

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 635 (Senator Boozer, et al.)
Budget and Taxation

Admissions and Amusement Tax Revenue - Professional Football Stadiums in Prince George's County

This bill changes the distribution of admissions and amusement tax revenue generated by the proposed new Redskins Stadium in Prince George's County. Under this bill, 80% of the revenues are to be deposited in the State's Transportation Trust Fund and the remaining 20% are distributed to Prince George's County. After a cumulative total of \$48 million has been deposited into the Transportation Trust Fund, the State's 80% portion of the revenues is to be deposited into the general fund. After a cumulative total of \$25 million has been deposited into the general fund, all admissions and amusement tax revenue collected from the stadium is to be distributed to Prince George's County.

The bill is effective July 1, 1996.

Fiscal Summary

State Effect: Assuming a 10% admissions and amusement tax rate is applied by Prince George's County, Transportation Trust Fund revenues could increase by \$2.33 million in FY 1998. Future year estimates reflect annualized tax collections and inflation. General fund revenues would increase during FY 2008-2012.

(in millions)	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
TTF Revenues	\$0.00	\$2.33	\$4.17	\$4.30	\$4.43
TTF Expenditures	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Net Effect	\$0.00	\$2.33	\$4.17	\$4.30	\$4.43

Note: () - decrease; GF - general funds; FF - federal funds; SF - special funds; TTF - Transportation Trust Fund

Local Effect: Prince George's County revenues could decrease by \$2.33 million in FY 1998 and \$4.17 million in FY 1999. The loss would grow by approximately 3% annually until FY 2012.

Fiscal Analysis

State Revenues: Under current law, all admissions and amusement tax revenue generated by the proposed Redskins Stadium would be distributed to Prince George's County (net administrative costs of the State). By redistributing the revenue, this bill could increase Transportation Trust Fund revenues through fiscal 2008, and it could increase general fund revenues during fiscal 2008-2012, as demonstrated in **Exhibit 1** (attached). The estimates reflected in Exhibit 1 are based on the following assumptions.

- Prince George's County will impose a 10% admission and amusement tax on ticket sales at Redskins Stadium.
- The first football season in the new stadium will be in fiscal 1999 (fall 1998). If, however, the stadium is ready for the 1997 season, estimates should be adjusted by one year.
- It is expected that \$30 million of advanced ticket sales will occur in fiscal 1998.
- Ticket sales for fiscal 1999 will total \$53.77 million. This amount will increase by 3% annually.
- After deducting State operating expenses (3%), admissions and amusement tax revenues will equal \$2.91 million in fiscal 1998 (advanced ticket sales only) and \$5.22 million in fiscal 1999 (annualized ticket sales).

As Exhibit 1 shows, the increased Transportation Trust Fund revenues would occur only in fiscal 1998-2008 and the increased general fund revenues would occur only in fiscal 2008-2012. After a total of \$73 million have been distributed to the State (\$48 million to the Transportation Trust Fund + \$25 million to the general fund), all admissions and amusement tax revenue would again be distributed to Prince George's County.

Local Revenues: Prince George's County revenues would decrease yearly, as demonstrated in Exhibit 1, in accordance with the assumptions listed above. As Exhibit 1 shows, the decreased revenues would occur only in fiscal 1998-2012. After \$73 million have been distributed to the State (fiscal 2012), all admissions and amusement tax revenue would be distributed to Prince George's County.

Information Source(s): Office of the Comptroller (Compliance Division), Department of Fiscal Services

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