

Government of the District of Columbia
Office of the Chief Financial Officer

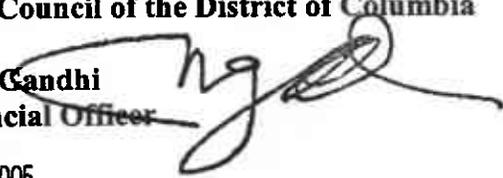


Natwar M. Gandhi
Chief Financial Officer

RECEIVED
2005 APR 15 PM 1:08
CHAIRMAN CROPP

MEMORANDUM

TO: The Honorable Linda W. Cropp
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer 

DATE: APR 14 2005

SUBJECT: Fiscal Impact Statement: "Major Sports Exhibition and
Tournament Attraction and Arena Fee Clarification Act of
2005"

REFERENCE: Bill Number 16-141 as Introduced

Conclusion

The proposed legislation will be subject to inclusion in an approved budget and financial plan. Funds have not been appropriated and allocated for the purposes of implementing the provisions of the proposed legislation. The proposed legislation would result in unbudgeted reductions in local General Fund revenue of approximately \$600,000 beginning in FY 2005 and \$5.4 million in FY 2005 through FY 2009. Unbudgeted revenue reductions may be made as long as the District's budget and financial plan remains in balance.

Background

The proposed legislation exempts real property and improvements to real property in Square 455 used as a sports and entertainment arena from real property taxation. In addition, the proposed legislation excludes from sales and use taxation tickets sold for major professional and amateur sports exhibitions and tournaments.

Financial Plan Impact

Funds have not been appropriated for the purposes of implementing the bill's provisions. District resources could be made available to implement the provisions of the proposed legislation.

The fiscal impact of exempting tickets to major sports exhibitions and tournaments from District sales and use tax is estimated to be approximately \$600,000 in District revenue for each sold-out event at a venue such as the MCI Center. Assuming two such multi-day events per year, the revenue reduction would be \$1.2 million annually. The table in Figure 1 presents the revenue reductions as they would impact the current financial plan.

Figure 1

Estimated Reductions in Sales Tax Revenue					
<i>(\$ in millions)</i>					
FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	5 - Year Total
\$0.6 ¹	\$1.2	\$1.2	\$1.2	\$1.2	\$5.4

¹ FY 2005 projection represents the third and fourth quarters of the year.