HB 233

Department of Fiscal Services

Maryland General Assembly

FISCAL NOTE

House Bill 233 (Delegate Bissett)
Appropriations

Football Stadium at Camden Yards - Amortized Sale of Permanent Seat Licenses

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This bill requires that permanent seat licenses for the football stadium at Camden Yards in Baltimore City be offered for sale or sold only on an amortized basis over the full term of the applicable lease for use of the stadium.

The bill is effective June 1, 1996.

Fiscal Summary

State Effect: Assuming that the Baltimore stadium is not built, during FY 1996-2000, special fund revenues could decrease by $105 million, and special fund expenditures could decrease by $220 million. Additionally, special fund expenditures would decrease by approximately $6.2 million annually during FY 2001-2026 because of reduced debt service requirements. If the stadium is built, up to $5 million in special funds expected up front for stadium construction costs will be realized over a 30-year period.

Local Effect: Assuming that the Baltimore stadium is not built, Baltimore City revenues could decrease by $622,500 annually, beginning in FY 1999. Expenditures could decrease by an indeterminate amount.

Fiscal Analysis

State Revenues: The permanent seat licenses (PSL) are expected to generate $80 million. The team formerly known as the Browns is entitled to the first $75 million, and up to $5 million will be put towards the construction of the new stadium. The team's $75 million will be used for expenses incurred in relocating the team to Baltimore, including payment to the National Football League (NFL), payments on leases and indebtedness on facilities in

Cleveland, moving expenses, and construction of a training complex. If the PSL's are amortized over the 30-year length of the lease, these funds will not be available in accordance with the terms of the lease. In this case, it is possible that the football stadium at Camden Yards in Baltimore City will not be constructed.

The State has committed a total of $220 million of expenditures toward construction of a new football stadium over the next five years. The new football stadium at Camden Yards in Baltimore City will be financed by the MSA and will cost the State $200 million for land acquisition, design, construction management, and construction, plus $20 million for debt service (fiscal 1996-2000). As reflected in **Exhibit 1**, the stadium will be constructed over a five-year period (fiscal 1996-2000) with a combination of revenue bonds, lottery proceeds, and other sources, such as interest earnings, MSA operating revenues, and permanent seat license (PSL) fees.

Exhibit 1
Funding Sources for the Baltimore City Football Stadium
FY 1996 - FY 2000

	With Stadium	Without Stadium
Net Financing Proceeds		
Revenue bonds, FY 1996	$ 86,252,000	$0
Scoreboard, FY 1998	4,640,000	0
Lottery Proceeds		
Balance as of June 30, 1995	2,800,000	2,800,000
FY 1996	20,000,000	20,000,000
FY 1997-2000*	64,289,000	64,289,000
Savings from Refinancing Baseball Bonds	15,500,000	15,500,000
Other Revenues		
Seat license fees	5,000,000	0
Football admissions tax (FY 99-00)	5,055,000	0
Interest on construction bonds	4,029,000	0
Stadium Authority funds	12,435,000	12,345,000
Total Revenues	$220,000,000	$115,024,000

* Includes $20 million for FY 1997-FY 2000 debt service requirements on the football stadium bonds.

If the Baltimore City football stadium was not built, $90.9 million of MSA bonds would not be issued, and $14.1 million of revenue from seat license fees, football admissions tax, and interest on construction funds would not be generated. This would leave $87.1 million of lottery revenues (including $20 million for debt service on the football stadium bonds for the five-year period), $12.4 million of stadium operating funds, and $15.5 million of savings from the refinancing of baseball bonds which could be used for other purposes.

Exhibit 2 shows the total changes in revenues and expenditures that would result from the prohibition of the stadium during fiscal 1996-2000. By canceling State funding for the football stadium, the State would save $115 million during fiscal 1996-2000. Additionally, special fund expenditures would decrease by approximately $6.2 million annually during fiscal 2001-2026 because of reduced debt service requirements.

Exhibit 2
Revenue and Expenditure Effect of HB 233
Cumulative FY 1996-FY 2000
(In thousands)

	Amount
Stadium Financing Fund Revenues	
Seat license fees	$ (5,000)
A&A Tax	(5,055)
Interest Earnings	(4,029)
Bond proceeds	(90,892)
	(104,976)
Stadium Financing Fund Expenditures	
Baltimore City Stadium	(200,000)
Baltimore City Football Debt Service	(20,000)
	(220,000)
Net Effect	$115,024

Exhibit 3 (attached) shows the Stadium Financing Fund cash flow for fiscal 1996 both with and without the Baltimore football stadium. As the exhibit shows, the fund ended fiscal 1995 with a balance of $24.3 million. If a football stadium was not built, the fund would have a balance of $43.1 million on July 1, 1996, the effective date of this bill. In accordance with the fiscal 1996 budget, $20 million would be transferred to school construction if a stadium is not built. After this distribution, approximately $23.1 million would remain in the fund.

Local Effect: Baltimore City expects to receive $622,500 annually in admissions and amusement tax revenue (plus inflationary increases) beginning in fiscal 1999 (fall 1998 football season). If the stadium was not built, these revenues would not be generated. If the stadium is built, the city could experience increased expenditures due to operation of the stadium, such as police, traffic control, and public works. The prohibition of a football stadium would eliminate these potential expenditures.

Information Source(s): Maryland Stadium Authority, Maryland Department of Transportation, Department of Fiscal Services

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