

**DEPARTMENT OF TAXATION
2004 Fiscal Impact Statement**

1. Patron Vincent F. Callahan, Jr.

3. Committee House Finance

4. Title Virginia Baseball Stadium Authority

2. Bill Number HB 50

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would extend the sunset date of the 1997 amendments to the Virginia Baseball Stadium Authority from January 1, 2005 to January 1, 2008. 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: Not Available. (See Line 8.)

7. Budget amendment necessary: No.

8. Fiscal implications:

The General Fund revenue impact of this bill is unknown as the compensation, sales, and profit generated by entities that would do business at a Major League Baseball stadium are unknown. 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. These provisions were previously extended to January 1, 2005 by the General Assembly in 2001.

Proposed Legislation

This bill would extend the applicability of the 1997 amendments by allowing the Authority until January 1, 2008, to enter into a lease with a Major League Baseball team.

Other Legislation

House Bill 218 would sunset the General Assembly's 1997 amendments to the Virginia Baseball Stadium Authority's entitlements to certain taxes effective July 1, 2004.

House Bill 219 would require that the governing body of the locality where a stadium is proposed to make a determination as to whether the proposed facility should be built with in the locality. If the locality determines not to allow a stadium to be built, the bill would prevent the Virginia Baseball Stadium Authority from, directly or indirectly, exercising its powers to establish a facility in that locality. The bill would make the entitlement of the BPOL tax generated from the development, construction or operation of a major league baseball stadium subject to a local option for all or portion of the revenues. In addition, the locality in which the stadium is located would be able to direct, all or a portion of the BPOL tax generated on the premises of the stadium to the Authority. The bill would also require the Governor to select four members of the Authority from a list of names provided by the locality in which a stadium is proposed and clarify that the property for the construction of a stadium could not be acquired by condemnation.