

APPENDIX C

Summary of Revenue Sources

Prepared by: Paul Wilson, Fiscal Analyst
Minnesota House of Representatives

Mary Jane Hedstrom, Fiscal Analyst
Minnesota State Senate

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Table 1. Sales Tax on Food and Alcohol at the Metrodome 2001 Season (\$1,000s)						
	Twins	Vikings	Gophers	Other	Total	Comments
Food (6.5%)	\$481	\$169	\$45	\$119	\$814	Vikings and Gophers numbers have been consistent for last few years, but the Twins numbers were only about half as large in 2000, owing to lower attendance.
Alcohol (9%)	\$286	\$257	\$32	\$27	\$602	
Total	\$767	\$426	\$77	\$146	\$1,416	

Source: Metropolitan Sports Facilities Commission.

Notes: (1) The table does not include the tax on food or beverages sold in suites. (2) Estimates are most recent available data for existing facilities. Revenue in future years would depend upon stadium venues, configuration, attendance and prices.

Table 2. 10 Percent Ticket Tax 2001 Season (Total sales and tax in \$1,000s)						
	Twins	Vikings	Gophers	Other	Total	Comments
Paid Attendance	1,928,009	640,910	256,972	525,405	3,351,296	*Complementary tickets are included in sales and are subject to tax. Average ticket prices include the face value of those tickets. (Complementary ticket totals: Twins 145,083 tickets; Vikings 12,002; Gophers 8,343). Note that a 6.5% state sales tax was collected, in addition to this 10% ticket tax.
Average Price (including tax)	\$11.15	\$53.67	\$20.92	\$24.17	\$22.07	
Average Price (before tax)	\$9.65	\$46.07	\$17.96	\$20.75	\$18.99	
Total Ticket Sales* (before tax)	\$18,600	\$29,527	\$4,615	\$10,901	\$63,643	
Tax (10%)	\$1,860	\$2,953	\$461	\$1,080	\$6,364	

Source: Metropolitan Sports Facilities Commission. *Note:* Estimates are most recent available data for existing facilities. Revenue in future years would depend upon stadium configuration, attendance and prices.

**Table 3. 6.5% Gross Receipts Tax on Clothing and
Other Sports Memorabilia Licensed by Professional and College Sports
Estimate for 2003
(\$1,000s)**

Taxable Items	MLB	NFL	NBA & NHL	College	Total	Comments
Clothing	\$1,500	\$2,700	\$3,100	\$1,700	\$9,000	This cannot be structured as a sales tax because it would conflict with the Streamlined Sales Tax agreement. Estimate is for a 6.5% gross receipts tax (at retail) or a tax equal to 13% of wholesale. Tax rate could be set at any rate desired. Statewide tax base.
Other Items	\$1,000	\$1,900	\$1,900	\$1,100	\$5,900	
Clothing and other items	\$2,500	\$4,600	\$5,000	\$2,800	\$14,900	

Source: Preliminary revenue estimate by Tax Research Division, Department of Revenue, based on national data from the Sporting Goods Manufacturing Association (www.sgma.com).

Notes: 1. Table only includes revenue from taxing memorabilia for the four listed professional leagues. If other sports or leagues (such as NASCAR or WWF) were included, revenue would be higher. 2. The estimate for “collegiate sports memorabilia” is very preliminary because the breadth of that tax base has not been clearly defined.

**Table 4. Existing Income Tax Paid by Players from Visiting Teams
Estimate for 2001
(\$1,000s)**

MLB	Between \$1,100 and \$1,300	Future revenue would depend on salary levels in professional sports.
NFL	Between \$ 250 and \$ 350	
Total	Between \$1,350 and \$1,650	

Source: Preliminary revenue estimate by Tax Research Division, Department of Revenue.

**Table 5. Lottery Games with a Sports Theme
Estimate for 2001
(\$1,000s)**

Gross income per game	\$1,500	The per-game revenue would be multiplied by the number of games dedicated to stadium finance each year. It may be possible to capture all \$1.5 million per game for stadium finance.
Net income per game (after dedication to other funds)	\$ 612	

Source: Minnesota State Lottery. *Notes:* 1. Gross income is after deducting prizes, retailer commissions, and operating expenses. Net income is after deducting dedicated revenue: \$480,000 of in-lieu sales tax (dedicated to the Natural Resources Fund and Game and Fish Fund) and another \$408,000 dedicated to the Environment and Natural Resources Fund. 2. The State Lottery assumes that these games will replace other games with no increase in total lottery revenue, resulting in net revenue loss to the funds listed above.

Table 6. Tax on Rental Vehicles in the Metro Area (Rentals of less than 30 days) Estimate for 2003 (\$1,000s)		
2% rental tax (metro area only)	\$3,400	Comments: A percentage tax would need to be a gross receipts tax rather than a sales tax, under the Streamlined Sales Tax agreement.

Source: Preliminary revenue estimate by Tax Research Division, Department of Revenue.

Table 7. Sales Tax Exemption for Stadium Construction Materials		
Hypothetical Cost of Stadium	Value of Sales Tax Exemption (\$1,000s)	Comments
\$300 million	\$10,100	Construction materials are assumed equal to 52 percent of actual construction costs, so exemption from state sales tax would cut costs by $(6.5\%) \times (52\%) \times (\text{construction costs})$. This is a one-time cost (see note 3).
\$500 million	\$16,900	If host city has a local sales tax, the state exemption would mean exemption from local tax as well.

Source: Preliminary revenue estimate by Tax Research Division, Department of Revenue.

Notes: 1. The actual stadium cost is unknown, so two hypothetical costs are shown. 2. “Construction costs” here exclude the cost of land, architectural fees and other soft costs. 3. Typically, construction materials exemptions are administered as refunds payable during construction so the state revenue impact occurs over several fiscal years. If desired for budget reasons, legislation could provide for a lump-sum refund of sales tax to be paid in one fiscal year when construction is complete.

OTHER REVENUES

Media Access Charge – A rent based on gross receipts is similar to the rent that most shopping malls charge their tenants. The amount of rent could be set at the percentage necessary to raise a set amount of revenue and/or it could be set consistent with rent charged to vendors and other parties that use the stadium to further their business activities. *Source:* Patricia Lien, Senate Counsel and Research.

Fees for use of the broadcast facilities at a stadium, at rates of \$10,000 per game for television/cable and \$5,000 per game for radio broadcast, would raise an estimated \$2.16 million per year from Major League Baseball and \$215,000 per year from National Football League broadcasts assuming that these fees are in addition to any existing fees. (If they replace existing fees, then the new revenue yield would be less).

Source: Preliminary revenue estimate by Tax Research Division, Department of Revenue.

Naming Rights – As this report says, naming rights are a matter for negotiation. Recently in the United States, naming rights for new professional sports stadiums typically have yielded \$2 million to \$2.5 million per year for terms of ten to thirty years. The range is between \$900,000 and \$4 million per year.

Personal Seat Licensing – Details are needed before an estimate can be prepared for revenues from personal seat licenses. Personal seat license provisions in 1997 legislation (to finance a major league baseball stadium) were estimated to raise \$500,000 in one-time revenue.

Gaming Revenues – Estimates for sports lottery games are shown on the tables. The revenue potential from new types of legal gaming cannot be estimated without more specific information.