authority:  
Entitlement of Tax

2. **Bill Number** SB 793

**House of Origin:**

           **Introduced**

           **Substitute**

           **Engrossed**

**Second House:**

           **In Committee**

           **Substitute**

  X   **Enrolled**

**5. Summary/Purpose:**

This bill would extend the sunset date of the 1997 amendments to the Virginia Baseball Stadium Authority from January 1, 2002 to January 1, 2005. These amendments included the establishment of income tax and local option admission surcharge entitlements, and the clarification of sales and use tax and local option admissions tax entitlements.

The effective date of this bill is not specified.

**6. Fiscal Impact Estimates are:** Unknown. See Line 8.

**7. Budget amendment necessary:** No.

**8. Fiscal implications:**

The General Fund revenue impact of this bill is unknown because the compensation, sales, and profit generated by entities that would do business at a Major League Baseball stadium are not known. The department would incur minimal administrative costs to administer this bill.

**9. Specific agency or political subdivisions affected:**

The Virginia Baseball Stadium Authority  
Department of Taxation  
State Comptroller  
Any locality with a Major League Baseball stadium

**10. Technical amendment necessary:** None.

## **11. Other comments:**

### **Background**

In 1992, the General Assembly created the Virginia Baseball Stadium Authority (the "Authority") to facilitate the attraction and operation of a Major League Baseball franchise. If approved by the State Treasurer, bonds issued by the Authority could be backed by the full faith and credit of the Commonwealth. To assist in the financing of this purpose, in 1995, the General Assembly granted the Authority entitlement to state sales tax revenues generated by transactions occurring at a minor league or Major League Baseball stadium. At this same time, localities in which a stadium is located were given an option to elect to give designated local sales and admissions taxes to the Authority.

In 1997, the General Assembly enacted legislation to focus financing from both major and minor league stadiums to a Major League Baseball stadium. The Authority was also granted entitlements to individual and corporate income tax revenues generated by activities that would occur at a Major League Baseball stadium. In addition, a locality could impose an admissions surcharge up to 2% on the ticket price for admission to the Major League Baseball stadium to be remitted to the Authority.

In conjunction with the additional entitlements, the 1997 changes eliminated state support for bonds issued by the Authority. These legislative changes were made contingent on the Authority signing a lease with a Major League Baseball team on or before January 1, 2002.

### **Proposed Legislation**

This bill would extend the applicability of the 1997 amendments by allowing the Authority until January 1, 2005, to enter into a lease with a Major League Baseball team.

### **Other Legislation**

**House Bill 1602** is identical to this bill.

**House Bill 1603** and **Senate Bill 794** would extend the sunset date for enacting local admissions taxes and surcharges on events held at a Major League Baseball stadium from January 1, 2002, to January 1, 2005. The authority to levy these local taxes and surcharges will expire on January 1, 2005, unless, before that time, the Virginia Baseball Stadium Authority has executed a lease with a major league baseball team.

cc: Secretary of Finance

Date: 3/23/01/DTM

Document: S:\2001leg\WorkInProgress\OTPwork\Senate Bills\SB793FER161.doc