

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer

Natwar M. Gandhi
Chief Financial Officer



MEMORANDUM

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

FROM: Natwar M. Gandhi
Chief Financial Officer

DATE: June 11, 2003

SUBJECT: Fiscal Impact Statement: "Ballpark Revenue Act of 2003"

REFERENCE: Bill 15-282 as Introduced

Conclusion

Funds are sufficient in the FY 2003 budget and the proposed FY 2004 through FY 2007 budget and financial plan as agreed to by the Mayor and the Council of the District of Columbia to implement the Ballpark Revenue Act of 2003. The proposed legislation will have no impact on the General Fund. However, if Major League Baseball chooses to move a baseball team to the District and if the District constructs a ballpark in which the team can play, then the provisions in the proposed legislation are expected to raise between \$13.14 million and \$18.8 million per year for FY 2004 through FY 2007 that will be deposited into a dedicated Ballpark Revenue Fund.

Background

The Ballpark Revenue Act of 2003 creates a Ballpark Revenue Fund within the General Fund as a special non-lapsing account into which certain fees and taxes are to be paid. This Ballpark Revenue Fund is to be used to support the costs of the development, construction, or renovation of a stadium or arena after January 1, 2003, that has as its primary purpose the hosting of professional athletic team events in the District of Columbia.

The proposed legislation imposes a sales tax of 10 percent at the point of sale within the District of Columbia on tickets to certain events at the ballpark and also sets 10 percent as the sales tax rate for tangible personal property and other services at the ballpark. The exception is the tax on parking, which remains at its current rate of 12 percent. All

revenue raised from taxes related to the performance of baseball at the ballpark will be deposited in the Ballpark Revenue Fund.

In addition, the proposed legislation establishes a fee schedule for a gross receipts fee to be paid by businesses in the District of Columbia with gross receipts of \$3 million or more. Revenue raised from this fee is to be deposited in the Ballpark Revenue Fund. The Mayor is granted authority to increase the fee rates if the amount estimated to be collected in the current fiscal year is less than \$9 million.

Financial Plan Impact

The Office of the Chief Financial Officer (OCFO) has estimated projected tax revenue at the ballpark based on a set of assumptions about attendance levels and fan spending. The proposed legislation sets a floor of \$9 million for the Ballpark Fee. This \$9 million floor is therefore used as the estimate for revenue raised through the fee.

The amount of sales tax revenues that can be expected from game-related activities depends upon the number of fans that come to the games, and attendance depends in large part on team performance. Based on a regression analysis, the OCFO estimates that annual tax revenues to the District from the ballpark will range between \$4.14 million and \$9.8 million.

Therefore, the provisions in the proposed legislation can be expected to generate between \$13.14 million and \$18.8 million per year for FY 2004 through FY 2007 for the Ballpark Revenue Fund.

Impact to the Ballpark Revenue Fund				
FY 2004	FY 2005	FY 2006	FY 2007	4-Year Total
\$13.14-\$18.8M	\$13.14-\$18.8M	\$13.14-\$18.8M	\$13.14-\$18.8M	\$52.56-\$75.2M