Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: Am. S.B. 71 of the 129th G.A. **Date**: June 7, 2011

Status: As Passed by the House **Sponsor**: Sen. Manning

Local Impact Statement Procedure Required: Yes

Contents: Exempts from property tax municipally owned stadiums of independent professional minor league baseball teams

State Fiscal Highlights

- No direct fiscal effect on the state.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2011	FY 2012	FUTURE YEARS
Avon Local School District			
Revenues	- 0 -	Loss of $209,050 per year	Growing losses in future years
Expenditures	- 0 -	- 0 -	- 0 -
Lorain County and other units of local government			
Revenues	- 0 -	Loss of $63,927 per year	Growing losses in future years
Expenditures	- 0 -	- 0 -	- 0 -

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- Tax exemption for a stadium property owned by the city of Avon would result in loss of tax revenues for Lorain County and other units of local government.
- Tax revenue losses to Avon Local School District would not be partly offset by increased state foundation funding because of the amount of transitional aid that the district is already receiving.
- Revenue losses could be expected to grow in future years with rising property values.
- Other stadium properties might also qualify for this tax exemption in future years.

Detailed Fiscal Analysis

The bill would exempt from taxation all real property constituting a public recreation facility, including the land, that is owned by a municipal corporation and used primarily by an independent professional minor league baseball team for a significant portion of its home schedule, if the facility was constructed in 2008 or thereafter, the team operates at the facility under a lease, license, management agreement, or similar arrangement with the municipal corporation that requires the team to pay rent, revenue, or other remuneration to the municipal corporation, and any residual cash from the property that accrues to the municipal corporation is used for the public purposes of the municipal corporation. An independent professional minor league baseball team is defined as a baseball team that employs professional players and that is a member of an established league composed of teams that are not affiliated with major league baseball.

Only one stadium property in Ohio currently appears to qualify for this tax exemption, the All Pro Freight Stadium where the Lake Erie Crushers play their home games, in the city of Avon, in Lorain County. Opening day at the stadium was in June 2009. The stadium is in Avon Local School District.

As a result of the tax exemption for stadium property under the bill, a local government unit other than a school district would lose tax revenues equal to the decline in taxable value times the effective tax rate charged by the local government unit. Generally, when a school district's property valuation decreases, state aid increases. However, Avon Local School District is currently receiving enough transitional aid that the loss of tax revenues from the stadium property exemption would not increase state foundation funding to the district. Therefore, as with other local government units, Avon Local School District would lose tax revenues equal to the decline in taxable value times the effective tax rate, with no offsetting increase in state foundation funding. The Lorain County Joint Vocational School District would also be adversely affected.

The bill specifies that the tax exemption for the stadium applies to the tax years at issue in any application for exemption pending on the date that the bill's provisions go into effect. Tax revenue losses could be expected to grow in future years if property values rise, as they have in most years for properties on average in Ohio, or if effective tax rates increase.

The Lorain County auditor's office identified three parcels as part of the All Pro Freight Stadium property, owned by the city of Avon, and currently taxable. The auditor places a market value on these parcels of $26,022,200, and shows full year taxes for tax year 2010, payable in 2011, of $549,962. The stadium is located on one of the parcels, the parking lot for the stadium on a second parcel, and a local YMCA on the third parcel. If the YMCA is excluded, but the parking lot is included, full year taxes

are $307,515. The stadium parcel is taxed at $266,472 per year. On the assumption that the parking lot for the stadium is considered part of the public recreation facility exempted from real property tax under the bill, but the YMCA is not, and based on millage information reported on the auditor's web site, the tax losses would be split approximately as follows: school district, $209,050; joint vocational school district, $9,138; county, $51,060; county health, $3,730; and city, $34,537. Netting the city's share of the tax receipts against the total tax obligation, Avon would save $272,978 per year if the property becomes tax exempt. The county's portion goes to developmental disabilities, $13,017; community college, $12,308; mental health, $6,713; children services, $5,595; metropolitan park, $4,849; the county general fund, $4,662; and smaller amounts to four other uses. A portion of these taxes, for bond and emergency levies to raise fixed sums of money, would be paid by other taxpayers if they were not paid by the city. If the foregoing assumptions are in error, actual taxes foregone as a result of the exemption might be either higher or lower.

In the future, stadiums of other teams in other locales might also qualify for this tax exemption, increasing the loss of revenue to units of local government.

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