

Multiple Agency Fiscal Note Summary

Bill Number: 5572 SB	Title: Minor league baseball
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Estimated Cash Receipts

Agency Name	2005-07		2007-09		2009-11	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of State Treasurer	0	(6,120,000)	0	(6,619,400)	0	(7,159,600)
Total \$	0	(6,120,000)	0	(6,619,400)	0	(7,159,600)

Local Gov. Courts *						
Local Gov. Other **	Non-zero but indeterminate cost. Please see discussion.					
Local Gov. Total						

Estimated Expenditures

Agency Name	2005-07			2007-09			2009-11		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
State Lottery	.0	0	0	.0	0	0	.0	0	0
Total	0.0	\$0	\$0	0.0	\$0	\$0	0.0	\$0	\$0

Local Gov. Courts *									
Local Gov. Other **									
Local Gov. Total									

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Prepared by: Tristan Wise, OFM	Phone: 360-902-0546	Date Published: Final 2/21/2005
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

Individual State Agency Fiscal Note

Bill Number: 5572 SB	Title: Minor league baseball	Agency: 090-Office of State Treasurer
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND	FY 2006	FY 2007	2005-07	2007-09	2009-11
Minor League Baseball Account-State NEW-1	(3,000,000)	(3,120,000)	(6,120,000)	(6,619,400)	(7,159,600)
Total \$	(3,000,000)	(3,120,000)	(6,120,000)	(6,619,400)	(7,159,600)

Estimated Expenditures from:

	FY 2006	FY 2007	2005-07	2007-09	2009-11
Fund					
Total \$					

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 01/31/2005
Agency Preparation: Dan Mason	Phone: 360-902-9090	Date: 02/01/2005
Agency Approval: Dan Mason	Phone: 360-902-9090	Date: 02/01/2005
OFM Review: Deborah Feinstein	Phone: 360-902-0614	Date: 02/02/2005

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

SB 5572 creates the minor league baseball account. Earnings from investments will be credited to the general fund.

Earnings from investments:

The amount of earnings by an account is a function of the average daily balance of the account and the earnings rate of the investment portfolio. The average daily balance is a function of the beginning balance in the account and the timing & amount of receipts, disbursements, & transfers during the time period in question. Accordingly, even with a beginning balance of zero, two accounts with the same overall level of receipts, disbursements, and transfers can have different average balances, and hence differing earnings.

There will be an impact to the earnings; however, the actual earnings will be determined more by the impact to the average daily balance than the amount of increases or decreases in receipts, disbursements, and transfers. Currently, estimated earnings are indeterminable. Without projected monthly estimates of receipts, disbursements, and transfers, OST is unable to estimate the changes to the average balance of the account and the impact to earnings.

Based on the November 2004 Revenue Forecast, the net rate for estimating earnings for FY 05 is 1.70%, FY 06 is 2.72%, and FY 07 is 2.99%. Approximately \$17,000 in FY 05, \$27,200 in FY 06, and \$29,900 in FY 07 in net earnings and \$5,000 in OST management fees would be gained or lost annually for every \$1 million increase or decrease in average daily balance.

Debt Limit:

There will be an impact on the Debt Service Limitation calculation. Any increase to the earnings credited to the general fund will increase, by an equal amount, General State Revenues.

Also, SB 5572 directs an annual distribution to a governmental agency responsible for the operation of a minor league baseball stadium.

Assumptions:

1. The lottery commission will budget and account for the deposit in the minor league baseball account from the state lottery account, a local fund.
2. The distribution as provided in section 2 of the bill will be a state revenue for distribution reduction of minor league baseball account revenues.
3. Three million dollars will be distributed during FY 06.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

SB 5572 creates the minor league baseball account. Earnings from investments will be credited to the general fund.

Also, SB 5572 directs an annual distribution to a governmental agency responsible for the operation of a minor league baseball stadium.

Assumptions:

1. The lottery commission will budget and account for the deposit in the minor league baseball account from the state lottery account, a local fund.
2. The distribution as provided in section 2 of the bill will be a state revenue for distribution reduction of minor league baseball account revenues.

3. Three million dollars will be distributed during FY 06.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years					
Total:					

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 5572 SB	Title: Minor league baseball	Agency: 116-State Lottery Commission
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND	FY 2006	FY 2007	2005-07	2007-09	2009-11
Education Construction Account-State 253-1	(3,000,000)	(3,120,000)	(6,120,000)	(6,619,400)	(7,159,600)
Minor League Baseball Account-State NEW-1	3,000,000	3,120,000	6,120,000	6,619,400	7,159,600
Total \$					

Estimated Expenditures from:

	FY 2006	FY 2007	2005-07	2007-09	2009-11
Fund					
Total \$					

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
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- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 01/31/2005
Agency Preparation: Lyn Matson	Phone: 360-664-4804	Date: 01/31/2005
Agency Approval: Julie Martin	Phone: 360-664-4807	Date: 02/03/2005
OFM Review: Tristan Wise	Phone: 360-902-0546	Date: 02/03/2005

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

SB5572 mandates the lottery transfer \$3,000,000 a year with a 4% inflation for 15 years to the Minor League Baseball Account. The total transferred to the Minor League Baseball Account for this period is \$60 million and would reduce the funds available to Education Construction Account by the same amount (\$60 million).

New Section 2 (1) Creates a minor league baseball account in the state treasury.

Section 3 (6) Three million dollars shall be distributed during calendar year 2006 to the minor league baseball account. During subsequent years, the distribution shall equal the prior year's distributions increased by four percent.

Distributions shall cease at the latter of: The date when distributions cease under subsection (4) or this section or fifteen years from the effect date of this act.

Section 4 - disributions shall cease when the bonds issued for the construction of the baseball stadium (Safeco Field) are retired.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

Starting in calander year 2006 the lottery is to transfer from its net revenue \$3,000,000 to the Minor Baseball League Account. The distribution to the Minor League Baseball Account is to increase by 4% each year over the previous year's distribution and shall continue until the latter of:
bonds issued for the construction of the baseball stadium (Safeco field) are retired or 15 years from the effective date of this act.

Current law mandates the lottery transfer from its games revenues first to the two stadiums and then to the Education Construction Account up to \$102 million. Adding a new revenue stream would impact the Education Construction Account. The following chart outlines the amount to be transferred to the Minor League Baseball Account and impact to the Education Construction Account over the next 15 years.

	Minor League Baseball Account	Education Construction Acct.
2006	3,000,000	(3,000,000)
2007	3,120,000	(3,120,000)
2008	3,244,800	(3,244,800)
2009	3,374,592	(3,374,592)
2010	3,509,576	(3,509,576)
2011	3,649,959	(3,649,959)
2012	3,795,957	(3,795,957)
2013	3,947,795	(3,947,795)
2014	4,105,707	(4,105,707)
2015	4,269,935	(4,269,935)
2016	4,440,733	(4,440,733)
2017	4,618,362	(4,618,362)
2018	4,803,097	(4,803,097)
2019	4,995,221	(4,995,221)
2020	5,195,029	(5,195,029)
Total	60,070,763	(60,070,763)

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years					
Total:					

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

LOCAL GOVERNMENT FISCAL NOTE

Department of Community, Trade and Economic Development

Bill Number: 5572 SB	Title: Minor league baseball
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Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☒ Cities:
- ☒ Counties:
- ☐ Special Districts:
- ☐ Specific jurisdictions only:
- ☐ Variance occurs due to:

Part II: Estimates

- ☐ No fiscal impacts.
- ☐ Expenditures represent one-time costs:
- ☒ Legislation provides local option: Authorizes local option sales tax and local event tax
- ☒ Key variables cannot be estimated with certainty at this time: Jurisdictions that would adopt the local taxes

Estimated revenue impacts to:

Indeterminate Impact

Estimated expenditure impacts to:

Jurisdiction	FY 2006	FY 2007	2005-07	2007-09	2009-11
City					
County					
Special District					
TOTAL \$					
GRAND TOTAL \$					0

Part III: Preparation and Approval

Fiscal Note Analyst: Paul Johnson	Phone: 360-725-5030	Date: 02/01/2005
Leg. Committee Contact:	Phone:	Date: 01/31/2005
Agency Approval: Louise Deng Davis	Phone: (360) 725-5034	Date: 02/20/2005
OFM Review: Tristan Wise	Phone: 360-902-0546	Date: 02/21/2005

Part IV: Analysis

A. SUMMARY OF BILL

Provide a clear, succinct description of the bill with an emphasis on how it impacts local government.

The bill authorizes the distribution of funds from the minor league baseball account to local jurisdictions with minor league baseball stadiums for operation and rehabilitation purposes. The initial distribution will be \$3 million in 2006 and increased by 4% each subsequent year, and it shall cease after the latter of either (1) the bonds issued for Safeco stadium are retired or (2) 15 years from the effective date of this act. Money shall be distributed on a per capita basis based on the population of the city in which the stadium is located as determined by the Office of Financial Management (Sec. 2-3).

The bill authorizes the county legislative authority in which a minor league baseball team plays in a minor league stadium to levy a local sales and use tax up to 2% on retail rental vehicles. The revenue must be used solely for operation, maintenance and rehabilitation of the minor league stadium (Sec. 4).

The bill authorizes a city or town to impose an optional tax up to one cent on twenty cents, or fraction thereof, to be paid on admission charges to minor league stadiums. The tax may also be imposed on any parking charges or fees collected at stadium parking facilities (Sec. 5).

B. SUMMARY OF EXPENDITURE IMPACTS

Briefly describe and quantify the expenditure impacts of the legislation on local governments, identifying the expenditure provisions by section number, and when appropriate, the detail of expenditures. Delineate between city, county and special district impacts.

None.

C. SUMMARY OF REVENUE IMPACTS

Briefly describe and quantify the revenue impacts of the legislation on local governments, identifying the revenue provisions by section number, and when appropriate, the detail of revenue sources. Delineate between city, county and special district impacts.

The bill provides local jurisdictions with additional funding, as well as authorizes two additional local option taxes, for minor league baseball stadiums that have operated for at least a portion of the past two years.

DISCUSSION:

There are 5 minor league baseball stadiums in Washington

- Cheney Stadium (1960) in Tacoma, Pierce County
- Everett Memorial Stadium (1985) in Everett, Snohomish County
- Avista Stadium (1958) in Spokane, Spokane County
- Tri-Cities Stadium (1995) in Pasco, Franklin County
- Yakima County Stadium (1993) in Yakima, Yakima County

Lottery Funds:

The bill creates the minor league baseball account from which funds will be distributed to the local government agencies in charge of operating minor league baseball facilities. According to the Lottery Commission, the appropriate local governments would receive the following distributions from this account. See the Lottery Commission fiscal note for a summary of these funds. Distribution of the money will be based on a per capita basis based on the population of the city in the stadium is located as determined by the Office of Financial Management. See attachment for an example of the estimated annual distribution.

Rental Car Tax:

According to Department of Revenue (DOR), the total revenue available under a 1% local option tax on retail vehicles for the five counties would raise approximately \$684,747. A 2% tax would raise approximately \$1,369,495. DOR assumes a 1% rental car tax may be a preferable estimate, since three of the counties currently have a 1% rental car tax. The state would collect a 1% administration fee. See attachment.

Ticket Admission and Parking Tax:

DOR estimates these cities would be able to collect approximately \$277,512 in admission taxes, and raise approximately \$44,119 in parking taxes. Ticket cost range between \$5 and \$12, and DOR estimated parking at \$5 for purposes of this fiscal note. See attachment.

SOURCES:

Department of Revenue
Lottery Commission
Pierce County

Minor League Baseball Stadium Account Distribution

Cities	Population (2004)	Percentage	2006	2007	2008	2009
Everett	96,840	16%	475,259	494,269	514,040	534,602
Pasco	40,840	7%	200,429	208,446	216,784	225,456
Spokane	197,400	32%	968,774	1,007,525	1,047,826	1,089,739
Tacoma	196,800	32%	965,830	1,004,463	1,044,641	1,086,427
Yakima	79,408	13%	389,708	405,297	421,508	438,369
	611,288	100%	3,000,000	3,120,000	3,244,800	3,374,592

Rental Car Tax

County	2% Rental car tax	1% Rental car tax
Snohomish	248,841	124,420
Spokane	610,936	305,468
Yakima	60,742	30,371
Franklin (Pasco)	139,431	69,716
Pierce	309,545	154,772
	1,369,495	684,747

Note: The state will receive 1% in administration fees

Ticket Admission Tax

Cities	Average attend. Per year	Revenue (\$)
Everett	109,782	54,891
Pasco	54,074	16,222
Spokane	173,622	56,427
Tacoma	315,510	134,092
Yakima	52,934	15,880
	652,988	261,632

Parking Fee Tax

Cities	Average attend. Per year	4 people per car	\$5/car	Revenue (\$)
Everett	109,782	27,446	137,228	6,861
Pasco	54,074	13,519	67,593	3,380
Spokane	173,622	43,406	217,028	10,851
Tacoma	315,510	78,878	394,388	19,719
Yakima	52,934	13,234	66,168	3,308
				40,811

**Total Estimated Revenue from Local Option
(Assuming 1% rental car tax)**

Counties/Cities	1% Rental Car	Admission/parking (\$)
Snohomish Co./Everett	124,420	61,752
Franklin Co./Pasco	69,716	19,602
Spokane Co./Spokane	305,468	67,279
Pierce Co./Tacoma	154,772	153,811
Yakima Co./Yakima	30,371	19,189
	654,376	302,444

SOURCES:

Department of Revenue
State Lottery Commission
Office of Financial Management