



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

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TO: Members
Wisconsin Legislature

FROM: Bob Lang, Director

SUBJECT: Senate Amendment 1 to 2015 Senate Bill 209: Milwaukee Sports Arena

Yesterday, the Senate adopted Senate Amendment 1, as amended by Senate Amendment 1, to Senate Bill 209, relating to the construction of a sports arena in Milwaukee. The bill, as amended, passed the Senate on a vote of 21-10.

Following is a summary of the provisions of Senate Amendment 1, as amended by SA 1, to SA 1.

1. EVENT TICKET SURCHARGE

Specify that the Wisconsin Center District (WCD) board require the sponsor of an event held at a sports and entertainment arena to impose a surcharge on each ticket that is sold to the event equal to \$2 on each ticket sold. Specify that the event sponsor forward to the District board any surcharges collected. Require the board to remit 25% of the surcharge revenues to the Department of Administration (DOA) for deposit in the general fund and the District would retain the remainder of the surcharge revenues. When the arena construction is complete and events begin to be held, it is estimated that GPR revenues to the state would increase by approximately \$500,000 annually to reflect the deposit of these funds to the general fund and revenues to the District would increase by approximately \$1,500,000 annually associated with the surcharge.

Modify the required provision of the lease between WCD and the team, or its affiliate, that specifies the team, or its affiliate, would have right to all revenues associated with the facility, to exclude from those revenues the surcharge revenues received by the District associated with events held at the arena facilities.

2. MILWAUKEE COUNTY DEBT COLLECTION

Chg. to SB 209	
GPR-Lapse	- \$4,000,000

Delete the provision requiring the Department of Revenue (DOR) to enter into an agreement with Milwaukee County for collection of County's debt, and the requirement that the County (or by written proclamation of the County Executive) enter into such an agreement with DOR. In addition, delete the program revenue appropriation relating to the collection of debt for Milwaukee County created under SB 209, and the proposed changes to DOR's debt collection program under SB 209. Delete the \$4,000,000 GPR Lapse in 2016-17 associated with the state retaining the first \$4,000,000 in debt collections associated with the debt collection agreement with Milwaukee County.

3. MILWAUKEE COUNTY AID REDUCTION

Chg. to SB 209	
GPR	- \$4,000,000

Specify that beginning with the distributions in 2016, and ending with distributions made in 2035, the annual county and municipal aid payment to a county in which a sports and entertainment arena is located would be the amount, as otherwise determined under current law for that county, minus \$4,000,000. Reduce the sum sufficient county and municipal aid appropriation by \$4,000,000 in 2016-17 to reflect this aid reduction.

4. SALES TAX EXEMPTION

Modify the sales tax exemption related to materials and services used in the development and construction of the sports and entertainment arena to specify that the exemption would apply not later than one year after the DOA Secretary certifies that the development and construction of the district's sports and entertainment arena is completed, rather than at the time of that certification. In addition, specify that exemption would refer to the sales price from the sale of building materials, supplies, and equipment and the sale of services described under current law and the storage, use, or other consumption of the same property and services used by owners, contractors, subcontractors, or builders if that property or service is acquired solely for or used solely in, the construction or development of sports and entertainment arena facilities.

5. PROPERTY TAX EXEMPTION

Modify the property tax exemption so that the exemption includes sports and entertainment arena facilities, except that any portion of the sports and entertainment arena facilities, excluding the outdoor plaza area, that is used, leased, or subleased for use as a restaurant or for any use requiring a license for the retail sale of alcoholic beverages and is regularly open to the general public at times when the sports and entertainment arena is not being used for events that involve the arena floor and seating bowl would not be exempt.

6. WISCONSIN CENTER DISTRICT BOARD MEMBERSHIP

Expand the WCD board membership to 17 members. Specify that the two additional

members would be the Minority Leader of the Assembly and the Minority Leader of the Senate, or their designees. Specify that any designee of leaders would have to be of the same house of the Legislature as the person making the designation.

Specify that the WCD board appointee of the County Executive who is the chief executive of a municipality that commits five-fourteenths of its room tax revenues to tourism and conventions within the district would not immediately be considered a certified appointment to the board. Rather, similar to other appointees to the board, the County Executive would appoint the member to the District board after the Secretary of DOA certifies that the arena construction is complete.

7. DEFINITION OF SPORTS AND ENTERTAINMENT FACILITIES

Modify the definition to mean the sports and entertainment arena and structures, including all fixtures, equipment, and tangible personal property that are used primarily to support the operation of the sports and entertainment arena or are functionally related to the sports and entertainment arena, located on land not to exceed nine contiguous acres in area. Specify that such sports and entertainment arena facilities shall include such land and may include offices of the professional basketball team or its affiliate, parking spaces and garages, storage or loading facilities, access ways, sidewalks, a skywalk, plazas, transportation facilities, and sports team stores located on such land. In addition, sports and entertainment arena facilities would also include a parking structure to be constructed by a professional basketball team or its affiliate in conjunction with the construction of the sports and entertainment arena and to be owned by the sponsoring municipality.

8. POWERS OF EXPOSITION DISTRICT RELATING TO ARENA FACILITIES

Modify WCD's authority relating to arena facilities to specify that if the professional basketball team, or its affiliate, breaches the non-relocation agreement or lease with the District, the District may acquire, construct, and equip and maintain, improve, operate, and manage the sports and entertainment arena and sports and entertainment arena facilities, or engage other persons to do these things, but only from moneys received from the parent company of the professional basketball team, the professional basketball team, or its affiliate resulting from the breach of the non-relocation agreement or lease.

9. DISTRICT DEVELOPMENT AGREEMENT WITH THE TEAM

Require that the professional basketball team, or its affiliate, must have entered into a non-relocation agreement with WCD before the District may sign a development agreement with the team, or its affiliate, to develop or construct sports and entertainment facilities of the District.

Delete the provision that specifies that a breach of the development agreement by the team, or its affiliate, would subject the parent company of the team, the team, or the team's affiliate to the liquidated damages outlined under SB 209.

10. TEAM RESPONSIBILITY FOR SPORTS AND ENTERTAINMENT ARENA FACILITIES

Specify that in addition to the team, or its affiliate, being responsible under the lease agreement with the District for equipping, maintaining, operating, and the repairing sports and entertainment arena facilities, the team, or its affiliate would also be responsible for improving such facilities.

11. BONDS OF THE DISTRICT

Delete the provisions that the District could issue only \$203,000,000, plus amounts to pay issuance or administrative expenses, to make deposits to reserve funds, to pay accrued or funded interest, and to pay the costs of credit enhancement. Rather specify that the District in addition to the \$203,000,000 in bond proceeds the District and could also receive additional proceeds from the bonds to pay issuance or administrative costs related to the bonds, to make deposits in reserve funds related to the bonds, to pay accrued or funded interest on the bonds, and to pay the costs of credit enhancement for the bonds

Under SB 209, the state moral obligation pledge would not extend to WCD bonds issued to develop or construct sports and entertainment facilities. The Amendment would also specify that it would not extend to any refunding bonds issued by the District for such facilities.

12. SUNSET OF FOOD AND BEVERAGE TAXES ON FOOD AND BEVERAGE STORES, PRIMARILY GROCERIES

Specify that when the WCD's existing debt, including refunding debt, related to the District's existing exposition center facilities is retired, the District's current food and beverage tax for retailers under North American Industry Classification System (NAICS) sector 44-45, subsector 445 (food and beverage stores, primarily groceries) would be eliminated. Require the District to notify DOR in the manner prescribed by the Department when such bonds and debt are retired. Specify that taxes related to these retailers shall first be used only for the district's debt service on its bond obligations and after such obligations are retired, the district may use the taxes for any lawful purpose.

Allow that the district board, by a majority vote of its members, may reimpose the taxes on retailers engaged in a retail trade under NAICS sector 44-45, subsector 445.

13. GENERAL PROVISIONS

Delete the provisions from SB 209 that would do the following:

Statute of Limitations for Nonmoving Violations. Establish a separate, four-year statute of limitations for actions to recover a forfeiture or penalty for a nonmoving violation imposed by any bylaw, ordinance or regulation of any town, county, city, or village.

Parking Citations as Presumptive Evidence. Specify that a finder of fact would be required to receive a uniform traffic citation for a nonmoving violation as presumptive evidence of facts stated in the citation.

14. SHERIFF SALES OF MORTGAGED PREMISES UNDER JUDGEMENT IN MILWAUKEE COUNTY

Delete the general provisions relating to sheriff sales in bill that would apply statewide and replace those provisions with the following provisions that would be specific to such actions in Milwaukee County.

A. Require that if a mortgaged premises is located in Milwaukee County that no later than ten days after the sale of the mortgaged premises, the sheriff or referee shall do all of the following: (1) file a report of the sale with the clerk of the court; and (2) deliver to the clerk of the court the deed to the mortgaged premises, and after deducting the costs and expenses of the sale, unless the court orders otherwise, the proceeds of the sale ordered by the court.

B. Specify that if a sheriff or referee makes a sale of mortgaged premises located in Milwaukee County under a judgment of foreclosure and sale, all of the following apply:

(1) If the purchaser is not the judgment creditor, before the court may confirm the sale, the purchaser shall provide the judgment creditor with any information required for the judgment creditor to complete the real estate transfer fee, if applicable, any information required for a certificate, waiver, or stipulation required state rental unit energy efficiency statutes;

(2) No later than ten days after the court confirms the sale, the purchaser would have to pay to the court all of the following:

(a) The amount of the real estate transfer fee if any;

(b) The amount of the fee under to record the deed to the mortgaged premises and any other document required for the register of deeds to record the deed, including any certificate, waiver, or stipulation required relating to state rental unit energy efficiency statutes; and

(c) No later than ten days after the court confirms the sale, the judgment creditor would be required to provide to the court the receipt for submitting a real estate transfer fee and any certificate, waiver, or stipulation required under state rental unit energy efficiency statutes.

C. Specify that upon the court confirming the sale of mortgaged premises located in a county and upon compliance by the purchaser with the terms of the sale and the payment of any balance of the sale price to be paid, unless otherwise ordered by the court, the clerk of the court shall transmit the deed to the mortgaged premises received, the receipt for submitting a real estate transfer fee and any certificate, waiver, or stipulation required under state rental unit energy efficiency statutes, and the amount due to record the deed and any other document required to record the deed, and the transfer fee, if any, to the register of deeds of the county.

D. Make various modifications to the statutes and make various cross references in

statute to reflect the specific changes to sheriff sale procedures in Milwaukee County.

E. Specify that these provisions would first take effect on the first day of the fifth month beginning after publication and would first apply to a foreclosure action commenced on that effective date.