

### Fiscal Estimate - 2007 Session

Original       Updated       Corrected       Supplemental

<b>LRB Number</b> 07-3191/1		<b>Introduction Number</b> SB-313	
<b>Description</b> An income and franchise tax credit for sales tax paid for the right to purchase season admission to athletic events sponsored by an institution of higher education			
<b>Fiscal Effect</b>			
<b>State:</b>			
<input type="checkbox"/> No State Fiscal Effect			
<input type="checkbox"/> Indeterminate			
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Increase Existing Revenues	
<input type="checkbox"/> Decrease Existing Appropriations		<input checked="" type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriations		<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget	
		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
		<input type="checkbox"/> Decrease Costs	
<b>Local:</b>			
<input type="checkbox"/> No Local Government Costs			
<input type="checkbox"/> Indeterminate			
1. <input type="checkbox"/> Increase Costs		3. <input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs		4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
5. Types of Local Government Units Affected			
<input type="checkbox"/> Towns		<input type="checkbox"/> Village <input type="checkbox"/> Cities	
<input type="checkbox"/> Counties		<input type="checkbox"/> Others 0	
<input type="checkbox"/> School Districts		<input type="checkbox"/> WTCS Districts	
<b>Fund Sources Affected</b>		<b>Affected Ch. 20 Appropriations</b>	
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS			
<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>	
DOR/ Blair Kruger (608) 266-1310	Paul Ziegler (608) 266-5773	11/8/2007	

**Fiscal Estimate Narratives**  
**DOR 11/8/2007**

LRB Number <b>07-3191/1</b>	Introduction Number <b>SB-313</b>	Estimate Type <b>Original</b>
<b>Description</b> An income and franchise tax credit for sales tax paid for the right to purchase season admission to athletic events sponsored by an institution of higher education		

**Assumptions Used in Arriving at Fiscal Estimate**

Under current law, sales of admissions to amusement, athletic, and entertainment events or places are subject to sales and use tax.

The bill creates a non-refundable income and franchise tax credit in the amount of the state sales or use tax paid on purchases of "rights to purchase" season admissions to athletic events sponsored by certain institutions of higher education that take place at a facility owned or leased by the institution. Unused credits may be carried forward for 15 years. The credit under the bill may be first claimed for eligible purchases in the taxable year beginning January 1, 2008.

"Right to purchase" is an amount paid to the institution in excess of the face value of a season ticket and, essentially, is a surcharge or premium added to the price of a season ticket. The credit would not apply to county or stadium sales and use tax paid on the purchase of a right to purchase.

The University of Wisconsin-Madison (UW) requires the purchase of a right to purchase as a condition of buying some season tickets for football, men's and women's basketball, and men's hockey. Marquette University requires the purchase of a right to purchase as a condition of buying season tickets for men's basketball.

According to UW, a right to purchase a season ticket costs \$100-\$250 for football, \$50-\$150 for men's basketball, \$25 for women's basketball, and \$25-50 for men's hockey. Also according to UW, sales of rights total \$6.1 million annually. Marquette University has a rights-to-purchase program for men's basketball, charging from \$50-150 per season ticket, producing an estimated \$0.4 million per year. Statewide total sales of rights to purchase season tickets are \$6.5 million (\$6.1 mil. + \$0.4 mil.) annually. State sales taxes on sales of rights to purchase are \$0.3 million (\$6.5 mil. x 5%). Assuming 100% of purchasers claim the new credit, state tax revenues would decrease by about \$0.3 million under the bill. Since the credit under the bill would first apply to purchases in tax year 2008, the decrease in state tax revenues would first occur in FY09.

Administrative costs of the bill would be absorbed.

**Long-Range Fiscal Implications**

## Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

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  Updated     
  Corrected     
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<b>Description</b> An income and franchise tax credit for sales tax paid for the right to purchase season admission to athletic events sponsored by an institution of higher education			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b> \$0 in FY08			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes	\$		\$
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>	<b>\$</b>		<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
	Increased Rev	Decreased Rev	
GPR Taxes	\$		\$-300,000
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>	<b>\$</b>		<b>\$-300,000</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
	State	Local	
NET CHANGE IN COSTS	\$		\$
NET CHANGE IN REVENUE	\$-300,000		\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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