HAMILTON COUNTY TAX LEVY REVIEW COMMITTEE
138 East Court Street
Room #603
Cincinnati, Ohio 45202

October 26, 2010

Hamilton County Board of Commissioners
Hon. Todd Portune - President
Hon. Greg Hartmann
Hon. David Pepper
138 East Court Street
Room # 603
Cincinnati, Ohio 45202

Re: Sales Tax Fund Report

Dear Honorable Board:

The Tax Levy Review Committee respectfully submits the attached Sales Tax Fund Report for your review and consideration. At our October 14, 2010 meeting, a majority of the TLRC voted to endorse the Stadium Fund Deficit/Gap Funding Proposal of Commissioner Todd Portune (text of the motion is attached). The detailed careful and extensive analysis of this, and all other proposals submitted, is included within the report.

I would like to thank the Board of County Commissioners for empanelling the TLRC for this critical review. The Commissioners continued efforts toward a consensus solution to the sales tax fund is crucial to the continued progress of all Hamilton County citizens. I would also like to thank the other seven members of the committee. Each member of the TLRC contributed extensively of their time and knowledge in this nearly year long review.

The TLRC is scheduled to present this report to the Commissioners at the Monday, November 1, 2010 Staff Meeting. If you have any questions in the meantime about this report, I would be pleased to respond.

Thank you again for this opportunity to serve. It has been a thoroughly rewarding experience.

Sincerely,

Tim Molony
Chairman
Tax Levy Review Committee
molonyt@yahoo.com
(513) 731-8724

Cc: TLRC Members
Patrick Thompson, County Administrator

Attachments:
October 14, 2010 Motion
Sales Tax Fund Report and Attachments

Motion

Move that the Tax Levy Review Committee Report and recommend to the Board of County Commissioners that, following a careful and extensive analysis of the respective proposals submitted by each of the three County Commissioners, the Tax Levy Review Committee endorses the Stadium Fund Deficit/Gap Funding Proposal of Commissioner Todd Portune dated July 28, 2010.

Voice Vote Recorded 10/14/2010:

Yea:	Nay:	Absent:
Mark Berliant	Dan Unger	Gwen McFarlin
Stephen Taylor	Tim Moloney	
Tom Cooney		
Mark Quarry		
John Smith		

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Re: Sales Tax Fund Solution Assessments

Dear Honorable Board:

This report responds to the County Commission's request (Attachment A) to engage the Tax Levy Review Committee (TLRC) "for the purpose of evaluating both proposals for stadium fund solvency and charges the TLRC for the purposes of evaluating both proposals and report back to the Board upon the impact of each upon the interests of Hamilton County and further the Board does hereby charge the said TLRC to seek the input of such other respected bodies and/or citizens, as the case may be, in the discretion of the TLRC, to assist in this process, and the TLRC is further charged to evaluate the impact of each under an analysis of fairness; equity, regional involvement; least impact on county taxpayers; least negative impact on county interests; and such other grounds as the TLRC deems appropriate in completing its analysis."

We thank the County Commission with entrusting the review of their proposals to the TLRC and we take this responsibility in a serious, non-partisan manner.

The specific proposals submitted to the TLRC include:

Commissioner Portune

The initial request of the TLRC from Commissioner Portune consisted of two sales tax rate increase options:

- Increase the sales tax rate from 6.5% to 6.75% for a period of 10 years; or
- Increase the sales tax rate from 6.5% to 7.0% for a period of 5 years.

The motion and related resolutions for these options are included in Attachment B

Subsequent to the completion of the TLRC's draft Sales Tax Fund Solution Assessments report Commissioner Portune tendered a substitute "compromise" proposal containing elements from his original proposal and the proposals of Commissioner Pepper and Hartmann.

The main elements of this proposal include:

- A one year increase in the sales tax rate from 6.5% to 7.0%
- A reduction in the PTR beginning in 2017
- Reduction in voted county-wide property tax levies

The substitute proposal is included in Attachment C).

Commissioner Pepper: Targeted Reduction in the Property Tax Rebate (PTR)

Commissioner Pepper submitted a proposal to cap the amount of the PTR granted at two different assessed value levels. The Commissioner's proposal is included in Attachment D.

Commissioner Hartmann: Voted Property Tax Levy Reduction

Commissioner Hartmann submitted for TLRC assessment a proposal to reduce the Indigent Care Levy to offset a reduction in the PTR. The stated goal of this proposal is to remain tax neutral for individual taxpayers (Attachment E).

The TLRC, with the assistance of the County's Office of Budget and Strategic Initiatives, developed eleven (11) criteria as set forth below by which to assess the proposals of the Commissioners. The Committee considered the various criteria carefully and then in its judgment selected and ranked the criteria in order of importance and relevance. The TLRC would advise that the Committee assigned its highest priority and weight to the first three (3) criteria weighing such as "most important." Conversely, the last three (3) criteria were considered of comparative "minimal importance."

- Sufficiency in Addressing Deficit Long-Term
- Impact on Total Tax Burden
- Impact on Residents v. Non-Residents
- Certainty of Execution/Implementation
- Flexibility in Duration of Solution
- Potential Impact on the General Fund Budget
- Flexibility in the Amount Realized
- Interaction with State Revenue Policy
- Generational Equity
- Service Impact on Voted Levies
- Elasticity in Revenue Generation

NOTE: Assessing tax policy is much more than an academic, objective exercise. The value or appropriateness of tax policy is set by the community and its elected governing body. The TLRC does not recommend one taxing form over another. Our charge from the Commission was to comprehensively assess the proposals and to provide information to be considered in future decisions related to the Sales Tax Fund deficit.

TLRC Assessment Summary

Review Criteria	Temporary Sales Tax Increase / PTR Reduction / Offsetting Levy Reduction	PTR Reduction	PTR Reduction with Offsetting Levy Reduction
Sufficiency in Addressing Deficit Long-Term	+	-	-
Impact on Total Tax Burden	-	-	+
Impact on Residents v. Non-Residents	+	-	-
Certainty of Execution / Implementation	+	-	-
Flexibility in Duration of Solution	O	+	-
Potential Impact on the General Fund Budget Capacity	-	O	-
Flexibility in the Amount Realized	O	+	-
Interaction with State Revenue Policy	-	O	O
Generational Equity	-	O	O
Service Impact on Voted Levies	O	O	-
Elasticity in Revenue Generation	-	O	O

- Negative Assessment
+ Positive Assessment
O Neutral Assessment

The balance of this report discusses each of the proposals within the context of the aforementioned criteria. For a detailed discussion of the history of the Sales Tax Fund and the expenditure components within the fund please see the County website for the November 10, 2009 report from County Administration.

After a discussion of each criteria, this report concludes with a brief description of frequently proposed options that have been suggested in the media (i.e., the County declaring bankruptcy to void the leases with the sports teams) and is followed with a mention of the other measures County Administration is pursuing to address the Sales Tax Fund deficit.

Sufficiency in Addressing Deficit Long-Term

The Sales Tax Fund deficit for 2011 is estimated at $15 million and increases to $28.7 million annual deficit in 2012 and $30 million by 2019. On a cumulative basis the deficit will grow to approximately $130 million in the next five years. The TLRC concurs with the Commission's efforts to pursue other initiatives to avoid a deficit in the Sales Tax Fund including negotiating lease concessions with the teams, but no single initiative provides the resource level to address the Sales Tax Fund annual deficits.

Commissioner Portune’s proposal that combines a temporary increase in the sales tax and a reduction in the PTR provides sufficient resources to address the Sales Tax Fund deficit for the duration of the debt service on the sales tax bonds.

Commissioner Pepper’s proposal will generate $7-$8 million and Commissioner Hartmann ~$6 million. These amounts assume that all the efforts underway to generate relief to the Sales Tax Fund are successful including:

- Contributions from both teams
- State approval for tax exemption on the land under the stadia
- Casino revenue beginning in 2013 and in the amounts advertised by proponents
- Annual sales tax growth in the 1.0%-1.5% range
- The state fulfilling its original funding commitment to Paul Brown Stadium

While the TLRC hopes the County is successful in all these efforts, Commissioner Portune’s proposed temporary sales tax increase and reduction in the PTR beginning in 2017 proposal potentially solves the Sales Tax Fund deficit. If any of the aforementioned efforts do not materialize the proposals by Commissioner Pepper and Commissioner Hartmann may not fully address the Sales Tax Fund deficit.

TLRC Summary Assessment	
One-Year Sales Tax Rate Increase & PTR Reduction	Positive Assessment
Targeted PTR Reduction	Negative Assessment
PTR Reduction with Offsetting Indigent Care Levy Reduction	Negative Assessment

Impact on Total Tax Burden

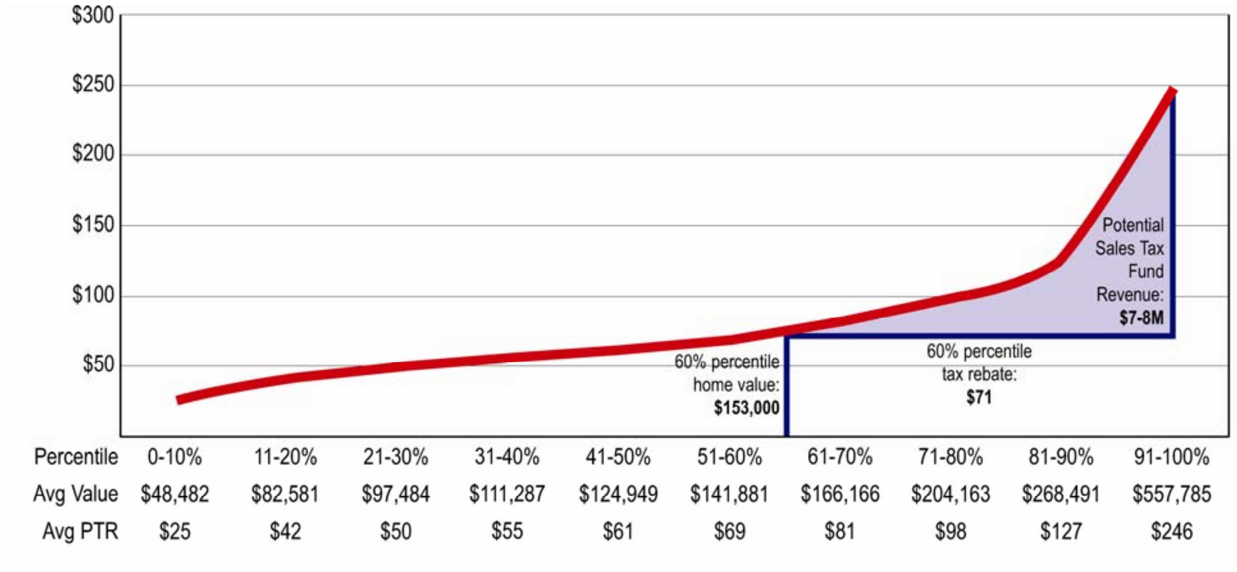
The proposals that include a sales tax increase, limiting the PTR eligibility to a certain assessed value or reducing the PTR represent a tax increase.

The proposal by Commissioner Portune to temporarily increase the sales tax rate by 0.5% for a one-year period is estimated to cost the average Hamilton County household $87.39. A reduction in the PTR beginning in 2017 will result in a property tax increase for residential, owner occupied properties; however, an amount cannot be estimated because the PTR fluctuates each year and is based on the property valuation and tax rate in each taxing authority…all of which could materially change by 2017.

It is not possible to determine the individual impact of Commissioner Pepper’s proposal as it will depend on 1) the taxing district the property is located, 2) the assessed value of the property, 3) the amount of sales tax collected each year and 4) the amount of PTR approved by the Commission. The following is provided to give perspective on the Commissioner’s proposal.

Commissioner Pepper's proposal would reduce the PTR total by $7M-$8M. To generate these amounts the PTR for residential owner-occupied properties would be capped at property values in the 60th percentile. This means that 60% (122,800 properties) of the PTR recipients would see no change in the PTR. Properties above the 60th percentile (81,000) would receive a capped amount equal to PTR received at the 60th percentile level. Chart I shows the distribution of the 2010 PTR by market value. While 60% of owner-occupied residential properties would see no change in their PTR, an estimated 81,000 would see their PTR decease resulting in a net increase in property taxes paid.

Chart I – PTR by Market Value



While Chart I shows the average PTR and assessed value for each percentile by segments of 10%, the actual range in 2010 for the PTR is $.02 to $2,054.50. Though not included in Commissioner Pepper's proposal, there should be consideration of the efficiency of administering PTR amounts under a $1.

Commissioner Hartmann's proposal holds the taxpayer harmless. The method for this tax neutral approach also results in property taxpayers not benefiting from the PTR getting a tax reduction. In the case of the PTR, it is only applicable to "owner-occupied" residential units up to four units. Of the approximately 350,000 parcels assessed by the County Auditor, only 202,000 are eligible to receive the PTR.

The PTR is calculated by the relative proportion of taxes paid. This is an important distinction because County-wide property tax levies are paid based on a uniform rate against the value of the real property and its improvements.

Within Hamilton County there are 113 real estate taxing districts and a multitude of special assessments on the real estate tax bill depending on the jurisdiction. A complete list of the various effective tax rates can be found in Attachment F. Because of the differing tax rates across the County the best way to portray the increase is the largest taxing district (City of Cincinnati) and the highest (Golf Manor) and lowest (Sharonville) districts.

The highest taxing district is Golf Manor at $2,699.60 per $100,000 residential value and the lowest is the City of Sharonville (Princeton School District) at $1,186.39 per $100,000. While there is a significant difference in the property taxes for these two jurisdictions, the City of Sharonville also has a 1.5% earnings tax on residents and persons employed within the city. Gold Manor does not have an earnings tax. In light of the example above, awareness of all the taxes and fees levied by a jurisdiction is necessary when comparing tax rates.

The property tax rebate approved by the Commission for 2010 totaled on average $55.31 per $100,000 residential value. This figure is based on the average residential property within the City of Cincinnati (the largest taxing jurisdiction within the county) and assumes no property tax abatements. For Golf Manor the estimated PTR for a home valued at $100,000 is $75.16 and in the City of Sharonville $33.04.

Commissioner Hartmann's proposal would offset any decrease in the PTR by a corresponding decrease in the County-wide Indigent Care levy. Because the PTR received and property taxes paid are two different methodologies, to maintain no net increase in taxes paid the Indigent Care Levy is reduced $22 million to realize a savings of $6 million in the Sales Tax Fund related to the PTR. This approach ensures taxpayers in the highest taxing district do not pay additional property taxes, but results in a tax reduction in all other taxing districts.

TLRC Summary Assessment	
One-Year Sales Tax Rate Increase & PTR Reduction	Negative Assessment
Targeted PTR Reduction	Negative Assessment
PTR Reduction with Offsetting Indigent Care Levy Reduction	Positive Assessment

Impact on Residents v. Non-Residents

The purpose of this criterion is to determine if residents or non-residents are net contributors to the proposed solutions to the Sales Tax Fund deficit.

Property taxes and sales taxes impact residents and non-residents. For the sales tax, it is estimated that 44% of sales tax revenue collected is from non-County residents. This figure is based on a 1996 study by the University of Cincinnati Economics Center (Attachment G). While the study is dated it is commonly accepted that the core county in any urban area is a net beneficiary of retail sales activity.

Property taxes inherently impact residents of the county, township, city or school district levying the tax; however, with the homeownership rate county-wide at an estimated 63.5% and the fact that many commercial and large multi-unit residential buildings are owned by entities outside the region, non-residents are impacted by real property taxation. There is no known data indicating geographic location of owners of County real property.

The proposal by Commissioner Portune to temporarily increase the sales tax rate by 0.5% for one year is estimated to cost Hamilton County residents $87.39. The burden of this sales tax increase would be shared by residents and non-residents. This one-year sales tax rate increase is a much smaller portion of the long-term solution in comparison to the proposed companion reduction in the PTR beginning in 2017. As such, on balance, residents are the overwhelming contributor to the long-term solution.

Commissioner Pepper's proposal to institute a cap on the assessed value in determining the level of the PTR would impact county residents only as the PTR is limited to owner-occupied residential properties. Of the approximately 350,000 parcels assessed by the County Auditor, approximately 203,800 are eligible to receive the PTR.

Commissioner Hartmann's approach would result in no net increase in taxes for residents receiving the PTR, but would result in a tax decrease for all other property owners throughout the County...owned by residents and non-residents. Determining the distribution of this property tax savings is not possible at the individual taxpayer level.

TLRC Summary Assessment	
One-Year Sales Tax Rate Increase & PTR Reduction	Positive Assessment
Targeted PTR Reduction	Negative Assessment
PTR Reduction with Offsetting Indigent Care Levy Reduction	Negative Assessment

Certainty of Execution / Implementation

For Ohio counties, the ability to raise revenues is generally governed by the Ohio Revised Code. Concerning the temporary sales tax increase proposed by Commissioner Portune the mechanisms to increase the sales tax rate are detailed in ORC Chapter 5739 and summarized by the County Commissioners Association of Ohio in Attachment H.

As noted in Attachment I, regardless of the mechanism to increase the sales tax rate it is subject to voter referendum. In the case of Commissioner Portune's one-year sales tax rate increase, if it were approved by the Commission as an "emergency" it would collected for one-year because of the timing provisions in ORC in challenging an emergency passage of a sales tax rate increase. If the increase were approved by the Commission in any other fashion it would be at risk of not going into affect with voter challenges.

NOTE: This assessment on certainty of implementation only pertains to activities outside of the Board's control; the TLRC does not tender an assessment or opinion as the Board's ability to come to consensus around an emergency passage of a temporary sales tax rate increase.

In contrast, a reduction or elimination of the PTR is not subject to referendum and the impact is reflected on the next property tax bill. Commission action on the PTR is typically the third week of November to allow the results to be reflected on the first half tax bill of the following tax year. The specific proposal from Commissioner Pepper includes capping the PTR based on residential property value. This approach is not currently permissible within the Ohio Revised Code (ORC) section 325.152. This section of the ORC indicates that a property tax reduction must be "a specific percentage each year of the real property taxes….The resolution shall specify the percentage." A change in this section of the code as well as possibly a change in the state constitution would be required.

Reducing the PTR with an offsetting reduction in a County-wide levy (s) is only certain within the confines of the particular levy cycle and current County Commission. For example, future levies may be rejected by the voters if there is a perception that the funding is going to be reduced mid-cycle from its intended policy purpose to support the Sales Tax Fund. Additionally, future County Commissions may choose to re-instate a previously reduced county-wide levy to prior levels during subsequent levy cycles.

In summary, all three proposals include some element of uncertainty concerning implementation. The TLRC will not comment on the chance of a sales tax increase being approved by the voters, or the General Assembly approving an ORC change to provide for a PTR cap or the chances of a future County Commission sustaining a reduction in a county-wide levy to offset a PTR reduction.

TLRC Summary Assessment	
One-Year Sales Tax Rate Increase & PTR Reduction	Positive Assessment
Targeted PTR Reduction	Negative Assessment
PTR Reduction with Offsetting Indigent Care Levy Reduction	Negative Assessment

Flexibility in Duration of Solution

This criterion pertains to the flexibility the Commission has in stopping or extending the time frame for their proposals. Given that there are several initiatives underway to address the Sales Tax Fund deficit there is a benefit in having some flexibility in the time frame for any proposal.

Commissioner Portune's temporary sales tax rate increase would include a time restriction in the ballot language. This would result in an absolute time frame for the maximum period of time the sales tax increase would be in affect. The proposal does have flexibility in outlying years in regards to future PTR reductions and levy reviews.

Commissioner Pepper's proposal to cap the PTR at a certain assessed value provides a high degree of flexibility in determining the amount of the PTR each year.

Commissioner Hartmann's proposal to eliminate funding support to University Hospital for medical services to the indigent would be constrained to the five year levy cycle. For example, the Commissioner's proposal to eliminate levy support to University Hospital in the next levy cycle (2012-2016) eliminates the Commission's ability to change this action during that levy cycle.

TLRC Summary Assessment	
One-Year Sales Tax Rate Increase & PTR Reduction	Neutral Assessment
Targeted PTR Reduction	Positive Assessment
PTR Reduction with Offsetting Indigent Care Levy Reduction	Negative Assessment

Potential Impact on the General Fund Budget Capacity

This criterion concerns the potential interaction with the County general fund budget for revenues and expenditures.

The proposal to increase the sales tax rate from 6.5% to 7.0% would result in no additional permissive sales tax authority in the general fund. Currently, the Commission has the permissive authority to increase the sales tax rate up to an additional 0.5%. If the rate was increased 0.5% for a county-wide total of 7%, the County would have no capacity to increase the sales tax rate to address emergencies including adverse legal judgments, significant infrastructure failure or a dramatic downturn in the economy. Additionally, the county maintains an investment grade rating on its general obligation bonds in part because of the added, but unused, capacity to raise general fund revenues via a sales tax increase. Losing this capacity could result in a downgrade for the County's general obligation debt and increase financing costs in the future. This emergency sales tax would negatively impact the county general fund budget capacity in the short term, but not in the long term.

At this time there does not seem to be a general fund revenue or expenditure impact of Commissioner Pepper's PTR cap approach, but to the extent that the Commissioner's proposed solution does not address the long-term needs of the Sales Tax Fund, the general fund could end up being part of the solution by default.

Concerning the elimination of the University Hospital support from the Indigent Care levy, a funding source would need to be identified and secured to avoid the expense of inmate medical care at University Hospital reverting back to the general fund. This expense is estimated at $3.9 million annually.

TLRC Summary Assessment	
One-Year Sales Tax Rate Increase & PTR Reduction	Negative Assessment
Targeted PTR Reduction	Neutral Assessment
PTR Reduction with Offsetting Indigent Care Levy Reduction	Negative Assessment

Flexibility in the Amount Realized

This criterion pertains to the ability to size the solution to address the pending deficit in the Sales Tax Fund over the life of the sales tax bonds and other commitments in the fund. The deficit in the Sales Tax Fund fluctuates year to year based on the debt service schedule, lease obligations with the teams and other commitments.

In the case of Commissioner Portune's sales tax increase proposal, the sales tax can only be increased in increments of 0.25%. Based on 2010 projected collections, each 0.25% generates $30 million annually. If approved, Commissioner Portune's proposed one-year 0.5% sales tax rate increase could not be changed given the short-term nature of the increase. The Commissioner's approach would build up a balance in the fund that would be drawn down over the next six years until 2017 when the PTR would be reduced. There is flexibility in the annual PTR reduction amounts beginning in 2017.

Commissioner Pepper's proposal to cap the PTR eligibility at a certain assessed value would allow for an annual decision by the Commission to increase or decrease the PTR. The maximum amount realized in this approach would in theory be the entire PTR, which totaled $17.4 million in 2010. Eliminating the PTR in and of itself will not entirely eliminate the deficit in the Sales Tax Fund.

Commissioner Hartmann's proposal to reduce the PTR with a corresponding decrease in the Indigent Care Levy support to University Hospital is limited to $6-7 million. To achieve the objective of no net increase in taxes for any taxpayer, $22 million in funding from the Indigent Care Levy would have to be eliminated to realize the $6-7 million in PTR reduction.

Funding levels for voted levies are set every five years and it would be difficult to modulate voted levy offsets in a five year cycle to an annual adjustment in the PTR on an annual basis. Additionally, this approach only generates approximately $6 million to the Sales Tax Fund.

NOTE: Commissioner Hartmann's proposal does not provide resources to the Sales Tax Fund from the Indigent Care Levy. Based on accounting rules and legislative restrictions tax revenue cannot be moved between specific, legislative purposes. The Commissioner's proposal generates resources for the Sales Tax Fund because the PTR is reduced...resulting in more resources staying in the Sales Tax Fund. The "offsetting" reduction in the Indigent Care Levy Fund is for tax policy purposes only.

TLRC Summary Assessment	
One-Year Sales Tax Rate Increase & PTR Reduction	Neutral Assessment
Targeted PTR Reduction	Positive Assessment
PTR Reduction with Offsetting Indigent Care Levy Reduction	Negative Assessment

Interaction with State Revenue Policy

This criterion was established because the state is facing a significant budget deficit in the coming biennium. This deficit will most likely include elements of steep expenditure reductions and revenue enhancements. If the revenue enhancements include a state-wide sales tax increase (permanent or temporary) it could impact sales tax collections in Hamilton County.

For example, if the state's portion of the sales tax rate (5.5%) was increased by 0.5% to 6.0% and the County Commission increased 0.5% for a one-year period the resulting sales tax rate would total 7.5%. This rate would result in a 1.5% rate differential with the Kentucky's sales tax rate of 6.0%. A rate differential of this magnitude may influence consumer spending patterns resulting in an out-migration of sales activity and a decline in County sales tax revenue (please see the discussion on page 12 of this report concerning revenue elasticity). This emergency sales tax could negatively impact county collections in the short term, but not in the long term.

At this time there do not seem to be any potential conflicts with state revenue policy concerning the proposals from Commissioner Pepper and Commissioner Hartmann.

TLRC Summary Assessment	
One-Year Sales Tax Rate Increase & PTR Reduction	Negative Assessment
Targeted PTR Reduction	Neutral Assessment
PTR Reduction with Offsetting Indigent Care Levy Reduction	Neutral Assessment

Generational Equity

The purpose of this criterion is to determine if the contributors to the Sales Tax Fund deficit solution are aligned with the recipients of the public construction from a generational perspective. This is not a criterion to determine if specific taxpayers are paying proportionally (i.e., the stadium patrons versus non-patrons).

The 1996 sales tax increase to support the construction of professional sports stadia and corresponding infrastructure on the riverfront was intended to be in place until the bonds that financed the construction were paid off. This would spread the tax burden to repay the bonds over the useful life of the facilities. The bonds for the stadia will end in 2032. This lifecycle for the sales tax was a policy decision of the County Commission in 1996; not a provision of the ballot language. This means that when the bonds are paid off the sales tax increase could be eliminated at the discretion of the Commission. Given the capital maintenance needs for the two stadia and the lease obligations to the professional sports teams made after the 1996 sales tax vote, it seems unlikely that the sales tax would be eliminated. However, depending on sales tax performance, a decrease in the rate or an increase in the percent rebated to residential property owners as part of the PTR may be possible.

The sales tax increase solution to address the Sales Tax Fund deficit would impact taxpayers for one year.

The solution to cap the PTR based on assessed value would be an annual decision for a life of the fund depending on sales tax performance and the success of the County to implement other solutions to the Sales Tax Fund deficit (i.e., contributions from the teams).

The proposal to decrease the Indigent Care levy would be permanent unless changed by a future Commission.

In summary, it appears that an annual decision on the level of the PTR is most aligned with the long-term Sales Tax Fund deficit. The temporary sales tax increase has taxpayers over the next year paying for the long-term deficit in the fund. Commissioner Hartmann's approach is aligned with the long term deficit to the extent that future Commissioners do not reinstate support of the University Hospital or increase some other element of the Indigent Care Levy or another voted levy.

TLRC Summary Assessment	
One-Year Sales Tax Rate Increase & PTR Reduction	Negative Assessment
Targeted PTR Reduction	Neutral Assessment
PTR Reduction with Offsetting Indigent Care Levy Reduction	Neutral Assessment

Service Impact on Voted Levies

Commissioner Hartmann's proposal is the only proposal with a service impact on a voted property tax levy in the near-term. The proposal would eliminate funding to the University Hospital for medical services to the indigent (see Attachment E). According the Commissioner's proposal, taxpayer support in the form of a local property tax levy is not needed because of the federal health care reform and the fact that other Ohio urban counties do not provide similar taxpayer support for this public function.

The TLRC cannot determine at this time if the federal health care reform legislation will duplicate the efforts of the County-wide levy. Concerning comparisons to taxpayer funding for indigent health care in other jurisdictions, it very difficult to make these comparisons without a complete review of the health care delivery system in the community (i.e., number of hospital systems, relationship with teaching hospitals, nature and availability of primary care clinics, etc.). Additionally, taxpayer funding of social services is a policy decision of the elected body. The TLRC's charge is to review levies within the context of rate of taxation, performance, efficiency, etc. The TLRC does not determine if an entire function should be a publicly funded activity.

Given the limited amount of time to consider this proposal and the many unknowns with the federal health care reform legislation the only near-term service impact concerning Commissioner Hartmann's proposal is the County's cost to treat inmates at University Hospital. Currently, this expense is funded from the levy resources directed to University Hospital. According to records provided by the hospital, the cost of inmate medical care provided by University Hospital totaled $3,870,094 during the latest fiscal year. If levy funding is eliminated to University Hospital, the County would have to find some other funding source for this expense totaling approximately $20 million over a 5-year levy cycle.

Commissioner Portune's proposal includes reviewing all voted property tax levies over the next 5-7 years to explore the option to combining some levies and associated services to realize savings to offset a reduction in the PTR beginning in 2017. Given the amount of the PTR reduction beginning 2017, the TLRC is unsure if a reduction in voted levies of a like amount in the context of merely collapsing levies is possible without a reduction in service levels.

TLRC Summary Assessment	
One-Year Sales Tax Rate Increase & PTR Reduction	Neutral Assessment
Targeted PTR Reduction	Neutral Assessment
PTR Reduction with Offsetting Indigent Care Levy Reduction	Negative Assessment

Elasticity in Revenue Generation

It is recognized that tax policy may influence spending behaviors and/or economic activity. Quantifying the impact of tax policy on consumer behaviors depends on the tax rate, the number of alternatives available to the consumer / taxpayer, volume of spend, etc. In comparing the sales tax proposal and PTR reduction proposals before the TLRC, there is sufficient anecdotal perspective to provide an assessment.

One-year Sales Tax Increase:

The biggest determinate of elasticity of revenue in respect to a sales tax is the rate differential with neighboring jurisdictions, the types of exemptions to the application of the sales tax and viability of consumer options in neighboring jurisdictions. A higher tax rate might also drive more consumers to internet purchases.

The current sales tax rate in Hamilton County is 6.5% and in the neighboring jurisdictions:

Indiana (state-wide)	7.0%
Kentucky (state-wide)	6.0%
Butler County, Ohio	6.25%
Clermont County, Ohio	6.5%
Warren County, Ohio	6.5%

In Ohio, the sales tax is applicable to goods and services determined by the General Assembly and state Department of Taxation. A complete listing of eligible goods and services can be found on the Department of Taxation website. The sales tax does not apply, in general, to groceries or medical prescriptions. Additionally, sales tax on vehicle purchases in Ohio and Kentucky is charged at the rate of the resident's home county and the sales tax collected is remitted to the home county of the purchaser. For example, if a Hamilton County resident purchases a vehicle in Cuyahoga County (which has a 7.75% sales tax rate), the purchaser would pay only the Hamilton County 6.5% rate and the tax revenue generated would be remitted back to Hamilton County.

In relative terms, sales tax rates in the Cincinnati metropolitan area are well below other urban areas in the United States. As such, the differential in sales tax rates between jurisdictions within the Cincinnati metropolitan area is small. The sales tax rate differential is much higher in other metropolitan areas and may result in altering consumer spending behaviors. Below is a listing of select sales tax rates in other major cities.

Chicago / Cook County	10.25%
Los Angles	9.75%
San Francisco and Seattle	9.5%
Nashville	9.25%
New Orleans	9.0%
New York City	8.875%
Houston, Dallas, Charlotte	8.25%

Las Vegas	8.1%
Philadelphia and Atlanta	8.0%
Pittsburgh	7.0%

The sales tax rate for the unincorporated areas of Lake County, IL to the immediate north of Chicago is 6.5%. One might expect that residents in the northern areas of Cook County would consider the sales tax rate differential of 3.75% ($3.75 per $100) when making larger purchases that are not exempt from the application of sales tax. As a point of reference, Attachment G provides the sales tax rate for each of Ohio's 88 counties.

With proposed 0.5% increate in the sales tax rate being only in affect for one year the TLRC believes that there would be appreciable change in revenue elasticity because consumers may wait to make major purchases or make the purchases in another jurisdiction.

Property Tax Rebate:

The amount of the Property Tax Rebate (PTR) is directly related to the amount of sales tax collected. Current Board policy directs 30% of sales tax revenue collected as part of the 0.5% sales tax increase in 1996 to owner-occupied residential property owners. In 2010, the PTR totaled $17.4 million.

Elasticity is not a factor for the proposals from Commissioner Pepper and Commissioner Hartmann.

TLRC Summary Assessment	
One-Year Sales Tax Rate Increase & PTR Reduction	Negative Assessment
Targeted PTR Reduction	Neutral Assessment
PTR Reduction with Offsetting Indigent Care Levy Reduction	Neutral Assessment

This section concludes with a note that the eleven criteria discussed may not be exhaustive and the TLRC does not provide any relative weight to the criteria, but did rank them in order of importance. The assessment of the proposals against the criteria is meant to provide the Commission with additional information to make a consensus decision.

Other Options Considered

While not specifically tasked by the County Commission the TLRC did briefly examine a number of other proposals to address the Sales Tax Fund deficit. For a variety of reasons discussed below these are not practical for consideration.

Default on the leases and declare bankruptcy

The sales tax increase to support the construction and operation of professional sports stadia and associated public infrastructure on the riverfront was approved by the voters under a section of the Ohio Revised Code that allows the revenue realized to be used as a general fund resource. As such, to declare bankruptcy the entire general fund would have to be depleted. The 2010 approved general fund budget totals $212 million and includes basic county services including the courts, jail, etc. If the County defaulted on the leases and litigation was initiated by the teams, it is likely that a court would rule that the general fund would have to make reductions in basic services to satisfy the lease obligations with the teams. With the annual Sales Tax Fund deficit exceeding $30 million in just three years, significant and dramatic reductions in the general fund would be required. These reductions would include mandated services and the statutory functions of the independently elected officials including the County Auditor, County Treasurer, Clerk of Courts, etc.

Sell the Stadiums

The current outstanding principal on the debt associated with the two sports stadia totals $560.9 million. There is not a market for these stadiums that would generate sufficient resources to pay off the debt. Additionally, the market for the stadiums would have to account for the lease provisions concerning the operation, maintenance and capital enhancements of the facilities. The County has explored the sale of the stadia in the past without success.

Charge the users of the stadium

The lease provisions with Reds and Bengals do not allow the County to unilaterally impose fees, taxes or surcharges on economic activity at the stadia. These would include ticket surcharges, concession taxes, parking fees, etc. If the County were to impose these fees, the leases call for all net new revenue to revert to the teams. The County continues its ongoing discussions with the teams concerning lease concessions including a potential increase in the ticket surcharge.

Increase the use of the stadia for additional revenue generation

The County continues to seek opportunities to market and use the stadia and their associated facilities. Both Great America Ball Park (GABP) and Paul Brown Stadium (PBS) are used year round for business meetings, receptions, etc. Large scale events (concerts) are difficult to capture with the outdoor nature of the stadia, potential conflicts with football and baseball operations and competition from U.S. Bank Arena

Additionally, lease provisions with both teams require the County and team to share equally all net revenue from outside events (i.e., high school football games).

Default on the Cincinnati Public Schools PILOT

The agreement with the Cincinnati Public Schools (CPS) calls for the County to make a payment in lieu of taxes (PILOT) for the lost property tax revenue due to the construction of tax exempt stadia. CPS, in turn, pledged this revenue stream as part of their school building program bond financing. If the County were to default on the PILOT, the County would be subject to legal action from the bond holders and trustees. Additionally, the County’s reputation in the debt market would be tarnished if it defaulted on the CPS PILOT.

Refinance the sales tax bonds

A bulk of the sales tax bonds supporting the construction of the two stadia and associated public improvements were refinanced in the fall of 2006 at favorable interest rates. Per IRS rules, tax exempt debt can only be refinanced once. A small amount of bonds that were not refunded in 2006 as they are not callable until 2016. To the extent that market conditions warrant, these bonds would be refinanced in 2016.

Purchase the Bengals and Renegotiate the Lease

The purchase of the team would cost between $700M and $1B. The County does not have the resources for such a purpose and owning a professional sports team is not a core county function. Additionally, if the County owned the team, it still would have to pay the operating costs of the stadium including utilities, insurance, maintenance, etc…as it currently does for Paul Brown Stadium.

End The Banks Riverfront Development

The Banks Riverfront development is largely funded with state and federal grants, tax increment financing and private sector investment. Sales Tax Fund related expenditures for The Banks project represent less than 1% of the total cost of Phase IA of the project. All future phases will not include the Sales Tax Fund as a funding source.

Other Administration efforts

The TLRC supports and applauds the ongoing efforts of the Administration to implement other efforts to address the Sales Tax Fund deficit including:

- Securing contributions from both teams;
- Realizing savings in renegotiated energy contracts and liability insurance;
- State approval for tax exemption on the land under the stadia;
- Restructure the sales tax fund debt as market conditions allow; and
- Having the State fulfill its original funding commitment to Paul Brown Stadium.

Conclusion

The TLRC is fully cognizant of the difficult decisions facing the County Commission concerning the Sales Tax Fund. We hope that this report helps the Commission work towards a consensus approach and helps educate the public about the complexity of the issue and the limited options available to the Commission.

On motion of Mr. Portune, seconded by Mr. Hartmann the resolution was adopted.

RESOLUTION REQUESTING THAT THE TAX LEVY REVIEW COMMITTEE (TLRC) EVALUATE PROPOSALS FOR STADIUM FUND SOLVENCY

4

BY THE BOARD:

This RESOLUTION is made this 22nd day of February, 2010 for the purpose of continuing the county's process aimed at determining the best and fairest method of maintaining Stadium Fund solvency in perpetuity.

WHEREAS, in 1996 voters in Hamilton County approved an increase in the county's effective sales tax rate for the purpose of funding stadium construction and related riverfront development; and

WHEREAS, the funding model that was a part of the 1996 sales tax issue and upon which funding assumptions were made relied upon an assumption of annual increases in the sales tax of not less than 3% per annum, and

WHEREAS, due to certain events over which Hamilton County has no control, including without limitation, the events of September 11, 2001 and the recent national and global economic Recession, sales tax revenues have failed to grow at the projected 3% per annum at any time since 2000; and

WHEREAS, the failure of the sales tax to grow at the projected 3% per annum has resulted in the sales tax fund being projected to become deficient beginning in 2011 and continuing thereafter through 2032 in a cumulative amount exceeding $700 million; and

WHEREAS, in the absence of a new revenue source the fund will continue to go negative and threaten the county general fund and general fund supported services; and

WHEREAS, this Board of Hamilton County Commissioners has committed to solve the problem permanently and two proposed new revenue source proposals have been advanced – both of which contemplate an increase in taxes upon county residents;, and

WHEREAS, it is county policy that new tax proposals are to be evaluated by the Hamilton County Tax Levy review Commission [TLRC};

NOW THEREFORE BE IT RESOLVED, that the Hamilton County Board of Commissioners does hereby formally engage the TLRC for the purpose of evaluating both proposals for stadium fund solvency and charges the TLRC to evaluate said proposals and Report back to the Board upon the impact of each upon the interests of Hamilton County and further the Board does hereby Charge the said TLRC to seek the input of such other respected bodies and/or citizens, as the case may be, in the discretion of the TLRC, to assist in this process, and the TLRC is further charged to evaluate the impact of each under an analysis of fairness; equity; regional involvement; least impact on county taxpayers; least negative impact on county interests; and such other grounds as the TLRC deems appropriate in completing its analysis.

COM'RS MIN.
VOL. 317
FEB 22 2010
IMAGE 6080

ADOPTED at a regularly scheduled meeting of the Hamilton County Board of Commissioners this 22nd day of February, 2010.

Mr. Pepper YES Mr. Portune YES Mr. Hartmann YES

CERTIFICATE OF CLERK

IT IS HEREBY CERTIFIED that the foregoing is a true and correct transcript of a resolution adopted by the Board of County Commissioners, Hamilton County, Ohio, in session this 22nd day of February, 2010.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Office of County Commissioners, Hamilton County, Ohio, this 22nd day of February, 2010.

Jacqueline Panioto

Jacqueline Panioto, Clerk
Hamilton County Commissioners
Hamilton County, Ohio

Hamilton County

Board of County Commissioners

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February 1, 2010

STADIUM FUND DEFICIT/GAP FUNDING PROPOSAL

By: Commissioner Todd Portune

Hamilton County has been plagued for the better part of the past decade with the problem of how to maintain solvency in the fund established to pay for the two new stadiums, lease obligations with the Cincinnati Reds and Bengals, and related riverfront improvements.

The dedicated one-half cent sales tax approved overwhelmingly by voters in March 1996 began this obligation and called for the sales tax to pay for:

- Debt service on the capital construction cost for Paul Brown Stadium [Bengals] and Great American Ballpark [Reds]; and
- Lease obligations required by separate leases between the Bengals, Reds and Hamilton County; and
- Annual Payments in Lieu of Taxes to Cincinnati Public Schools for their building program; and
- Related riverfront infrastructure improvements to support the stadiums, parking for the stadiums and development between the stadiums; and
- A rebate on property taxes equal to 30% of the amount of sales taxes collected in any given year to residential property owners [SFO and small rental housing – no commercial properties].

The program was based upon Capital Costs for the stadiums and related infrastructure equal to $540 Million. It depended upon annual growth in the sales tax of 3% per annum in order to remain solvent.

Several events conspired to place the fund out of balance and on a trajectory to be permanently in the red. They included overruns at Paul Brown Stadium which ended up costing $454 Million alone.

Lease obligations to the Cincinnati Bengals which include requiring taxpayers to pay, on average, over $10 Million per annum of operations costs; and more important than either of those two:

- The events of September 11, 2001 and their impact on the National Economy; and
- The worldwide global recession and downturn in the economy.

These last two events have Hamilton County's dedicated sales tax for stadiums regressing rather than growing by 3% per annum. The sales tax has been losing money on average for the last several years [five] which has placed the fund permanently in the red and in a position where we are faced with the daunting task of needing to raise about $32 Million in new revenues each year to remain solvent.

Further complicating measures is the impact the economy has had on our general fund budget, resulting in over $60 Million in cuts the last two years and a reduction in force of almost 1500 FTEs making it impossible for the county to meet our stadium fund obligations with general fund dollars without bankrupting the county or breaching statutory duties and responsibilities.

Consequently, I have come to the conclusion that we must secure a new revenue source for the stadium fund. I have also come to the conclusion that this new source cannot, and must not, be a breach of our commitment to county taxpayers on the Property Tax Rollback [PTR]. The PTR was a promise to voters to induce passage of the 1996 sales tax. The PTR was also a shift in county tax policy away from heaping too many burdens and responsibilities on a single group of county taxpayers.

The best solution must be one that:

- Does not require yearly action by the Board and with it the negativity of re-hashing the debate over the wisdom [or lack thereof] of the stadium sales tax proposal of 1996;
- Is fair and equitable to all taxpayers;
- Places as much of the burden as possible on the regional beneficiaries as we can;
- Does not tie up all future new revenue sources that the county needs to fund positive growth and development, or to meet other priorities;
- Forces the teams to contribute as much as possible;
- Honors our promise on the PTR; and
- Gets the Job Done .

In my opinion, as much as I hate the thought of raising taxes, the only answer that meets this objective is a one-time, limited, temporary sales tax of either one-half cent for five years or one-quarter cent for ten years.

Either proposal will raise about $325 Million that, when reserved solely for the stadium fund and when coupled with other dedicated revenues in the fund; interest earned as it is conservatively invested, will get the job done.

We add to the tax contributions from the Teams at the highest level we are able to negotiate and we also add, if needed, a portion of casino revenues [but in no case more than half in any given year] to address any gaps or deficiencies required in that year, if need year.

Sales taxes are paid regionally so we know almost 50% of this fund will come from regional taxpayers outside of Hamilton County making it the fairest and most equitable new revenue source proposed. Unlike other proposals, the burden on taxpayers is limited in duration and terminates at the end of either five years for the half cent or ten years for the quarter cent. The other proposals require tax increases in perpetuity. It does not tie up other revenue sources keeping them free to be used by the county for other priorities. And, it Honors our Promise on the Property Tax Rollback.

It gets the job done. With one vote the matter is solved.

While we have the authority to act without a vote of the people, the fairest approach is to trust the People of Hamilton County to do the right thing. The People know our fiscal issues are real. The People also know that we got into this by a vote of the People. We should not pass off this responsibility for the next twenty years and require our children to solve it. No, Our Generation did this. Our Generation must solve it. A limited sales tax does so.

Thank you for your consideration of this proposal.

Respectfully yours,

Todd Portune

Item 31-4

Commissioner Portune introduced and explained the proposal...the proposal was referred to the TLRC for review without objection....

There being no further comments/questions from the Board....

Referred to the TLRC without objection....

31-4

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JUL 28 2010
IMAGE 2144

Hamilton County

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July 28, 2010

STADIUM FUND DEFICIT/GAP FUNDING PROPOSAL

By: Commissioner Todd Portune

INTRODUCTION

Hamilton County has been plagued for the better part of the past decade with the problem of how to maintain solvency in the fund established to pay for the two new stadiums, lease obligations with the Cincinnati Reds and Bengals, and related riverfront improvements.

A. What Was the Original Stadium Sales Tax Plan?

The dedicated one-half cent sales tax approved overwhelmingly by voters in March 1996 began this obligation and called for the sales tax to pay for:

- Debt service on the capital construction cost for Paul Brown Stadium [Bengals] and Great American Ballpark [Reds]; and
- Lease obligations required by separate leases between the Bengals, Reds and Hamilton County; and
- Annual Payments in Lieu of Taxes to Cincinnati Public Schools for their building program; and
- Related riverfront infrastructure improvements to support the stadiums, parking for the stadiums and development between the stadiums; and
- A rebate on property taxes equal to 30% of the amount of sales taxes collected in any given year to residential property owners [SFO and small rental housing – no commercial properties].

The program was based upon Capital Costs for the stadiums and related infrastructure equal to $540 Million. The program was a mix of capital improvements and social policy. Included was a shift in county tax policy from a system heavily dependent upon property taxes to one dependent on sales tax. It supported a twenty year building program at Cincinnati Public Schools. In order to remain solvent, the program, and the fund established to support all program elements, depended upon annual growth in the sales tax of 3% per annum.

That never happened.

B. Why Did the Plan Go Negative?

Several events conspired to place the fund out of balance and on a trajectory to be permanently in the red. They included overruns at Paul Brown Stadium which ended up costing $454 Million alone.

Lease obligations to the Cincinnati Bengals which include requiring taxpayers to pay, on average, over $10 Million per annum of operations costs more than taxpayers pay under the Cincinnati Reds' lease. The Commissioners structured the PILOT payments to Cincinnati Public Schools in a way that reflected the value of the improved real estate instead of a straight $5 Million annual payment as was originally proposed resulting in a taxpayer obligation double what was contemplated when the funding model was constructed.

As much as these elements conspired to throw the fund out of balance, nothing did more to make the fund unstable than two world events over which no one had any control. They are:

- The events of September 11, 2001 and their impact on the National Economy; and
- The worldwide global recession and downturn in the economy.

These last two events have Hamilton County's dedicated sales tax for stadiums regressing rather than growing by 3% per annum. The sales tax has been losing money on average for the last several years [five] which has placed the fund permanently in the red and in a position where we are faced with the daunting task of needing to raise about $32 Million in new revenues each year to remain solvent.

Further complicating measures is the impact the economy has had on our general fund budget, resulting in over $60 Million in cuts the last two years and a reduction in force of almost 1500 FTEs making it impossible for the county to meet our stadium fund obligations with general fund dollars without bankrupting the county or breaching statutory duties and responsibilities.

C. What Must We Do to Maintain Fund Solvency?

Consequently, I have come to the conclusion that we must secure several new revenue sources for the stadium fund. I have also come to the conclusion that these new sources cannot, and must not, constitute a material breach of our commitment to county taxpayers on the Property Tax Rollback [PTR]. The PTR was a promise to voters to induce passage of the 1996 sales tax. The PTR was also a shift in county tax policy away from heaping too many burdens and responsibilities on a single group of county taxpayers.

The best solution must be one that:

- Does not require yearly action by the Board and with it the negativity of re-hashing the debate over the wisdom [or lack thereof] of the stadium sales tax proposal of 1996;
- Is fair and equitable to all taxpayers;
- Places as much of the burden as possible on the regional beneficiaries as we can;
- Does not tie up all future new revenue sources that the county needs to fund positive growth and development, or to meet other priorities;
- Forces the teams to contribute as much as possible;
- Honors our promise on the PTR; and
- Gets the Job Done.

In my opinion, as much as I hate the thought of raising taxes, the only answer that meets this objective includes new tax revenues. Accordingly, **I propose that we enact a one-time, limited, temporary sales tax of one-half cent for one year**. This will raise approximately $60.8 Million in one-time funds. It brings our stadium fund balance current. Importantly it generates enough in sales tax revenues to bring the cumulative total raised from inception to date to equal or exceed the amount voters agreed to raise when they voted in favor of the sales tax in 1996. To further keep faith with voters and taxpayers in connection with tax obligations we should also include a provision that calls for the repeal of the 1996 dedicated sales tax once all bonded debts and stadium fund obligations have been paid in full and/or are covered by existing revenue streams arising out of the improvements made along the riverfront.

Second, **I propose that we secure contributions from the Teams negotiated at the highest level we are able to obtain**. Our professional sports teams are the single largest beneficiaries of the tax and must play a meaningful and significant role in maintaining fund balance.

Third, I propose that we formally approach the Ohio General Assembly and attempt to negotiate a limited change in state law that will **eliminate our obligation to pay real property taxes on the ground where the stadiums are located**. We are already paying taxes to the schools in the form of the PILOT payments. This tax amounts to excessive and double taxation on those amounts making it fair to eliminate the tax. This will raise an additional $2 Million a year [estimate] of new revenues toward fund solvency.

Fourth, I propose that we utilize **casino revenues**, but only at such amounts as are necessary once that revenue stream kicks in beginning in 2013 depending upon the level of team contributions and sales tax performance at the time, **but in no event greater than 50% of the annual casino revenue stream**. The future interests of the county demands that we protect this new revenue stream from being completely bound to paying off bad decisions from the 90s and instead that a significant portion be preserved for future development and priority needs of the county.

Last, I propose that we **honor the Property Tax Rollback at 100%** of the promise and commitment **for the remainder of the original 20 year plan. Beginning in 2017 we reduce the PTR by no more than 90%** [and only at such levels as are necessary given the level of team contributions and sales tax performance] and apply those funds to our Stadium Fund.

At that point we are able to consider reissuing bond debt at better rates, or taking other measures relative to our indebtedness in hand at better fiscal outcomes for the county. We also should have been able to fully and completely evaluate all possible options that provide the best opportunity to reduce property taxes for county property tax payers. Each of our special property levies will have completed a new cycle that affords opportunities to reduce taxes without impairing mission, or adjusting existing county levy policy in ways that does no harm to the Mission or to any county resident beneficiary of each levy. These measures include:

- Completing our Pilot project with the state of Ohio around Medicaid Maximization that is designed to generate a new source of revenues for health care and for behavioral health care services in such amounts that we can responsibly consider reducing our various special property tax levies without doing any harm to the people and the issues they support; and
- We will have been able to conclude the TLRC evaluation of all of the county special property tax levies and determined whether one or more of them can be consolidated or reduced without doing any injury or harm to their mission or to the care services they provide, but instead they shall be re-structured in such a way as to produce better results and greater support via operational efficiencies; or eliminating redundancies; or by coordinating effort; and
- We will know, by that point, whether federal health care reform will have survived, and if so, in what manner it has survived and in what way it affects issues of local health care – reducing our own levels of local support in those areas that have been subsumed by the federal program, if any.

D. Conclusion

We have a moral obligation to solve this problem now. We should not pass off this responsibility for the next twenty years and require our children to solve it. Our Generation did this and Our Generation must solve it. This compromise proposal, which represents elements of each of the previously submitted proposals, does so.

In summary, here are the elements of this Compromise Option IV that, by a vote of this Board of County Commissioners, solves, in perpetuity, the stadium sales tax fund deficiency:

- Immediately adopt a half cent increase in the county sales tax for one year only, dedicating the proceeds to be used solely for the purpose of maintaining stadium fund solvency and reducing obligations thereunder;
- At the same time, adopt a Resolution calling for reduction or termination of the 1996 dedicated sales tax upon final payment of obligations owed to bondholders under the two stadium bond indentures based upon the needs of the county at the time with respect to Team Lease obligations;
- Formally Resolve and tender to our State Delegation a proposal calling for the county to be exempt from paying property taxes on the ground where the Great American Ballpark and Paul Brown Stadium are located;
- Continue to conclusion prior to Labor Day 2010 our negotiations with the Cincinnati Reds and Cincinnati Bengals to result in significant and meaningful Team contributions to Stadium Fund deficit reduction;
- Immediately adopt a Resolution directing the county Tax Levy Review Commission to evaluate all special purpose levies to determine whether one or more of them can be consolidated or reduced without doing any injury or harm to their mission or to the care services they provide, but instead they shall be re-structured in such a way as to produce better results and greater support via operational efficiencies; or eliminating redundancies; or by coordinating effort. As an element of this the TLRC should consider the benefits or costs of consolidating our multiple special property tax levies **into three super levies for Health Care, Social Services and Cultural Assets/Public Works**.
- Immediately adopt a Resolution pledging up to 50% of casino revenues to be dedicated to the stadium fund upon receipt commencing in 2013;
- Adopt a Motion calling for the county administrator to contract with HMA Associates for implementation of the Pilot project with the State of Ohio on the Medicaid Maximization Project;
- Adopt a Resolution calling for elimination of no more than 90% of the Property Tax Rollback [and only so much as is necessary] beginning in 2017 and applying such proceeds retained to fund balance, reserving the right to reinstate the PTR upon completion of stadium fund obligations on or around 2034.

Thank you for your consideration of this proposal.

Respectfully yours,

Todd Portune, President
The Hamilton County Commission

Action Items:

- Resolution adopting a one-half cent sales tax increase for one year and limiting the use of such proceeds to repay stadium/riverfront debt and stadium obligations
- Resolution Calling for reduction of the Property Tax Rollback up to 90% beginning in 2017 and running through 2032;
- Resolution dedicating no more than 50% of casino revenues to the Stadium Fund upon commencement of casino tax revenue payments;
- Resolution calling for a change in state law to exempt Hamilton County from property tax payments on the real estate where GAB and PBS are located;
- Resolution referring all Special Property Tax levies to the TLRC for evaluation for consolidation into one or more "Super Levies" for Health Care; Social Services and Public Works/Cultural Programs/Projects;
- Motion to Contract with HMA Associates for Medicaid Maximization
- Resolution calling for Termination of Dedicated one-half cent sales tax, adopted March 1996, upon repayment of debt service on stadium construction

Memo

To:	Tax Levy Review Committee
From:	David Pepper
Re:	Stadium Fund and the PTR
Date:	4/20//2010

Thank you for agreeing to take up the issue of the County's current stadium fund deficit, review proposals of possible alternatives, and make recommendations to the Board of Commissioners on which solutions are in the best interest of Hamilton County and its taxpayers. I realize this task is slightly different, and perhaps more challenging, than the typical assignments the Board has charged the TLRC with reviewing, but I am confident that the expertise on the TLRC membership is capable of making sound independent recommendations based on the various proposals before you.

Background
Putting aside all the drama and the politics, my view of the stadium problem has been that it's simple math. For the next few years, we have to address a $15M or so annual, structural deficit in the fund. And beginning in 2013, we have to address an annual deficit that approaches $30M. So we need to combine a number of elements that allow us to plug in real dollars to eliminate those structural deficits.

To address the issue of the stadium fund deficit, I have consistently supported the original, written proposal that the County Administration put forth last fall. (Attachment A)

The **key elements** of this plan include:

- **negotiation with the teams to reduce costs/obligations** or enhance revenue (through a surcharge on stadium activity) into the Stadium Fund. My hope would be to secure at least $10M or so in concessions through this process.

- plugging in **casino revenues** when they begin to come to the county by 2013 (up to $12M)

- continuing to look for **State fulfillment** of its commitment to the Stadium Fund;

- **other cost savings** which have already taken place (reduce Banks expenditures from Stadium Fund, reduce expenditure on outside counsel, etc.), or could be implemented.

Despite these steps, these measures are not sufficient. For this reason, all three commissioners have been on the record that **"new revenue"** is needed to fill the rest of the gap. (Attachment B). Needless to say, we disagree on how to generate those additional funds.

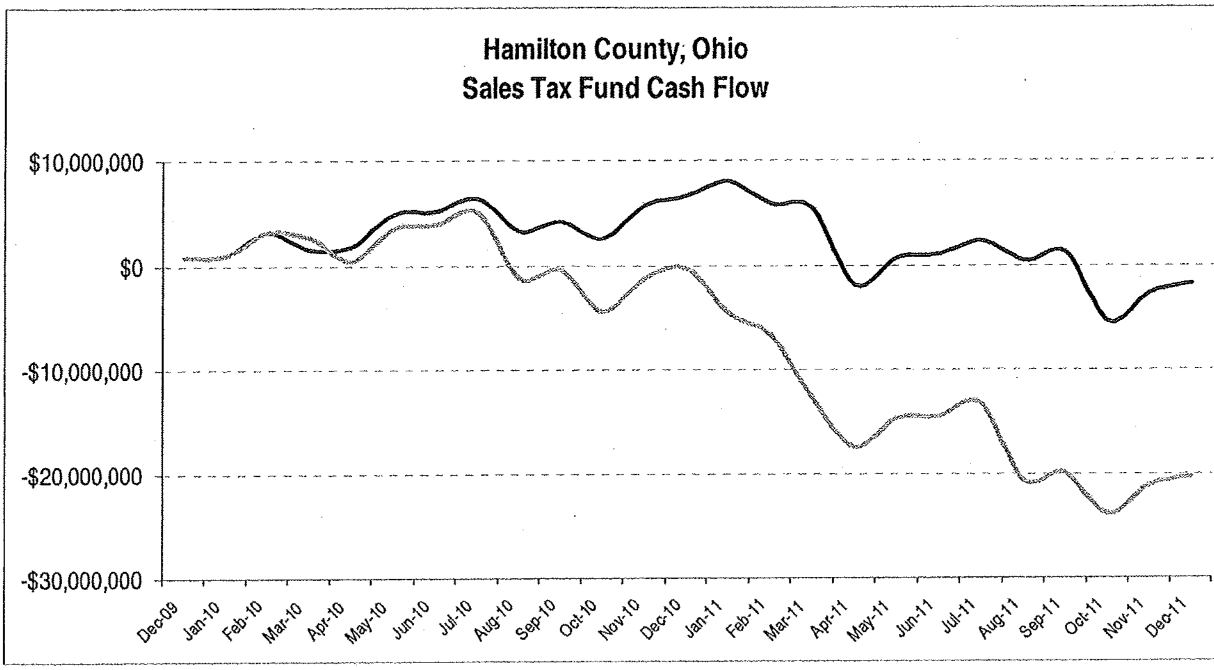
I do not agree on proposing a new countywide tax on our citizens. And I don't believe the citizens will accept or adopt such a tax either.

Rather than proposing a new tax which is highly unlikely to take effect anyway, the central element of the Administration's approach was the willingness to provide a responsible reduction to the property tax rebate in this year and future years to a level that the County actually has the funds to pay for. (as opposed to simply outlaying funds for the PTR even when the County does not have those funds).

The sound reasoning behind the Administration's plan brought together several advantages:

- By reducing the PTR this year as our administration proposed, and doing the same going forward, we would have **avoided** the short-term problem we now face because funds have now been committed to the PTR which the County simply does not have.
- Most importantly, by agreeing to reduce a PTR payment that we simply don't have the funds to pay for fully, the long-term solution is not nearly as difficult, because the **gap left in the stadium fund is reduced to a level** that is not nearly as high on a year-to-year basis. The other steps I have mentioned above (or others) are sufficient to solve the problem. (see graph below)
- On the other hand, if we insist on paying the full PTR when there simply are not the funds to pay for it, it's clear that a ***large new revenue*** stream is necessary to fill the gap—and needed ***very quickly***. There is little hope that such a revenue stream will exist.
- Finally, this approach has the other benefit that the PTR (unlike the cigarette tax and sales tax) is **the only tool that <u>we actually control</u>**. As we learned with the cigarette tax, and as we would learn with a sales tax vote, others aren't eager to bail the County out of this problem. While we individually did not create this problem, it's on the County's shoulders, and I'm skeptical anyone else is going to make the tough choices to solve it for us. So proposing solutions that are in others' hands to effectuate won't get us very far.

The bottom line about the PTR is that there **simply are no funds to pay for the full amount**. It's an outlay made by the County, and when it goes out the door, it has to come from somewhere. That somewhere is supposed to be the Stadium Fund, whose revenue stream is the stadium sales tax (which has not kept pace with projections), and which has numerous, binding and fixed obligations placed on it. As has happened this year, insisting on paying the full amount—when there simply aren't dollars in the Fund to do so—creates an immediate fiscal crisis. And leaves the County with no good options but desperate measures—to borrow money, raise other taxes, or raid funds designed for other discrete purposes, etc.—all because there simply is no money to keep paying the full PTR.



**This graph shows the result if we had reduced the PTR as the Administration proposed, and then by another $2.5 million in 2011. The structural deficit is far more manageable if the PTR is reduced.*

The Current Property Tax Rebate Structure

The good news is that there's a way to reduce the PTR which largely holds middle class taxpayers in the County harmless, and makes the PTR a fairer mechanism than it is today. And applies a common sense approach already used with other property tax abatement programs.

The current structure of the stadium tax/PTR has always resulted in a net tax increase for the vast majority of residents of the County--largely middle class families and those of lower incomes. This is because the added sales tax the average family pays from the "stadium tax" (median family pays $87 in added sales tax, Attachment C) is larger than whatever modest "rebate" they receive from the property tax reduction (median PTR for property owners is $62.97), if they receive one at all (ie. renters don't).

On the flip side, larger property owners make out very well under the stadium deal--some get an annual tax break of hundreds or even thousands of dollars per year from the PTR. And for many, this **far exceeds** what they pay in the additional stadium sales tax (top income bracket averages $191 in added sales tax, Attachment C). So while these owners make up a small percentage of County residents, they get a **disproportionate share of the PTR**. And for 15 years, rather than "paying in" to the stadium fund, some have received a net inflow of money from the "stadium deal" through that very high PTR payment--with that payment actually made possible by the net amount "paid in" by their middle class and lower income County neighbors.

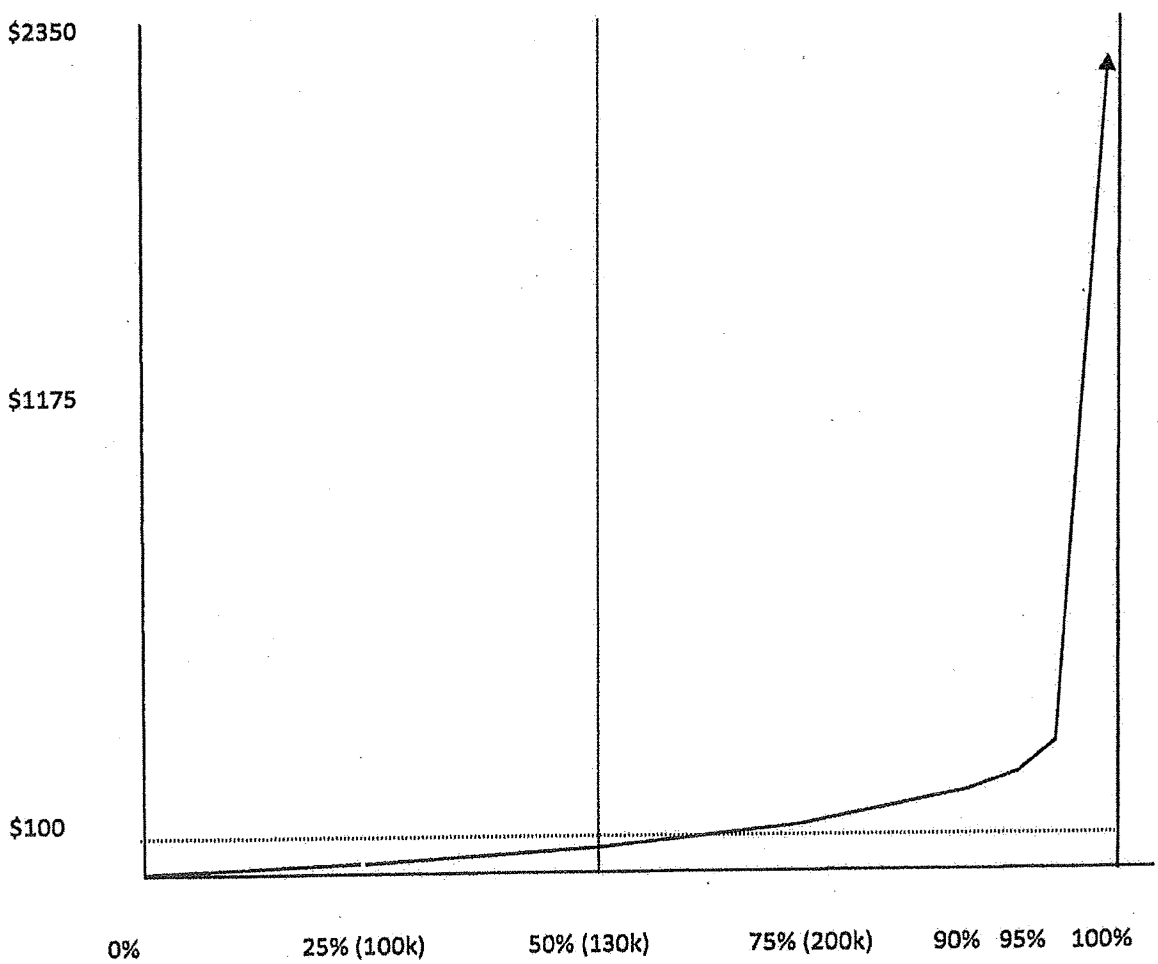
The numbers from the 2010 PTR tell the story (Attachment D):

- **120,310** (59%) property owners in the County have property values at **$150,000 or below**. Together, this **majority of property owners** share about **$6.018 million (34%)** of the 2010 PTR amount ($17 million). Each of these individual families will likely pay far more in additional sales taxes from the stadium fund than the individual PTR payment they get ($13.90-$60.51). They are "net payers" ***into*** the stadium fund.

- On the upper end, **34,624 (14%) property owners** in the County have property values at **$250,000 and above**. Together, this far smaller group receives **$6.9 million (40%)** of the 2010 PTR. Their individual PTR payments range from hundreds to thousands of dollars.

- And on the highest end, **12,150 property owners** in the County have property values at **$400,00 and above**. While only **6% of the property owners**, this group **receives $3.6 million (21%)** of the 2010 PTR. For this group, the PTR payments starts at $248, and rise quickly as values go up. At these higher levels, the amount received in the PTR payment will likely far exceed the amount being paid in the added stadium sales tax. So most of these individuals are "net gainers" ***from*** the stadium fund.

Distribution of PTR in Hamilton County



Y axis: PTR Payment Amount; X axis: Property Value (130k is median)
("%" means percentile of property owners; 100% = 100th percentile (ie. highest))

So we have two groups of County residents.

Middle class homeowners and renters (and non-residents) are largely **"net payers"** into the stadium fund. Their net taxes (1/2 cent sales tax minus the PTR), are what has paid for the stadiums and all associated costs--as well as the PTR payments for high-value property owners.

And we have **"net gainers"** from the stadium: higher value property owners. Because of the large PTR payments they receive, some are NOT paying for the stadium or associated costs; they are actually receiving a net benefit paid for by their less well-off neighbors.

So, for example, when the author of the attached article (Attachment E) wrote in 1995 that "the tax will save you money," he was assuming his audience was the high end of property owners. Because only they are held harmless; and the net taxes being paid by residents below a certain level (and renters) are what allows the high-end owners to profit from the stadium deal.

Especially at a time where the fund is running out of money, allowing such an inequitable result to continue is poor policy. Everyone should pay into the fund.

Placing an Equitable Cap on Individual PTR Payments

This can be solved. I propose that a cap be placed on the amount any single homeowner can receive from the PTR. And that that "cap" be pegged to an amount that represents a middle-class PTR that most residents receive. This would end 15 years where some citizens have not paid "in" to the stadium fund at all because of windfall PTR payments.

And by eliminating the "windfall" PTR amount received at the high end, considerable savings are generated that help support the stadium fund.

That cap can vary depending on the overall needs, but a couple examples would be:

A cap at the **60th percentile of household values** of the county (Attachment E):

- this would mean that every property owner up to the 60th percentile of property value (up to $153,000) would receive the full PTR (up to $72.43)
- this would mean that every property owner above that value would receive the "capped" PTR level ($72.43).
- this "cap" on PTR payments would net $5.3M in savings

A cap at **the median household value** of the county (Attachment E):

- this would mean that every property owner up to the median value (up to $133,000) would receive the full PTR (up to $62.97)
- this would mean that every property owner above the median value would receive the "capped" PTR level ($62.97).
- this "cap" on PTR payments would net $6.2M in savings

The County could adopt a fixed cap, or adjust it annually based on the funds available.

An alternative approach to the straight cap approach is to allocate the full PTR up to, say, the 60th percentile of household value, and then cap the remaining PTR for properties over that value at a percentage of the total PTR and divide the rebate equally among the remaining properties.

- this would mean that every property owner up to the 60th percentile (up to $153,000) would receive the full PTR (up to $72.43)
- this would mean that every property owner above the 60th percentile value would share the remaining PTR equally divided among those properties, and the amount to be divided would be capped at certain percentage of the total PTR
- If the total PTR is $20,000,000 and a cap of 35% is placed equally on all properties over the 60the percentile value, those remaining properties would share equally the remaining rebate ($55.59). This 35% cap would net $8.4M in savings
- If the total PTR is $17,000,000 and a cap of 35% is placed equally on all properties over the 60% percentile value, those remaining properties would share equally the remaining rebate ($47.25). This 35% cap would net $7.1 M in savings.

There is a precedent for this overall concept of a "cap." In granting property tax abatements to new homes and condos in the City, the City caps the property value for which the abatement is given to ***avoid just the type of "windfall" that is occurring with the PTR for high-end properties.***

Raising New Taxes

Once seen in this context, proposing a new sales or cigarette tax across the County simply to keep the PTR going as is presents an even less appealing and fair option. We would once again be going back to our middle class families, asking them to pay more, simply to continue paying for PTR payments that result in a disproportionate windfall for large property owners.

Conclusion

A responsible adjustment to the PTR is an important element that, along with successful negotiations with the teams, plugging in casino revenues, and other cost reductions, should allow us to seriously address the Stadium Fund. As recent months have shown, continuing to fully pay the PTR even when there aren't the funds for it requires a whole new stadium tax.

I look forward to discussing this with you at an upcoming meeting.

ATTACHMENT A

Hamilton County

County Administrator

BOARD OF COMMISSIONERS
Gregory Hartmann
David Pepper
Todd Portune

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ADMINISTRATOR
Patrick J. Thompson
Phone: (513) 946-4420

To: Board of County Commissioners
Patrick Thompson, County Administrator

From: Christian Sigman, Assistant County Administrator

Subject: Sales Tax Fund: Options to Address Pending Deficit

Date: November 10, 2009

The purpose of this report is to provide short and long term options for Board consideration in addressing the potential deficit in the Undivided Sales Tax Fund 960-300 ("Sales Tax Fund ") beginning in 2010. The growth or decrease in the sales tax rate is sensitive to the rate of inflation or deflation in the local economy. Enclosed within this report are various sales tax scenarios for modeling purposes with various sales tax growth rate assumptions. For example, based on an assumption in which sales tax collections decrease 3.4% in 2010 from 2009, and assuming no interim policy changes, the fund will potentially end with a $13.8 million deficit in 2010. The potential for this deficit to compound significantly and lead to even greater annual deficits is dependent on several factors, including: (a) the actual sales tax growth rate; (b) development of alternative funding sources; and (c) interim and long term Board policy modifications that mitigate the potential deficits.

The report is organized in the following sections:

I. Sales Tax Fund Introduction - Sources and Uses to Date
II. Financial Models
III. Model Components
IV. 5-year Forecast
V. Property Tax Rebate
VI. Options Considered
VII. Recommendation
VIII. Schedule

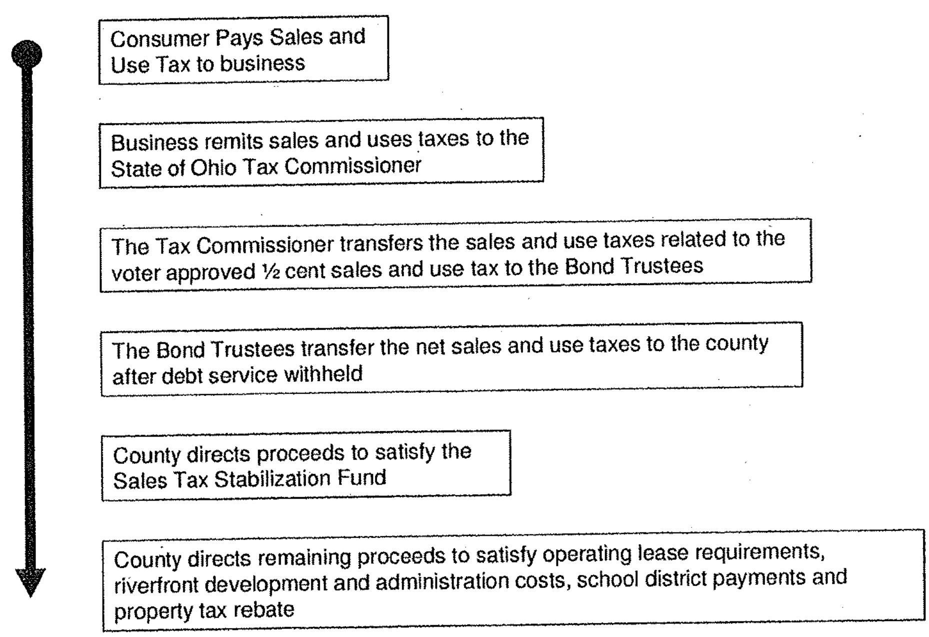
Given the number and size of the attachments included with this report a directory has been created within County Commission shared drive to locate the referenced documents.

N:\BOCC\Sales Tax Fund Memo Nov 2009

I. SALES TAX FUND INTRODUCTION - SOURCES AND USES TO DATE

The Sales Tax Fund was created to deposit revenues from the 0.5% increase in the County's sales and use tax as approved by Hamilton County voters on March 19, 1996. The 1996 vote increased the sales tax rate from 6% to 6.5%. Of the 6.5%, the first 5.5% goes to the state government, 0.5% to the County general fund and 0.5% to the Sales Tax Fund. Attachment A includes the ballot language and certified election results for this dedicated sales tax.
The flow of the sales tax revenue associated with 1996 increase is detailed in Graphic I.

Graphic I – Sales Tax Fund Flow of Revenue



The 1996 sales tax increase was approved under section 3905.021 of the Ohio Revised Code. As noted in the ballot language, an increase in the sales tax rate under section 3905.021 allows the use of the proceeds to supplement the general fund. The Board's intent was not to use the additional revenue generated by the increase in the sales tax for the general fund, but for the construction of two sports stadia and public improvements for the redevelopment of the central riverfront.

II. FINANCIAL MODELS

As with any project the size and complexity as the redevelopment of the central riverfront, several financial models were developed to establish a revenue and expenditure budget. One of the earliest models was developed in 1995 and totaled $520 million.[1] This model included the following:

- Demolition of existing stadium
- New football stadium

---

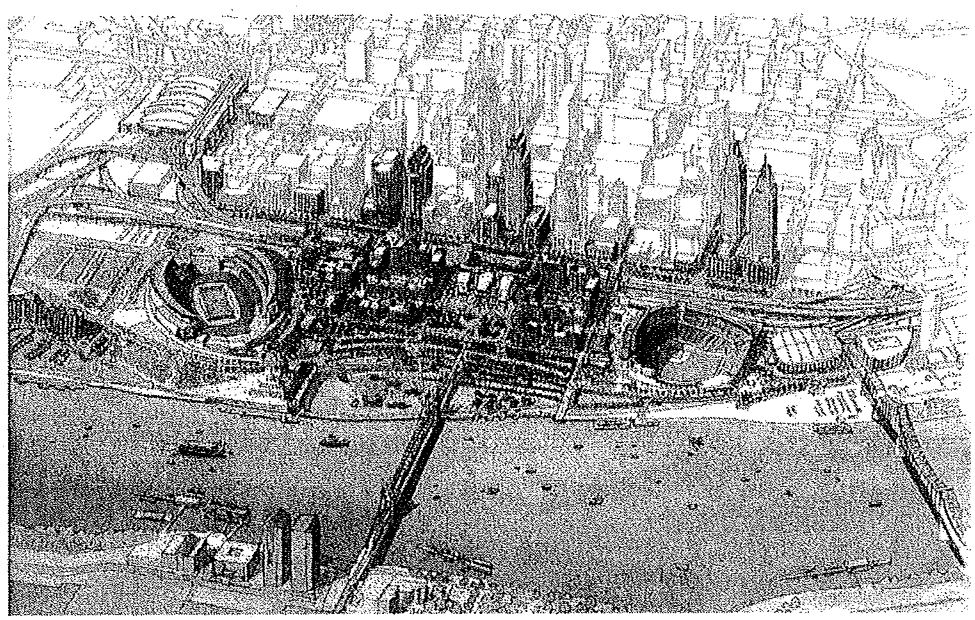
[1] Regional Stadium Task Force – Stadium Financing Presentation (1995)

- New baseball stadium
- Reconstructed parking facilities
- Additional land acquisition, infrastructure costs

In the following years a great deal of additional planning and design work was conducted that resulted in the conceptual plan for the redevelopment of the riverfront (Graphic II). Attachment B includes the Regional Stadium Task Force document as well as the following documents:

Regional Stadium Task Force – Stadium Financing Presentation (1995)
The Effects of the Construction, Operation and Financing of New Sports Stadia on Cincinnati Economic Growth (1996)
Central Riverfront Urban Design and Stadium Siting Concept Plan (1997)
Ohio Arts and Sports Facilities Commission – Review of Paul Brown (Hamilton County) Stadium State Funding Application (1998)
Report of the Riverfront Advisors Commission (1999)
Central Riverfront Urban Design Master Plan (2000)

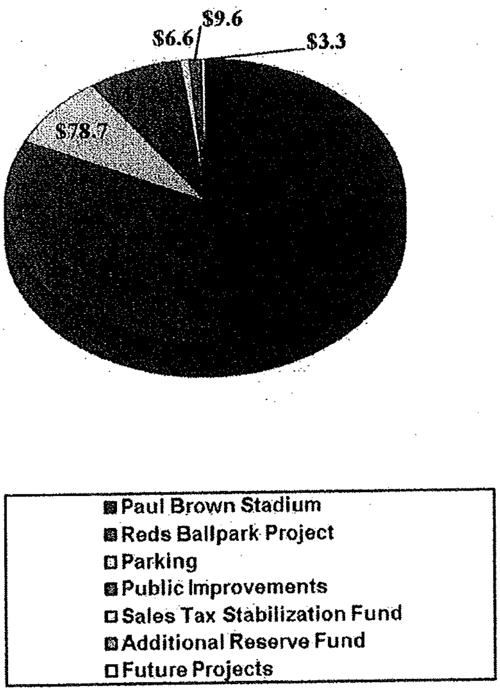
Graphic II – Banks Riverfront Development – 1999 Conceptual Plan



Through July 2009, a total of $963.8 million was expended to construct Paul Brown Stadium, Great American Ball Park, Public Improvements supporting the stadia, inter-modal transit center, US Bank Arena deposit and other project costs. Graphic III shows the total spend on the central riverfront projects through July 2009.

Graphic III – Dedicated Sales Fund Uses to Date

TOTAL USES = $963.8 million



The second, and more important, model is the long-term financial model to address capital construction, debt service, on-going operating costs as well as the property tax rebate. This *Hamilton County Sports Facilities Project – Financial Planning Model* (referred to as the "model" hereafter) was developed in 1996 by the County's financial advisor, Public Financial Management, Inc. (PFM).

The model is periodically updated and summary briefings are provided to the Board. Attachment C to this report is a compendium of models from 1996 through July 2009. Based on sales tax revenue performance year to date, the model projects that the fund will experience a deficit in 2010.

III. MODEL COMPONENTS

The following section provides background information on major components of the model.

A. Dedicated Sales Tax
B. Debt Service
C. Football Operations
D. Baseball Operations
E. Parking Operations
F. Payment in Lieu of Taxes (PILOT) with Cincinnati Public Schools
G. Other Model Components

A. Dedicated Sales Tax

The dedicated 0.5% sales tax is the primary funding source to support the Sales Tax Fund. Through October 2009, a total of $800 million has been collected from the sales tax increase approved by the voters in 1996. It is important to note that the model has always assumed that the property tax rebate (30% of sales tax collected) would be approved by the Board annually. As such, the sales tax projection in the model reflects only 70% of anticipated sales tax collections.

A 3% annual growth rate was established in 1995 to determine financing capacity to issue debt to support the construction of the stadia and public improvements as well as operating costs prescribed in the leases with the Reds and Bengals. This growth rate was considered conservative at the time by the finance community including the County's financial advisors, credit rating agencies and tax exempt underwriters.

As show in Table I, in 1996, the average annual growth rate for sales tax revenues was 7.6% since the inception in 1971 of the 0.5% county sales tax for the general fund. Even today, the average annual growth rate since 1971 is 5.9% (Table II).

Table I – Average Annual Sales Tax Revenue Growth (1971-1996)

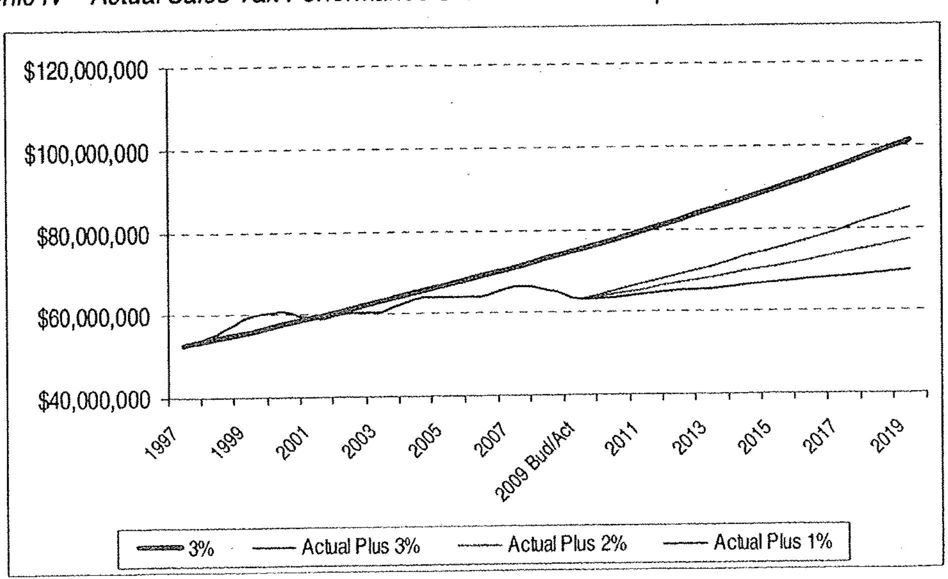
Year	Revenue	Percent Change	
1970	2,476,286		
1971	8,158,993		
1972	9,018,296	10.53%	
1973	10,090,617	11.89%	
1974	10,639,012	5.43%	
1975	11,473,571	7.84%	
1976	12,669,898	10.43%	
1977	14,627,742	15.45%	
1978	15,711,490	7.41%	
1979	17,209,948	9.54%	
1980	18,333,971	6.53%	
1981	19,848,336	8.26%	
1982	19,636,477	-1.07%	
1983	21,845,866	11.25%	
1984	25,083,507	14.82%	
1985	27,945,085	11.41%	
1986	30,879,723	10.50%	
1987	31,788,378	2.94%	
1988	35,211,708	10.77%	
1989	36,883,021	4.75%	
1990	38,799,671	5.20%	
1991	38,724,128	-0.19%	
1992	40,842,858	5.47%	
1993	43,165,292	5.69%	
1994	46,750,329	8.31%	
1995	47,517,841	1.64%	7.70% Average

Table II – Average Annual Sales Tax Revenue Growth (1971-2008)

Year	Revenue	Percent Change
1970	2,476,286	
1971	8,158,993	
1972-1995		
1996	51,120,044	7.58%
1997	53,604,045	4.86%
1998	57,112,015	6.54%
1999	59,630,657	4.41%
2000	60,902,478	2.13%
2001	59,283,176	-2.66%
2002	60,588,814	2.20%
2003	60,388,908	-0.33%
2004	63,502,701	5.16%
2005	64,094,932	0.93%
2006	64,047,553	-0.07%
2007	66,380,859	3.64%
2008	65,427,233	-1.44%
Average annual increase, '71-'08		5.89%
10 yr avg. 1999 -2008		1.40%
5 yr avg 2004 - 2008		1.64%

As noted in Table II, actual sales tax performance has averaged only 1.4% the past 10 years. This recent sales tax performance is well below the historical average of 7.7% experienced through 1995, 5.89% experienced through 2008 and the 3% assumed on the early years of the riverfront redevelopment project.

Graphic IV – Actual Sales Tax Performance Since 1997 as Compared to Various Growth Rates



As shown in Graphic IV, sales tax performance in the early years (1996-1999) of the central riverfront redevelopment easily exceeded the 3% model assumption and resulted in cash surpluses in the Sales Tax Fund. Calendar 2000 showed a modest increase of 2.13% and was then followed by a dramatic decrease of 2.66% in 2001 after the September terrorist attacks. The 2001 decrease was the largest decrease ever recorded in sales tax performance and only the third annual decrease recorded since 1972. Because these decreases occurred early in the financial model it is unlikely that the annual sales tax performance in the out-years will return to the levels planned in the early financial models (please see the 1%, 2% and 3% growth assumptions in Graphic IV).

B. Debt Service

The construction of the stadia required the issuance of long term debt. The initial debt was issued in 1998 for land acquisition and construction of Paul Brown Stadium (PBS). There were two issuances in 1998. Two issuances occurred in 2000 for the construction of Great American Ball Park and cost increases for Paul Brown Stadium. The four issuances totaled $623.6M in gross bond proceeds. The 2000B issue refunded portions of earlier issues. The 1998 issues mature in 2027 and the remaining 2000 issue matures in 2032.

Due to favorable market conditions in late 2006 portions of the three outstanding issues were refinanced for a net present value savings of $26.5M. The issue was structured to realize the savings during 2010 through 2012. As detailed in Attachment D, debt service payments increase from $27.6M in 2012 to $39.7M in 2013.

C. Football Operations

On May 29, 1997, Hamilton County entered into a lease of Paul Brown Stadium with the Cincinnati Bengals National Football League franchise. The Lease has been amended three times with the latest amendment June 29, 2000. The Lease year is July 1 to June 30. The initial Lease term ends June 30, 2026, subject to the Bengals' right to renew for five two-year extensions on the same terms and conditions. Attachment E includes the current Lease in its entirety. This report does not assess specific elements of the Lease as it is a contractual agreement approved by the Commission in 1997.

For 2010, the estimated expenditure level in the Sales Tax Fund for football operations totals $9.7 million and provides the following:

- Base Rent – Paid by Team in Lease Years 1 – 9
- County receives $.25 Ticket Surtax for each ticket sold
- County is responsible for:
    1. Routine Maintenance as described in Section 13.2 of the Lease
    2. Capital Repairs as described in Section 13.3 of the Lease
    3. Capital Repair Reserve Account - $1,000,000 deposited annually on or before the first day of the Lease Year (July 1)
    4. Real Estate Taxes
    5. Insurance – General Liability and Property
    6. Level 1 Enhancements as described in Section 12.3 of the Lease (no expenditures programmed in 2010)

7. Future Enhancements as described in Section 12.4 of the Lease (no expenditures programmed in 2010)
8. Reimbursement of Team Expenses last nine (9) years of Initial Term Section 13.9

Finally, subject to the terms and condition of the Lease, the County shall make available 5,000 parking spaces within a defined area. The Bengals receive all Bengals Team-use Day Parking revenue net of 11% gross sales for operating expenses (Section 33 of the Lease).

D. Baseball Operations

In 2003, Hamilton County entered into a lease of Great American Ball Park with the Cincinnati Reds Major League Baseball franchise. Attachment F includes the current Lease. The Lease year is November 1 to October 31 and the Lease period is until October 31, 2037.

For 2010, the baseball operations will realize net operating income of $501,000.

The Lease includes the following:

- Base Rent – 1- 9 years $2,500,000 (Revised 1st Amendment years 1-6 $2.5MM – 7-9 $1.5MM) years 10-35 $1.00
- County receives $.25 Ticket Surtax for each ticket sold
- County is responsible for:
  1. Capital Repairs as described in Article 13.3 of the Lease
  2. Real Estate Taxes
  3. Insurance – General Liability and Property
  4. Payment towards Utilities – Starting in 2003 $612,500 plus 5% compounded annually (Revised 1st Amendment additional $625,000 per year for Lease Years 7, 8, 9)
  5. Capital Repair Reserve Account - $1,000,000 deposited annually on or before July 15

Finally, subject to the terms and conditions of the Lease, the County shall make available 3,500 parking spaces closest to the Ball Park and the revenue from those spaces net of Allocable Portion of expenses as described in Article 32 of the Lease.

E. Parking Operations

The central riverfront redevelopment includes the construction of an intermodal transit facility that interconnect the stadia, National Underground Railroad Freedom Center and Riverfront Transit Center. When fully constructed, the intermodal transit facility may provide approximately 5,500-6,000 parking spaces. The operation of these garages will result in net operating income to the Sales Tax Fund. Due to capitalized interest cost during the construction of the Banks Phase I public improvements, the parking operations will realize a deficit in operating income until 2027. For 2010, parking operations is projected to result in a $167,000 operating deficit.

F. Payment in Lieu of Taxes (PILOT) with Cincinnati Public Schools

On January 31, 1996 the County Commission approved an agreement with the Cincinnati Public Schools (CPS) to provide a payment in lieu of taxes (PILOT) concerning the removal of taxable property from the tax rolls to construct the professional sports stadia on the riverfront. At that time the PILOT was estimated at $5 million annually. In 2001, CPS and the County Commission agreed on the assessed value of the stadia and estimated the actual PILOT amount beginning in 2006.

It is important to note that the 2001 agreement increased the PILOT approximately 100% from what was originally contemplated in January 1996.

In 2006, the CPS and the County Commission revised the agreement to restructure the payments. Partial payment was made in 2006, and no payments were made in 2007-2009. Payments begin again in 2010. This action was taken to avoid a deficit in the stadium fund in 2006. While the net present value of the payments did not change, the payment term was increased eleven years for the Paul Brown PILOT and seven years for the Great American Ball Park PILOT. Attachment G includes the Board resolutions from 1996, 2001 and 2006 concerning the CPS PILOT. For 2010, the CPS PILOT totals $10.9 million. The agreement with CPS calls for payments until the year 2032 and totaling $255.7 million

G. Other Model Components

The model includes property taxes on the entire riverfront as well as other funding sources related to the central riverfront redevelopment. In 2010, property taxes will total $2.0 million. The model also accounts for County costs related to the continued redevelopment of the central riverfront. These include:

- County Match for $24 million in Stimulus Funding: $5 million
- Project Counsel: ~$1,000,000
- Debt service on the Build America Bonds issued in 2009: $747,389 in 2010
- County Administration costs: ~$130,000
- Financial advisory services of PFM: ~$245,000
- County Bond Counsel: ~$245,000

Except the debt service on the Build America Bonds, the aforementioned items end in 2014 with the completion of Phase I of the Banks Project.

Previous models included the assumption that the state would honor its funding commitment to the County concerning the stadium project. Beginning with HB 748, the State of Ohio periodically provided funding for the construction of professional sport stadia. The initial funding contribution was $22 million and was envisioned to ultimately total $81 million. The County has aggressively sought full payment on the State's commitment via the biennial capital bill process. In the 2009/2010 process the regional prioritization process included $7.65 million for stadium construction; however, this amount was reduced to $100,000 by the general assembly. Since 1998 a total of $73.45 million has been received from the state (Table III). The amount outstanding from the state totals $7.55 million.

Table III – State Funding Support of County Sports Stadia
($ in millions)

1998/2000	$37.0
2000/2002	$0.0
2002/2004	$30.0
2004/2006	$4.35
2006/2008	$2.0
2008/2010	$0.1
Total	$73.45

IV. 5-YEAR FORECAST

Attachment C includes all sales tax models from 1995. The latest model dated July 2009 is summarized for the 2010-2014 period in Table IV. The full model extends through the year 2037. Key assumptions in the July 2009 model include sales tax growth rates, expenditures related to the leases with the Bengals and Reds and riverfront parking operations. Concerning sales tax, the growth rate assumption for the next five years is a 3.43% decline in 2010 and 1% growth annually thereafter. The 2007 model showed the fund going negative in 2012, but continued sales tax decreases and the realization the state will not fulfill its capital commitment in 2010 as well as a lack of resolution concerning Reds construction claims and Bengals' back rent advanced the deficit to 2010.

As noted in Table IV, there will be a $13.8 million deficit in the fund by the end of 2010. As shown in Table V, a deficit still occurs, but not until 2014, even if the property tax rebate is eliminated. A permanent solution to the fund's structural deficit is necessary.

Table IV – Summary Sales Tax Fund Model (Updated July 2009 with PTR)

($ in $1,000's)	2010	2011	2012	2013	2014
January 1 Beginning Balance	(303)	(13,770)	(27,449)	(39,874)	(66,246)
Sales Tax Growth Rate	*-3.43%*	*1%*	*1%*	*1%*	*1%*
Net Sales Tax	40,200	40,723	41,131	41,541	41,957
Debt Service	(27,610)	(28,754)	(27,605)	(39,691)	(41,122)
Football Operations	(8,516)	(8,671)	(8,830)	(8,992)	(9,157)
Baseball Operations	417	359	(2,201)	(2,263)	(2,329)
Parking Operations	(167)	391	362	(1,623)	(1,095)
Cincinnati Public Schools PILOT	(10,920)	(10,918)	(10,916)	(10,913)	(10,909)
Riverfront Public Improvements (Banks)	(4,867)	(4,744)	(2,240)	(2,240)	(2,239)
Property Taxes	(2,004)	(2,065)	(2,126)	(2,191)	(2,256)
Sub-total Uses	(53,667)	(54,402)	(53,556)	(67,913)	(69,107)
December 31 Ending Balance	**(13,770)**	**(27,449)**	**(39,874)**	**(66,246)**	**(93,396)**

Table V – Summary Sales Tax Fund Model (Updated July 2009 Without Property Tax Rebate)

($ in $1,000's)	**2010**	**2011**	**2012**	**2013**	**2014**
January 1 Beginning Balance	(303)	3,630	7,404	12,606	4,038
Sales Tax Growth Rate	*-3.43%*	*1%*	*1%*	*1%*	*1%*
Net Sales Tax	57,600	58,176	58,758	59,345	59,939
Debt Service	(27,610)	(28,754)	(27,605)	(39,691)	(41,122)
Football Operations	(8,516)	(8,671)	(8,830)	(8,992)	(9,157)
Baseball Operations	417	359	(2,201)	(2,263)	(2,329)
Parking Operations	(167)	391	362	(1,623)	(1,095)
Cincinnati Public Schools PILOT	(10,920)	(10,918)	(10,916)	(10,913)	(10,909)
Riverfront Public Improvements (Banks)	(4,867)	(4,744)	(2,240)	(2,240)	(2,239)
Property Taxes	(2,004)	(2,065)	(2,126)	(2,191)	(2,256)
Sub-total Uses	(53,667)	(54,402)	(53,556)	(67,913)	(69,107)
December 31 Ending Balance	**3,630**	**7,404**	**12,606**	**4,038**	**(5,130)**
% of Expenditures	6.8%	13.6%	23.5%	5.9%	-7.4%

V. PROPERTY TAX REBATE

The property tax rebate (PTR) is a Commission policy to remit 30% of sales tax receipts associated with the 0.5% increase in the sales and use tax to be used for central riverfront redevelopment. The PTR must be voted on by the Commission annually by the third week of November to allow the County Auditor sufficient time to incorporate the rebate into the following year's tax bill.

Since its inception, a total of $234 million has been approved by the Commission for the PTR. Attachment H includes the 2008 resolution that provided a $19.3 million PTR payable in 2009 as well as the 1996 resolution that established the board policy for the PTR.

The 2010 PTR is estimated at $17.4 million. Based on the 2009 approved PTR amount of $19.3 million the 2009 PTR was approximately $123.72 per $100,000 market value on owner occupied residential properties up to four units. Using a comparative approach to the $17.4 million amount for 2010, the 2010 PTR will approximate $111.53 per $100,000 market value. The actual amount will be determined by the County Auditor once the Board approves a 2010 PTR amount.

The granting of the PTR was provided via legislative approval from the general assembly. <u>If the Board ever chooses to not grant a PTR, the ability to provide a PTR going forward ends.</u> As noted in the previous section, the fund at the end of 2010 will be in a deficit position of $13.8 million. Board action will be required in 2009 to continue the PTR as well as deciding on a course of action to avoid a deficit within the fund.

Table VI – Property Tax Rebate 1997 - 2009

PTR Payment Year		
	1997	$ 13,050,000
	1998	15,650,000
	1999	17,150,000
	2000	18,300,000
	2001	18,300,000
	2002	17,200,000
	2003	17,500,000
	2004	18,100,000
	2005	19,800,000
	2006	20,100,000
	2007	19,200,000
	2008	20,000,000
	2009	19,300,000
Total		$ 233,650,000

VI. OPTIONS CONSIDERED

In developing options to address the pending Sales Tax Fund deficit, the Administration recommends three distinct phases:

1. Immediate actions leading up to the 2009 property tax rebate decision in late November;
2. Intermediate actions to prepare for a long-term solution; and
3. Long-term actions to address the deficit.

In choosing a course of action the following guiding principles and assumptions are recommended:

1. Any course of action must be certain in its implementation.
2. The solution should incorporate a measure of conservative revenue estimates to guard against another deficit situation in future years.
3. The solution should result in recurring resources (either additional revenue and / or permanent reduction in expenditures). One-time cash inflows are not practical with the length of the stadia leases, debt service and the agreement with the Cincinnati Public Schools.
4. The solution does not include any funding or resources for Phase IIA of the Banks riverfront development beyond the previously noted match for federal stimulus funding.
5. Solutions should not rely on the use of the sales tax stabilization fund; and
6. The Sales Tax Fund should always maintain a year-end $6 million cash balance, or approximately 10% of 2009 sales tax collections.

General approaches to solving a deficit situation are either a reduction in expenses and/or increase in revenues. The discussion below of the options considered are grouped into these two categories, but the ultimate solution selected by the Board may include elements of both categories. As noted in Table IV, the Sales Tax Fund deficit will reach $93.4 million by 2014.

Reduction in Expense

The Sales Tax Fund includes five expense categories:

1. Debt Service on the two sports stadia and corresponding public improvements
2. Lease obligations with the Cincinnati Bengals
3. Lease obligations with the Cincinnati Reds
4. PILOT agreement with the Cincinnati Public Schools
5. Parking Operations

Also falling under the reduction in expense category is a general fund reduction to provide operating support to the Sales Tax Fund.

Debt Service on the two sports stadia and corresponding public improvements

A financing option that is available for consideration is pushing the principal on remaining non-refinanced debt out into future years. To do this the debt would have to be issued as taxable to avoid the IRS rules that provide for only one refinancing for tax exempt debt. It also assumes that the maximum maturity of the debt could be extended beyond its current statutory limit. It is unclear at this time if taxable bonds would be subject to the current maximum maturity limit.

Pushing the debt out into future years results in significant interest costs. For each dollar of principal deferred the County would pay ultimately $5-$7 in additional interest costs. This type of "scoop and chuck" financing is not recommended in any fashion as a Hamilton County financial management policy. This approach does not provide a permanent solution; only a delay.

Included in the Sales Tax model is the recently issued Build America Bonds general obligation debt and loan with the State Infrastructure Bank (SIB) for the public improvements for Phase I of the Banks riverfront development. While the SIB loan will be repaid with incremental parking revenue generated by Phase I of the Banks project, the Sales Tax Fund is the pledged security for this loan if the parking revenue does not materialize.

The sales tax model includes $5.0 million ($2.5 million in 2010 and 2011) for the County's portion of the associated soft costs (design, engineering, etc.) for the stimulus-funded Phase IIA of the Banks project. For purposed of the current model, potential County costs associated with Phase II of the Banks project will not rely on the Sales Tax Fund as a funding source or security pledge unless the Board decides to include these costs in the ultimate solution to address the Sales Tax Fund deficit.

Finally, the Sales Tax model includes $1.62 million in riverfront redevelopment costs for County project administration. These costs are described in section III-F. The Administration closely manages these costs that are necessary to protect the County's interests on the billion dollar central riverfront redevelopment as well as to have the appropriate level of expertise involved in the project.

Lease obligations with the Cincinnati Bengals

As described in section III-C, the County entered into a long-term Lease with the Cincinnati Bengals for use of Paul Brown Stadium. County Administration has met with the Bengals concerning renegotiating the Lease and the Bengals organization is developing options to provide relief to the County. The entire Lease is included in Attachment D.

It should be noted that even eliminating the $9.7 million in 2010 expenditures related to the operation of Paul Brown Stadium will not erase the projected $13.8 million deficit in 2010.

Lease obligation with the Cincinnati Reds

As described in section III-D, the County entered into a long-term Lease with the Cincinnati Reds for use of Great American Ball Park (GABP). County Administration has met with the Reds concerning renegotiating the Lease and the Reds organization is developing options to provide relief to the County.

The County's operation of the GABP will realize a small net surplus in 2010 and 2011 (see Table IV) due to Lease payments from the Reds. These payments end in 2012 pursuant to the Lease and result in a net cost to County thereafter.

PILOT agreement with the Cincinnati Public Schools

As described in section III-E, the County entered into a Payment in Lieu of Taxes (PILOT) agreement with the Cincinnati Public Schools (CPS) in 1996 to address the loss of property tax revenue to CPS with the redevelopment of the central riverfront. The agreement was revised in 2006 to delay the PILOT until 2010. County Administration met with CPS and they are considering short-term relief concerning the 2010 PILOT. Long term relief from the PILOT is not feasible as CPS has pledged this revenue stream for its bond financing of the CPS capital program.

Parking Operations

The County contracts with Central Parking to operate the riverfront parking facilities. The operating contract with Central Parking ends in 2010. The parking rates are approved by the Commission and are comparable to market rates in the central business district. Increasing parking rates is not recommended.

General Fund Support

The Board could reduce general fund expenditures and provide a general fund transfer to the Sales Tax Fund. The Approved 2010 General Fund Budget totals $209 million. A $15 million general fund reduction would equate to a 7.2% decrease. Departmental percentage decreases would be higher due to exempting debt service, reimbursable works, etc.

Increase Revenues

Because counties are an extension of the state government, the County can only implement revenue enhancement pursuant to the Ohio Revised Code. The revenue options that follow are grouped by "permissive" revenue increases currently available to the Board and revenue increases that would require general assembly legislative approval. Only options that would generate sufficient revenues to address the Sales Tax Fund deficit are provided. This report does not comment on the progressive or regressive nature of taxes or the political considerations in establishing revenue policy.

"Permissive" Revenue Increases

Permissive revenue increases available to the Board at this time include an increase in the sales tax, voted property taxes and elimination of the Property Tax Rebate.

1. Sales Tax

The Ohio Revised Code allows counties to levy an additional sales tax up to 1.5% above the state-wide rate of 5.5% for a total of 7.0%. [In certain circumstances involving mass transit another 0.75% is permissable.] Hamilton County's rate is 6.5%. Hamilton County has 0.5% in sales tax rate available within the permissive sales tax. Table VII shows the distribution of sales tax rates for all 88 counties in Ohio. Sales tax rates for each county is provided in Attachment I. Any sales tax increase must be approved in 0.25% increments.

Table VII – Current Sales Tax Rates for Ohio Counties

Number of Counties	Total Rate
1	7.75%
42	7.00%
17	6.75%
24	6.50%
4	6.25%

Each 0.25% increase in the sales tax rates generates approximately $28-29 million. A 0.25% increase in the sales tax rate would address the Sales Tax Fund deficit.

There are three methods to increase the permissive sales tax:

- Submit to the voters in a general election (requires a majority vote of the Board);
- Increase the rate with a majority vote without submitting to voters, but is subject to referendum at the next election; and
- Increase the rate via the "emergency" process with a unanimous vote of the Board. This method is also subject to referendum, but only at the next general election and the rate increase still goes into effect until defeated in the next general election.

2. Voted Property Tax Levy

The County has fully utilized its inside millage for property taxes. Any increase in the property tax for Hamilton County governmental purposes will be have to be submitted to the voters. Per Board policy, the increase would be submitted to the Tax Levy Review Committee for assessment and recommendation. A voted property tax levy can be submitted to the voters in May, August and November. In a presidential primary year (2012) there is also a March election. A property tax levy to generate $30 million annually would cost the taxpayers $44.52 per $100,000 assessed market value.

3. Reduce or Eliminate the Property Tax Rebate

As discussed in section V of this report, the property tax rebate (PTR) is an annual policy decision by the Board. The estimated 2010 PTR totals $17.4 million. Ending the PTR would address the Sales Tax Fund deficit until the year 2013, but a permanent solution would be required there after.

The PTR applies to 204, 000 of the total 349,000 parcels in the tax duplicate. Based on the 2009 PTR, the value of the PTR for a $100,000 home is $123.72 per year. Each $1,000,000 in PTR is estimated at $6.41 per $100,000 home.

Increases Requiring General Assembly Approval

The following two revenue enhancements would require general assembly approval.

1. County-wide Sin Taxes

Until 2008, there was available to Ohio counties with populations over 1,000,000 (Cuyahoga County only) the ability to assess a county-wide tobacco and alcohol tax to finance the construction and operation of a professional sports stadium. The rates established in that legislation would have generated $6.3 million annually in Hamilton County. This taxing authority was narrowly crafted to benefit Cuyahoga County and included a 2008 sunset provision. Hamilton County could approach the state for similar authority. To generate $30 million annually an increase of $0.40 per pack and $0.32 per gallon of alcohol would be required.

2. Targeted Taxes for the Riverfront

The County could seek general assembly approval to impose taxes and fees specific to the economic activity of the central riverfront including the professional sports franchises that benefit from the County's construction of stadia. These taxes could include, but are not limited to, a per-ticket tax, concession sales tax and parking taxes.

The Ohio Revised Code (ORC), Chapter 349 provides for the authority of counties and its political sub-divisions to create New Community Authorities. In short, these authorities establish a geographic area for economic development purposes, appoint a government board and create taxing or fee structures to generate revenues to provide public infrastructure improvements and services. Establishing an NCA may require specific interaction with the Port Authority and the City of Cincinnati. The County could formally explore this option, but it should not be considered a near-term solution. Additionally, there are elements within the existing leases with the sport franchises that may prohibit levying additional taxes on the economic activity at the sports stadia. It is unknown at this time if these lease elements would preclude a NCA.

Other Revenue Sources

With the passage of casino gambling in Ohio and with Cincinnati being designated as an official site of a casino, Hamilton County is estimated to receive $12.2 million annually from gambling related revenues. This revenue would not be realized until 2012 or 2013. It is unknown when any revenue would commence associated with the construction and operation of a casino in Cincinnati.

VII. RECOMMENDATION

The initial Administration recommendation to address the Sales Tax Fund deficit is:

Near term (2010-2012)

- Reduce the PTR for 2010;
- Continue the dialogue with the sports franchises and the Cincinnati Public Schools;
- Continue to petition the state to fulfill its funding commitment to the stadium project;
- Seek state legislative approval to implement additional or increase taxes; and
- Dedicate any casino revenues to the Sales Tax Fund until legislative options have been exhausted and discussions with the sports franchises are complete.

VIII. SCHEDULE

As noted in Section V of this report, the Board must act annually concerning the PTR by the third week of November each year. For 2009, the last date is November 18, 2009. We have asked the County Auditor if the decision could be made the week of November 23. Any solutions to be submitted to the voters have prescribed schedules. The next election window would be May 4, 2010 with Board action required by February 18, 2010.

Please do not hesitate to contact me with any questions concerning this report.

ATTACHMENT B

43-3

AMENDED RESOLUTION ESTABLISHING A FRAMEWORK FOR A LONG-TERM PLAN FOR THE RIVERFRONT FUND

WHEREAS, the Board of County Commissioners acknowledges that the construction of the professional sports stadiums in Hamilton County were financed on sales tax growth projections that were not achieved, causing the Riverfront Fund to reach permanent deficit status; and

WHEREAS, the Board of County Commissioners will continue negotiations to seek financial responsibility from the professional sports teams who are benefiting from the sports stadiums that Hamilton County taxpayers made possible, concluding such negotiations on or before June 30th, 2010; and

WHEREAS, the Board of County Commissioners recognizes that new revenue sources must be identified to preserve the solvency of the Riverfront Fund; these revenue sources must hold harmless property taxpayers, working families and fixed income seniors in a difficult economy; and

WHEREAS, the Board of County Commissioners shall dedicate a significant portion of annual casino revenues to the Riverfront Fund currently estimated to be realized by 2013 or earlier, in amounts to be determined as necessary to assure the Fund's solvency; and

WHEREAS, the Board of County Commissioners and County Administration shall work with the elected Hamilton County Treasurer to pursue strategies designed to reduce annual delinquencies in property tax collections and pursue such other strategies to allow for greater realization of property tax revenue on an annual basis; and

WHEREAS, the Board of County Commissioners will continue to pursue reimbursements from the State of Ohio in the amount of $7.55 million for payments owed to Hamilton County concerning construction of sports stadia; and

WHEREAS, the Board of County Commissioners seeks a bi-partisan and unanimous approval of this resolution recognizing that this document may be amended to include additional solutions as necessary to address the future solvency of the Riverfront Fund;

THEREFORE BE IT RESOLVED that the Board of County Commissioners is committed to establishing the framework for a long-term solution for the solvency of the Riverfront Fund in 2010; and

BE IT FURTHER RESOLVED that the Clerk of the Board be and hereby is authorized and directed to certify copies of this resolution to Patrick Thompson, County Administrator; Christian Sigman, Assistant County Administrator; Dusty Rhodes, County Auditor; and Robert Goering, County Treasurer.

ADOPTED at a regularly adjourned meeting of the Board of County Commissioners of Hamilton County, Ohio this 16th day of December 2009.

Mr. Hartmann YES Mr. Pepper YES Mr. Portune YES

CERTIFICATE OF CLERK

IT IS HEREBY CERTIFIED that the foregoing is a true and correct transcript of a resolution adopted by the Board of County Commissioners in session the 16th day of December 2009.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the office of County Commissioners of Hamilton County, Ohio the 16th day of December, 2009.

Jacqueline Panioto

Jacqueline Panioto, Clerk
Board of County Commissioners
Hamilton County, Ohio

As requested by Commissioner Pepper a separate vote was taken on this section of the original resolution regarding a cigarette tax:

WHEREAS, the Board of County Commissioners will immediately begin work with the Ohio State Legislature to enact a cigarette tax in Hamilton County; the full balance of all revenues generated will be dedicated to the Riverfront Fund annually; and

Mr. Hartmann YES Mr. Pepper NO Mr. Portune YES

CERTIFICATE OF CLERK

IT IS HEREBY CERTIFIED that the foregoing is a true and correct transcript of a resolution adopted by the Board of County Commissioners in session the 16th day of December 2009.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the office of County Commissioners of Hamilton County, Ohio the 16th day of December, 2009.

Jacqueline Panioto

Jacqueline Panioto, Clerk
Board of County Commissioners
Hamilton County, Ohio

ATTACHMENT C

Hamilton County Administrator's Office

Interdepartmental Memorandum

To: Board of County Commissioners
Patrick Thompson, County Administrator

From: Christian Sigman, Assistant County Administrator cms
David Steuber, Management Analyst Intern DAS

Date: July 25, 2007

Re: Comprehensive Safety Plan Sales Tax Per Person Impact

The purpose of this memo is to describe the potential impact of the Comprehensive Safety Plan sales tax increase. An analysis of the tax was prepared using data from the U.S. Bureau of Labor Statistics, and was examined and approved by Jeff Rexhausen, Associate Director of Research for the Economics Center at the University of Cincinnati. In summary, based on the median household annual income in Hamilton County, the impact of the 0.5% increase is approximately $33.61 per person annually.

The U.S. Bureau of Labor Statistics provides data on the annual expenditures of U.S. households. This data is broken down over nine different income brackets, as well as according to the different types of expenditures households make (ex: food, housing, transportation, etc). Some of these expenditure types are taxable in Hamilton County; others are not.

A simple sum of taxable expenditure types was taken in order to calculate the total taxable expenditures of households in each of the nine income brackets. These sums were multiplied by the planned 0.5% sales tax rate to calculate the annual household impact of the sales tax:

	$5,000 To $9,999	$10,000 to $14,999	$15,000 to $19,999	$20,000 to $29,999	$30,000 to $39,999	$40,000 to $49,999	$50,000 to $69,999	$70,000 and more
Sales Tax Increase Per Household	$34.46	$41.56	$48.99	$61.72	$76.68	$87.39	$111.17	$191.70

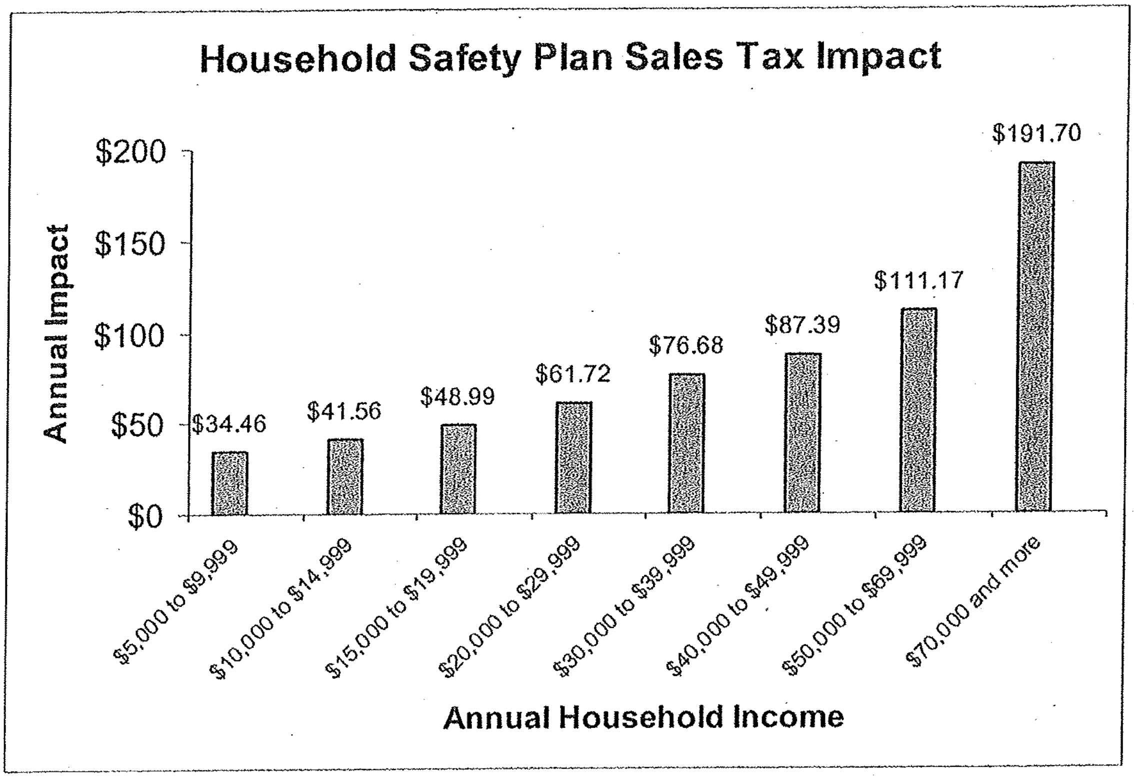
Dividing the above figures by the average number of persons living in a household (which varies by income bracket), the impact per person of the sales tax was also found:

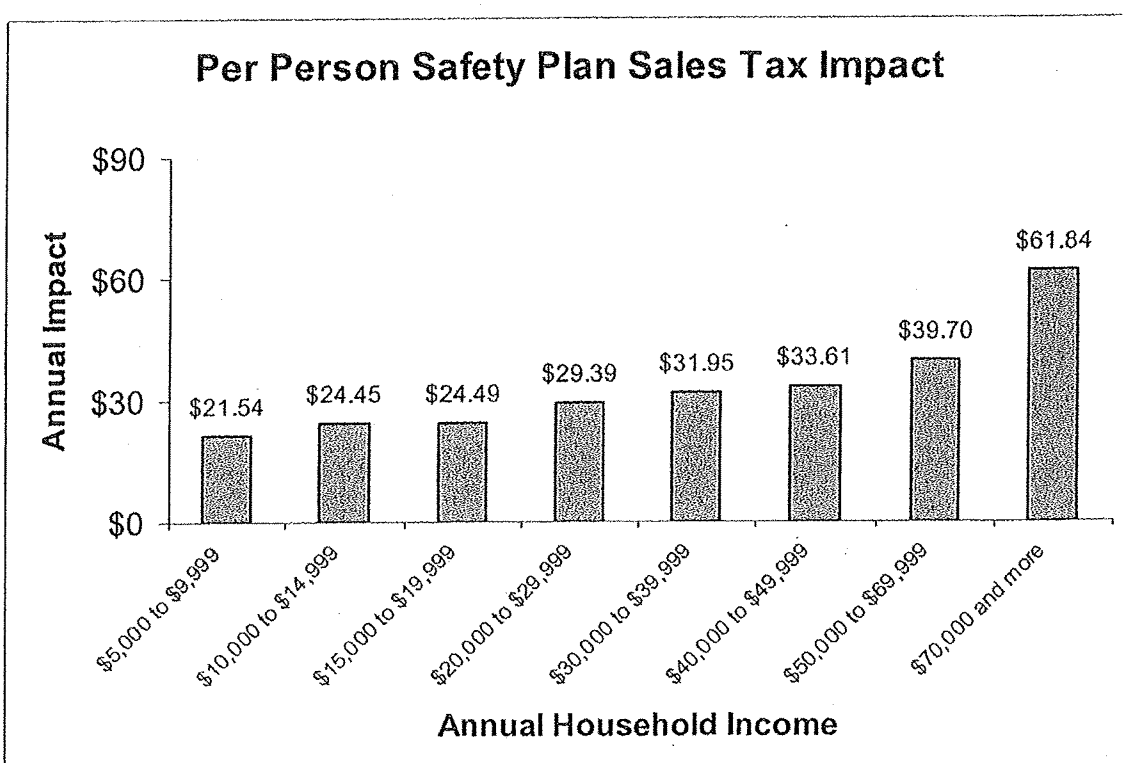
	$5,000 to $9,999	$10,000 to $14,999	$15,000 to $19,999	$20,000 to $29,999	$30,000 to $39,999	$40,000 to $49,999	$50,000 to $69,999	$70,000 and more
Sales Tax Increase Per Person	$21.54	$24.45	$24.49	$29.39	$31.95	$33.61	$39.70	$61.84

All of the above figures were calculated with respect to income brackets, and more specific income data within these brackets was not available from the U.S. Bureau of Labor Statistics. The median household income in Hamilton County is $40,556 per year, and this amount falls into the low end of the $40,000 to $49,000 income bracket. For this bracket, the annual impact of the sales tax increase is approximately $87.00 per household, or $33.61 per person.

Please do not hesitate to contact me if you have any questions.

Attachment


Household Safety Plan Sales Tax Impact
Annual Impact
$200
$150
$100
$50
$0
$34.46
$41.56
$48.99
$61.72
$76.68
$87.39
$111.17
$191.70
$5,000 to $9,999
$10,000 to $14,999
$15,000 to $19,999
$20,000 to $29,999
$30,000 to $39,999
$40,000 to $49,999
$50,000 to $69,999
$70,000 and more
Annual Household Income


Per Person Safety Plan Sales Tax Impact
Annual Impact
$90
$60
$30
$0
$21.54
$24.45
$24.49
$29.39
$31.95
$33.61
$39.70
$61.84
$5,000 to $9,999
$10,000 to $14,999
$15,000 to $19,999
$20,000 to $29,999
$30,000 to $39,999
$40,000 to $49,999
$50,000 to $69,999
$70,000 and more
Annual Household Income

ATTACHMENT D

2010 PTR DISTRIBUTION

Total No. of Parcels	350,943
Avg Market Value	175,518
Median Market Value	106,700

Property Value ($1,000s)	0-50	50-100	100-150-	150-200	200-250	250-300	300-350	350-400	400-750	750-1000	1000-2500	2500+	TOTALS
Total No. of Parcels Receiving STC	8,374	46,440	65,496	31,356	17,549	11,327	6,932	4,215	9,222	1,379	1,417	132	203,839
% of Total Properties in County	4.1%	22.8%	32.1%	15.4%	8.6%	5.6%	3.4%	2.1%	4.5%	0.7%	0.7%	0.1%	100%
Accumulated	4.1%	26.9%	59.0%	74.4%	83.0%	88.6%	92.0%	94.0%	98.6%	99.2%	99.9%	100.0%	
Total PTR Allocation ($)	116,406	1,938,568	3,963,050	2,614,034	1,870,858	1,462,512	1,059,740	749,516	2,291,408	521,762	689,708	124,546	17,402,108
% of Total PTR Allocation	0.7%	11.1%	22.8%	15.0%	10.8%	8.4%	6.1%	4.3%	13.2%	3.0%	4.0%	0.7%	100%
Accumulated	0.7%	11.8%	34.6%	49.6%	60.4%	68.8%	74.8%	79.2%	92.3%	95.3%	99.3%	100.0%	200.0%
Avg STC per Parcel	13.90	41.74	60.51	83.37	106.61	129.12	152.88	177.82	248.47	378.36	486.74	943.53	85.37

Avg Market Value Receiving STC	180,329	Per $100,000
Median Market Value Receiving STC	132,450	47.34

ATTACHMENT E

Cap Analysis

Total No. of Parcels	350,943
Avg Market Value	175,518
Median Market Value	106,700

PTR Cap Set At Median Value	**@ or Below 133,000**	**Exactly 133,000**	**Above 133,000**	**Variance**
Total No. of Parcels Receiving STC	102,631	92	101,208	
Total STC	4,800,930	6,073	12,601,178	
Avg STC per Parcel	46.78	66.01	124.51	
Avg Using Entire Database		62.97		$ 6,228,595

PTR Cap Set at 60% Median	**@ or Below 153,000**	**Exactly 153,000**	**Above 153,000**	
Total No. of Parcels Receiving STC	122,781	91	81,058	
Total STC	6,199,700	6,486	11,202,408	
Avg STC per Parcel	50.49	71.28	138.20	
Avg Using Entire Database		72.43		$ 5,331,377

ATTACHMENT F

Viewpoints

I hate taxes, but support stadium tax hike proposal

Chris Finney

Random thoughts

I hate taxes. I hate taxes more than I hate going to the dentist.

There are those who argue that higher taxes are just like sharks tasting blood in the water —once the bureaucrats get a taste of the blood, they only want more. I agree.

Thus, I helped found Cincinnatians United Against Taxes and Spending (CUTS) and I serve on the board of advisers of Taxes Enough Already (TEA). It's safe to say that I hate higher taxes more than almost anyone.

Still, I support the proposed one-cent sales tax hike plan.

Why? The plan makes sense, and it won't cost me a nickel.

The truth about this strong proposal has been hidden in the mist created by media coverage. Hot-tempered opponents have pulled out their fog-making machines to obscure a perfectly sensible plan. Let's clear the air:

1. The tax will save you money (yes, really – read on), because nearly half of the funds generated from the hike go to property tax relief.

For a typical Anderson Township homeowner family (approximately $191,000 home; roughly $45,000 in annual disposable income), this will more than offset the higher sales tax payments. The proposed lower property taxes will save this family $172 annually. The increased sales tax will cost the same family around $121. Per-family savings: $51 per year.

How does this magic happen – that a tax increase results in lower out-of-pocket expenses and solves these crushing problems? The half of the taxes that are not returned to property owners will be paid by out-of-county residents. Hamilton County has roughly 868,000 residents, but the 13-county Ohio-Kentucky-Indiana metropolitan area has nearly 1.9 million people.

Because most malls and retail stores are in Hamilton County, non-county residents come to our county to shop and thus will help buy two new stadiums and a new jail for us. We essentially pay nothing for all of this.

2. The Reds and the Bengals and the stadium and jail construction – and the side benefits they bring – will mean jobs for county residents. Good-paying construction jobs and steady retail, restaurant and service industry jobs will be created and retained under the plan.

Some argue that the Bengals and Reds are private enterprises that should fend for themselves. This argument will seem a bit hollow when we are watching the Baltimore Bengals and the Jacksonville Reds while eating from TV trays in our basement. The reality is that we must compete to retain professional sport franchises — and the jobs they bring—or we will lose them. Period.

3. The plan includes more than new stadiums. We get a new jail. This is needed because the State will soon be sending more than 500 prisoners back to Hamilton County for incarceration. Without it, we will free hundreds of prisoners in the next two years and face a crippling deficit that will result in other service cutbacks. Tax opponents offer no solution to this problem.

Finally, opponents argue that the plan does not solve school funding issues. True enough. But it also does not solve hunger in Africa, generate world peace, or reduce my waistline. Nor could it. Those problems are bigger than the County Commissioners can reasonable be expected to solve.

Sales tax opponents have tapped into fully justifiable anti-tax sentiment among voters. However, in the process opponents have intentionally misrepresented and ignored the important benefits of the plan and have not even begun to offer any alternative solution to the problems the plan will solve.

All in all, the sales tax plan masterfully solves several difficult problems for the region. Commissioners Bob Bedinghaus and Guy Guckenberger deserve our support at March's election on this plan. Our families deserve it even more.

Chris Finney, a lifelong Cincinnati-area resident now living in Anderson Township, is a political activist who is active in a variety of political circles.

GREG HARTMANN

HAMILTON COUNTY COMMISSIONER

138 EAST COURT STREET, CINCINNATI, OH 45202

HTTP://WWW.HAMILTONCOUNTYOHIO.GOV

TO: **Tax Levy Review Committee**

FROM: **Commissioner Greg Hartmann**

RE: **Stadium Fund Solvency and the Health & Hospitalization Levy**

DATE: **June 4, 2010**

Thank you again to all members of the TLRC for your willingness to review and analyze proposals regarding the Stadium Fund deficit. The need to identify a solution to make this fund fiscally solvent is the most important challenge facing Hamilton County.

The solution to address this deficit demands that we identify tens of millions of dollars to offset crushing debt service obligations on the stadiums and lease term obligations with each sports team. Fiscally imprudent decisions made within this financial model across a decade by prior Commissions have added to the current crisis and have further damaged the health of this fund. We cannot undo those decisions, but we can choose to ensure that property taxpayers are not further burdened by the mistakes of the past.

In the pursuit of a solution to achieve Stadium Fund solvency, a reduction of the overall level of property taxation could offset any reduction to the Property Tax Rebate (PTR) within the Stadium Fund financial model. This action would thereby counterbalance the impact of a reduction to the PTR for residential property tax payers. Under this plan, no individual's property tax bill would see any increase while commercial property taxpayers would receive an across the board cut to their total property tax bill. This cut will provide some deserved financial relief during these difficult economic times.

Following passage of national healthcare reform, the Health and Hospitalization Levy, considered for renewal by Hamilton County voters in 2011, should be considered as a tool to achieve this property tax offset solution. The elimination of non-essential levy expenditures, like the $110 million University Hospital subsidy, should be pursued.

The Health and Hospitalization Levy 2007-2011

In November 2006, Hamilton County voters passed the Health and Hospitalization Levy which generates $47 million annually to provide financial support for the healthcare related needs of the indigent in our community. The levy provides roughly $15 million of funding for Hamilton County agencies within our courts, probation and corrections system. In addition, the levy directly subsidizes $32 million of indigent healthcare for Hamilton County residents at both University Hospital and Children's Hospital.

2007-2011

Health and Hospitalization - University & Children's Hospital

Tax Levy: 4.49 Mills **Fund 003 - 004**

LEVY PLAN	Year 1 2007	Year 2 2008	Year 3 2009	Year 4 2010	Year 5 2011
Beginning carryover	**5,653,090**	**7,399,901**	**8,905,228**	**10,115,955**	**7,901,266**
REVENUES (Total)	**47,293,247**	**47,452,322**	**47,962,335**	**48,166,485**	**47,053,046**
Tax Levy	46,959,171	47,118,246	47,628,259	47,832,409	46,718,970
Other	334,076	334,076	334,076	334,076	334,076
EXPENDITURES (Total)	**45,546,436**	**45,946,995**	**46,751,607**	**50,381,174**	**51,144,987**
University and Children's Hospitals	32,000,000	32,000,000	32,000,000	32,000,000	32,000,000
Other Allocation	13,546,436	13,946,995	14,751,607	18,381,174	19,144,987
Ending Carryover	**7,399,901**	**8,905,228**	**10,115,955**	**7,901,266**	**3,809,326**

ACTUAL/PROJECTED	Year 1 2007 Act	Year 2 2008 Act	Year 3 2009 Act	Year 4 2010 Budget	Year 5 2011 Proj
Beginning carryover	**5,653,090**	**11,081,134**	**16,144,193**	**13,099,624**	**10,512,505**
REVENUES (Total)	**50,192,618**	**49,216,779**	**47,976,846**	**48,851,948**	**47,053,046**
Tax Levy	49,858,542	48,916,810	47,727,506	48,602,608	46,718,970
Other	334,076	299,969	249,340	249,340	334,076
EXPENDITURES (Total)	**44,764,574**	**44,153,719**	**50,019,307**	**51,439,066**	**50,972,740**
University/Children's Hosp. (600001)	32,000,000	28,800,000	32,000,000	35,200,000	32,000,000
Juvenile Court Medical (400067)	1,386,411	1,447,740	1,447,740	1,447,740	1,447,740
Probation (490160)	-	-	425,000	425,000	425,000
Municipal Court (430283)	-	-	502,122	-	-
TB Control (123711)	1,239,342	475,857	-	-	-
Sheriff - Inmate Health Care (300558)	7,245,750	7,359,394	8,986,953	8,612,600	9,500,000
Ext. Detox. Program (630084,660084)	1,727,254	2,632,850	2,482,425	2,482,109	2,500,000
Children w/Med Handicaps (170070)	332,372	1,364,676	2,000,000	2,071,320	2,400,000
Probate Court (Dept 45)				431,500	450,000
Contracts & Subsidies (170070)	-	1,417,414	1,428,188	8,000	1,500,000
Auditor and Treasurer Fees (170070)	833,445	655,788	746,879	760,797	750,000
Sub-total Carryover	**11,081,134**	**16,144,193**	**14,101,732**	**10,512,505**	**6,592,811**

Table A

National Healthcare Reform – Impact on Hamilton County

In March, the United States Congress passed a $940,000,000,000 national health care reform package to provide insurance coverage to 32 million Americans previously uninsured. The new federal law mandates sweeping changes to the structure and function of our health care delivery system in the United States while directing an unprecedented level of taxpayer dollars toward health insurance coverage for all.

In addition to direct insurance coverage available to 32 million Americans, the new federal heath care law provides a significant level of additional federal funding to support local health clinics (FQHCs), doubles grant funding for Community Health Centers and mandates coverage for preventative care. Funding for prevention and wellness programming is also a focus of the reform.

The priority and projected outcome of this new health care delivery system includes the reduction of the uninsured seeking emergency room care for general health concerns. The 32 million Americans with health care will have a new financial incentive to establish a primary care physician or, if necessary, utilize health clinics in their community as a low cost alternative to an emergency room visit.

The national health care reform package will be fully implemented by January of 2014, with many aspects of the reform being phased into law during the next two years. This year alone dependants up to the age of 26 are eligible for coverage through their parents plan, children under the age of 18 with pre-existing conditions must be insured and high risk insurance pools are being established by the State of Ohio to provide coverage to eligible participants through full implementation of the health care law in 2014. By 2014, individuals will be fined if they don’t purchase some form of health insurance and businesses will be required to offer healthcare benefits to their employees or pay a penalty.

Elimination of Projected $110 million University Hospital Subsidy

It is important to consider that Hamilton County’s subsidy of two private hospitals is unique in Ohio. In fact, with the exception of Montgomery County, we are the only other county in the state that pro-actively subsidizes not one, but two, private hospitals.

In Cuyahoga County, levy funds do support a public hospital, Metro Health, to provide concentrated service to their indigent community. However, the four major hospital systems in Franklin County, the second largest urban county in the Ohio, annually pay for an estimated $200 million in charity care equally, with no levy support.

A result of the passage of sweeping national health care reform, Hamilton County should eliminate levy support for University Hospital from the Health and Hospitalization Services levy beginning in the 2012-2016 levy cycle. In the upcoming levy cycle, University Hospital is projected to receive a $22 million annual subsidy (with no inflation) to supplement the healthcare costs of the indigent in Hamilton County. I'm unlikely to support eliminating the annual subsidy to Cincinnati Children's Hospital, unless further justified, because of their direct relationship with Hamilton County Job and Family Services for the care of children in the custody of Hamilton County.

During this difficult economy I don't believe that a $110 million property taxpayer subsidy for a private hospital is justifiable. Additionally, when health insurance will now be available to every American through the $940 billion federal health care reform package, this expensive taxpayer funded hospital subsidy will be unnecessary.

Property Tax Cut To Offset PTR Reduction

If enacted, elimination of the annual $22 million University Hospital subsidy would reduce the calculated rate of taxation within the Health and Hospitalization Services Levy on all property tax payers by 45%. Additionally, the Hamilton County Office of Budget and Strategic Initiatives estimates the elimination of the hospital subsidy would generate a $6 million annual savings to residential property tax payers who receive the PTR. The value of the $22 million reduction does not evenly exchange with the PTR, because the tax rebate is only distributed to residential property owners. See Table B below.

2012-2016 Heath & Hospitalization Services Levy and PTR Exchange Formula

$17.4 Million PTR = $55.00 per average $100,000 residential property value (3:1 ratio)

$47.5 million HHS Levy = $47.50 per average $100,000 property value (1:1 ratio)

Every $1 million reduction in the HHS Levy = $1 per average $100,000 property tax paid

Every $1 million reduction to the PTR = $3 per average $100,000 property tax paid

The formula to establish the exchange between HHS Levy property tax reduction and its equivalent value in PTR is:

"A reduction in HHS revenue must be equal to three times a reduction in PTR revenue."

Therefore, a $22 million annual reduction in HHS Levy revenue equates to $6 million in PTR value.

*Provided by the Hamilton County Office of Budget & Strategic Initiatives

Table B

When the $6 million estimated property tax payer savings is achieved through elimination of the hospital subsidy, the savings can be applied to the annual rebate certified each November. As a result, the PTR could be reduced an equivalent $6 million to achieve a tax neutral solution for those who receive the rebate. The upcoming renewal of the Health and Hospitalization Services levy on the ballot in November 2011 charges the Commissioners on the Board at that time with the responsibility to certify the level of millage to appear on the ballot, and therefore the corresponding programs and expenditures of that levy. Members on the Board in 2011 will have the ability to implement this tax reduction and offset which could be realized immediately in January of 2012.

Under this plan, it should be noted that commercial property tax payers would receive an across the board tax cut. During this difficult economy, I view the ability to provide any level of tax relief to those who are creating and retaining jobs in our local business community as worthwhile.

Foundation Of The Solution: Sports Team Concessions

Above all else, the results of negotiations with both sports teams will dictate the final path to achieve Stadium Fund solvency. I am pleased that both the Bengals and the Reds are willing to be a part of the solution. Until these good-faith negotiations conclude we would be mistaken to finalize a solution to fully achieve solvency. Currently, our Board is waiting on County Administration to conclude negotiations with both sports teams which began in the summer of 2009.

Casino Revenue As An Element of The Solution

The Cincinnati casino, estimated to be in operation as early as 2012, is projected to generate $12 million in revenue for Hamilton County. All Commissioners agree to dedicate a significant level of this revenue, if necessary, to help offset the Stadium Fund deficit.

Conclusion

The need to achieve a solution to the broken Stadium Fund financial model is the most pressing challenge Hamilton County faces. Based upon current revenue and expenditure obligations, with no solution implemented in the financial model, the fund amasses a over a $600 million deficit by 2032.

Prior Commissioner decisions to irresponsibly refinance debt have created crushing amounts of debt service which only increase the insurmountable deficit that we face. Our lease terms with the sports teams have been challenged twice in court and failed. Every option to delay, defer and disregard the reality of this broken model has been exercised by prior Commissions.

Last year, during my first year on the Commission, it was absolutely clear that difficult decisions were imminent to achieve solvency within this fund. I chose to certify a full 2010 PTR in November of 2009 because I knew legitimate sports team negotiations were only in their infancy and I refused to immediately sacrifice property tax payers through an instant reduction to the PTR. In addition, no meaningful discussion and deliberation over additional elements of a solution had occurred amongst the Commission. As the financial model shows, these discussions should have occurred years ago.

Once negotiations with the sports teams conclude, additional Board action will dictate the final path to achieve fund solvency. I seek your input in my proposal to eliminate the $110 million University Hospital subsidy from the Health and Hospitalization Services Levy and implement this property tax cut and PTR offset.

Ohio Department of TAXATION

Business Taxpayer Services Division
4485 Northland Ridge Blvd
Columbus, Ohio 43229
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http://tax.ohio.gov

STATE AND PERMISSIVE SALES TAX RATES BY COUNTY, OCTOBER 2010

County	County Tax Rate	Transit Tax Rate	Total State & Local Rate	County	County Tax Rate	Transit Tax Rate	Total State & Local Rate
Adams	1.50%	--	7.00%	Licking	1.50%	--	7.00%
Allen	1.00	--	6.50	Logan	1.50	--	7.00
Ashland	1.25	--	6.75	Lorain	0.75	--	6.25
Ashtabula	1.00	--	6.50	Lucas	1.25	--	6.75
Athens	1.25	--	6.75	Madison	1.25	--	6.75
Auglaize	1.50	--	7.00	Mahoning	1.00	0.25%	6.75
Belmont	1.50	--	7.00	Marion	1.00	--	6.50
Brown	1.50	--	7.00	Medina	1.00	--	6.50
Butler	0.75	--	6.25	Meigs	1.00	--	6.50
Carroll	1.00	--	6.50	Mercer	1.50	--	7.00
Champaign	1.50	--	7.00	Miami	1.25	--	6.75
Clark	1.50	--	7.00	Monroe	1.50	--	7.00
Clermont	1.00	--	6.50	Montgomery	1.00	0.50	7.00
Clinton	1.50	--	7.00	Morgan	1.50	--	7.00
Columbiana	1.50	--	7.00	Morrow	1.50	--	7.00
Coshocton	1.50	--	7.00	Muskingum	1.50	--	7.00
Crawford	1.50	--	7.00	Noble	1.50	--	7.00
Cuyahoga	1.25	1.00%	7.75	Ottawa	1.25	--	6.75
Darke	1.50	--	7.00	Paulding	1.50	--	7.00
Defiance	1.00	--	6.50	Perry	1.50	--	7.00
Delaware	1.25	--	6.75	Pickaway	1.50	--	7.00
Erie	1.00	--	6.50	Pike	1.50	--	7.00
Fairfield	1.00	--	6.50	Portage	1.00	0.25	6.75
Fayette	1.50	--	7.00	Preble	1.50	--	7.00
Franklin	0.75	0.50	6.75	Putnam	1.50	--	7.00
Fulton	1.50	--	7.00	Richland	1.25	--	6.75
Gallia	1.25	--	6.75	Ross	1.50	--	7.00
Geauga	1.00	--	6.50	Sandusky	1.50	--	7.00
Greene	1.00	--	6.50	Scioto	1.50	--	7.00
Guernsey	1.50	--	7.00	Seneca	1.50	--	7.00
Hamilton	1.00	--	6.50	Shelby	1.50	--	7.00
Hancock	1.00	--	6.50	Stark	0.25	0.25	6.00
Hardin	1.50	--	7.00	Summit	0.50	0.50	6.50
Harrison	1.50	--	7.00	Trumbull	1.00	--	6.50
Henry	1.50	--	7.00	Tuscarawas	1.00	--	6.50
Highland	1.50	--	7.00	Union	1.25	--	6.75
Hocking	1.25	--	6.75	Van Wert	1.50	--	7.00
Holmes	1.00	--	6.50	Vinton	1.50	--	7.00
Huron	1.50	--	7.00	Warren	1.00	--	6.50
Jackson	1.50	--	7.00	Washington	1.50	--	7.00
Jefferson	1.50	--	7.00	Wayne	0.75	--	6.25
Knox	1.00	--	6.50	Williams	1.50	--	7.00
Lake	0.50	0.25	6.25	Wood	1.00	--	6.50
Lawrence	1.50	--	7.00	Wyandot	1.50	--	7.00

Note: Municipalities whose boundaries extend both within and beyond Franklin County assess a COTA rate of 0.50% in addition to the posted state and county sales tax rate. Delaware's COTA rate covers the portions of the Cities of Columbus and Westerville located in Delaware County; Fairfield's COTA rate covers the portions of the Cities of Columbus and Reynoldsburg in Fairfield County; Licking County's COTA rate covers the portion of the City of Reynoldsburg located in Licking County, and Union's COTA rate covers the portion of the City of Dublin located in Union County. The current state rate is 5.5%.

September 20, 2010

ECONOMIC IMPACT REPORT

THE EFFECTS OF THE CONSTRUCTION, OPERATION AND FINANCING OF NEW SPORTS STADIA ON CINCINNATI ECONOMIC GROWTH

prepared by

The Center for Economic Education
University of Cincinnati

for the

Hamilton County Administrator

January 2, 1996

The Center for Economic Education
University of Cincinnati

THE EFFECTS OF THE CONSTRUCTION, OPERATION AND FINANCING OF NEW SPORTS STADIA ON CINCINNATI ECONOMIC GROWTH

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SUMMARY

THE EFFECTS OF THE CONSTRUCTION, OPERATION AND FINANCING OF NEW SPORTS STADIA ON CINCINNATI ECONOMIC GROWTH

The Hamilton County Commissioners have proposed a strategy for subsidizing the construction and operation of two new stadia for the Cincinnati Reds and the Cincinnati Bengals. Submitted in 1995, the proposal recommends a County sales tax increase to finance the two stadia as well as other public goods. This report examines the effects of the proposed tax increase to understand how much will be raised and who will be affected most by the tax plan. In addition, the effects of the construction and operation of two stadia upon regional economic growth are investigated. The additional tax burden represented by the stadia are weighed against the stadia's contribution to regional economic growth.

NET EFFECT OF FINANCE PROPOSAL

The increase in the sales tax rate from 5.5 percent to 6.5 percent (0.5 percent to 1.5 percent for Hamilton County) will increase 1996 tax revenue by $98.7 million. Total sales tax revenue collected by Hamilton County with the 6.5 percent rate will be $149 million.

The net effect of the increase in the sales tax rate coupled with a $41 million rollback in property taxes is that each household in Hamilton County will face an additional average tax burden of $31 per year for two new stadia, a new jail, expanded expenditures for public safety services and residential housing programs, a reduction in the real estate transfer tax, and a reduction in property taxes. When stadia-only expenditures along with the property tax rollback are considered, there is a net gain to Hamilton County households averaging $1 per year.

Net Effect on Hamilton County Households 1 Percentage Point Increase	
Increase in Hamilton County revenue	$ 98,704,228
Increase in sales tax burden to Hamilton County	$ 51,521,801
Property tax relief to Hamilton County	$ 40,962,255
Total burden to Hamilton County	$ 10,559,547
Net burden per household per year	$ 31
Net benefit for stadia only expenditures	$ 1

If another proposal is adopted and a one half percentage point increase in the sales tax rate is used to finance Reds and Bengals stadia construction (70 percent of revenue) and property tax reduction (30 percent of revenue), the net burden to Hamilton County households will be $32 per year.

Net Effect on Hamilton County Households 1/2 Percentage Point Increase	
Increase in sales tax burden to Hamilton County	$ 25,760,901
Property tax relief to Hamilton County	$ 14,805,634
Total burden to Hamilton County	$ 10,955,267
Net burden per household per year	$ 32

NET EFFECTS BY RESIDENCE

Property tax abatement is estimated to total $41 million. The property tax relief will be directed toward Hamilton County homeowners exclusively.

Households in Hamilton County will pay 55 percent of the sales tax. Other residents of the Greater Cincinnati area will pay 36 percent of the tax, and persons outside of the region will pay 9 percent of the tax. The distribution of the sales tax burden is as follows:

Distribution of Sales Tax Burden According to Place of Residence	**Sales Tax Increase from 5.5% to 6.5%**	
	$ Amount (millions)	Percent of Total
Hamilton County Consumers	$ 49.3	53%
Hamilton County Owners, Employees and Shareholders of Hamilton County Businesses	$ 2.2	2%
Greater Cincinnati, non-Hamilton County Residents	$ 33.6	36%
Residents from Outside Greater Cincinnati	$ 8.8	9%

NET EFFECTS BY INCOME LEVEL

The net effects by income level are determined by looking at two definitions of income. Average lifetime income is considered because people move across income classes over their lifetime. A young adult often starts out in a low income class, then moves to a higher income class during middle age, and back down to a low class when retirement is reached. Average lifetime income accounts for expenditures that are based on a person's income expectations, not just their current income level. However, a more observable income measure, current annual income, is also used to determine the impact of the sales tax on current members of Hamilton County income groups.

The tax restructuring plan will decrease the tax burden for nearly all Hamilton County homeowners. However, because they do not receive benefits from the property tax rollback, all Hamilton County renters will face a higher tax burden. As a percentage of their annual income, Hamilton County households in the lowest income groups will face a higher tax burden than households in the higher income groups. However, when average lifetime income is considered, the burden is relatively constant across income levels. Because the probability of home ownership increases with income levels, 41 percent of those in the lowest income group will receive property tax relief, while 87 percent of households in the highest income group will face lower property tax burdens.

STADIA CONSTRUCTION

The construction of stadia for the Cincinnati Reds and the Cincinnati Bengals will signify a one-time economic boon of over $1.1 billion for the Cincinnati region. On average, this equals $1,537 per Greater Cincinnati household. Total estimated cost for the stadia project is $520 million. An estimated $467 million in local spending is projected to generate $663 million in additional economic activity for businesses and households. Cincinnati households will gain a total of $373 million in the form of earnings. To meet the increases in demand that will result across all industries in the Cincinnati region, 18,461 jobs will be supported in all area industries.

IMPACT OF NEW STADIA

The economic impact of the annual operations and visitor spending associated with the two new stadia is estimated to be $296 million. Total spending in the local economy as a result of new stadia operations and visitor spending is expected to exceed $170 million. As a result, $91 million will enter the homes of area households in the form of earnings. The projected number of jobs supported by the new stadia is 6,883, a 20 percent increase from jobs supported currently by Riverfront operations. These estimates are based on projections from Riverfront spending and observations of new stadia.

Total Economic Impact of New Stadia						
		Operations		**Visitors**		**Total**
Local Spending	$	114,410,730	$	56,262,462	$	170,673,193
Indirect Impact	$	69,233,207	$	55,859,258	$	125,092,465
Total Economic Impact	**$**	**183,643,937**	**$**	**112,121,721**	**$**	**295,765,657**
Household Impact	$	56,530,354	$	34,310,295	$	90,840,648
Jobs		4,087		2,796	$	6,883

ECONOMIC LOSS DUE TO REDS AND BENGALS RELOCATION

In addition to attracting new spending into the area, the operations of the Reds and Bengals teams keeps some spending from leaving the area. Many fans from cities without professional sports come to Cincinnati for Reds and Bengals games. An estimated $32 million would leave the Cincinnati area due to Cincinnati fans traveling outside the region for sports games if the Reds and Bengals did not operate in Cincinnati.

BENEFITS TO INDUSTRIES

A number of Cincinnati industries will benefit significantly from the stadia. Hotels and amusements top the list with over $162 million generated in that industry alone. Riverfront stadium currently generates $133 million of business activity in the hotel and amusements area. Real estate, retail trade, and food producers are also impacted.

TAX IMPACTS

In total, the region will benefit from approximately $5.6 million each year in local taxes generated directly by users of the stadia and visitors to the region. Currently, $4.6 million in local taxes are collected from stadia related activities.

TOURISM

The total direct spending in the local economy by visitors amounts to over $45 million per year. On average, 50 percent of the Reds and Bengals patrons at each game in Riverfront Stadium are from out-of-town. Thus, more than 1.6 million out-of-town visitors come to Reds and Bengals games each year. This is nearly equal to the total population of the Greater Cincinnati area. Among out-of-town fans, 23 percent stayed overnight in the Cincinnati area, and 59 percent went to a Cincinnati area establishment either before or after the game. The total direct spending by visitors with the operations of two new stadia is projected to total more than $56 million.

TABLE OF CONTENTS

Part I. Economic Burden of the Stadia and Sports Teams to the Cincinnati Community

1. SALES TAX PROPOSAL — **PAGE 10**

A. Revenue Generated by the Sales Tax Proposal — **PAGE 10**

B. Who Pays the Sales Tax? — **PAGE 11**
i. Analysis of the Sales Tax Burden by Residence
ii. Analysis of the Sales Tax Burden by Income

2. PROPERTY TAX PROPOSAL — **PAGE 17**

3. NET ECONOMIC EFFECT — **PAGE 18**

Part II. The Effects of the Stadia and Sports Teams on Regional Growth

1. INTRODUCTION — **PAGE 22**

2. ECONOMIC GROWTH FROM NEW STADIA CONSTRUCTION — **PAGE 23**

3. ECONOMIC GROWTH FROM NEW STADIA — **PAGE 24**

A. Highlights of Riverfront Stadium — **PAGE 24**

B. The Economic Impact of New Stadia — **PAGE 25**
i. Case Study: Oriole Park
ii. The Economic Impact to Greater Cincinnati from Two New Stadia
iii. Potential Loss Due to Local Fan Spending Outside Cincinnati

Part III. Stadia and Regional Development

1. OTHER ECONOMIC CONSIDERATIONS — **PAGE 30**

A. Tax Revenues — **PAGE 30**
B. Franchise Revenues — **PAGE 31**
C. The Stadia and Regional Economic Development — **PAGE 33**
D. Affordability of Professional Sports — **PAGE 34**

2. SUMMARY AND CONCLUSION: THE NET EFFECTS OF PROFESSIONAL SPORTS AND SPORTS STADIA IN THE CINCINNATI ECONOMY — **PAGE 35**

Part IV. Technical Notes to Part I PAGE 37

Appendices

APPENDIX I. ECONOMIC IMPACT OF RIVERFRONT STADIUM: METHODOLOGY PAGE 43

1. THE IMPACT OF STADIUM OPERATIONS ON REGIONAL ECONOMIC GROWTH PAGE 44

   A. Stadium Management PAGE 44
   B. Reds Franchise PAGE 45
   C. Bengals Franchise PAGE 45
   D. Stadium Concessions PAGE 46
   E. Total Economic Impact of Riverfront Operations PAGE 46

2. IMPACT OF STADIUM-RELATED VISITORS ON REGIONAL ECONOMIC GROWTH PAGE 47

   A. Economic Impact of Visiting Teams and Officials PAGE 47
   B. Economic Impact of the Media PAGE 48
   C. Economic Impact of Visiting Fans PAGE 51
   D. Economic Impact of Other Stadium Events PAGE 53
   E. Total Economic Impact from Visitors to the Region PAGE 54

3. TOTAL ECONOMIC IMPACT OF RIVERFRONT STADIUM PAGE 54

APPENDIX II. RESEARCH METHODOLOGY PAGE 57
APPENDIX III. DEFINITIONS USED IN THIS REPORT PAGE 58
APPENDIX IV. SUMMARY OF SURVEY METHODOLOGY PAGE 59
APPENDIX V. FAN SURVEY QUESTIONS PAGE 60
APPENDIX VI. SOURCES OF DATA PAGE 61
APPENDIX VI. LIST OF REFERENCES PAGE 62

Introduction

This report sets out to analyze economic effects of the financing, construction and operation of two stadia for Cincinnati's professional sports teams. The costs of public financing of the two new stadia for the Cincinnati Reds and Cincinnati Bengals will be compared with the effects of the sports teams on regional economic growth. Part 1 focuses on the financing plan proposed by Hamilton County. The effects of the sales tax increase coupled with a property tax reduction are analyzed and discussed. In particular, the questions of "Who will pay for the stadia?" and "How much will they pay?" are addressed. In Part 2, the economic impacts of stadia construction and operation are considered. This section will demonstrate the contribution of the stadia to regional economic growth. Finally in Part 3, other benefits of the stadia along with additional burdens and benefits associated with maintaining Cincinnati as the home of the Reds and Bengals will be considered.

About the Research

This research was conducted by the University of Cincinnati's Center for Economic Education in cooperation with the University's Institute for Policy Research. Economic data and background literature were collected and analyzed by the Center for Economic Education with help from numerous agencies and firms both locally and nationally.[1] The Institute for Policy Research (IPR) conducted more than 640 surveys of fans of the Cincinnati Reds and Cincinnati Bengals[2]. In addition, the IPR conducted a survey of automobiles in parking lots of shopping areas to understand residence of consumers. Telephone interviews with numerous sports professionals nationwide helped the research team provide an objective, unbiased analysis of the economic effects of the proposed stadium plan.

[1] See Appendices V and VI for complete listing of data sources.
[2] For a complete description of survey methodology and survey guide, see Appendices III and IV.

Part I. Economic Burden of the Stadia and Sports Teams to the Cincinnati Community

1. SALES TAX PROPOSAL

The sales tax proposal being analyzed is an increase in the sales tax rate from 5.5 percent to 6.5 percent (the Hamilton County rate increases from 0.5 percent to 1.5 percent). The analysis of the sales tax proposal is divided into two sections: the tax revenue that will be generated from the new rate, and the issue of who will pay the sales tax.[3]

A. Revenue Generated by the Sales Tax Proposal

An increase in the Hamilton County sales tax rate of one half percentage point will generate an additional $49.4 million in tax revenues for the year 1996. If the rate increases one percentage point (two half-cent increases are implemented), revenues will increase by $98.7 million.[A] The percentage increase in the tax rate will not result in an equal percentage increase in revenue; with the higher tax rate, there will be a modest decrease in sales of taxable goods. Tax revenues that go to the State will actually fall since their tax rate (5%) is unchanged and there is some decrease in quantity sold.

Studies show that with a one percent increase in the sales tax rate, tax revenues increase from 0.89 to 0.98 percent.[4] The difference depends on a number of factors, such as how much of the tax is passed to consumers, the competitiveness of the economy, transportation costs to lower-tax areas, the types of products taxed and consumer perceptions of tax differences. We assume that the effect of a tax increase occurs somewhere in the middle -- a one percent increase in the tax rate will increase tax revenue by 0.94 percent.[5]

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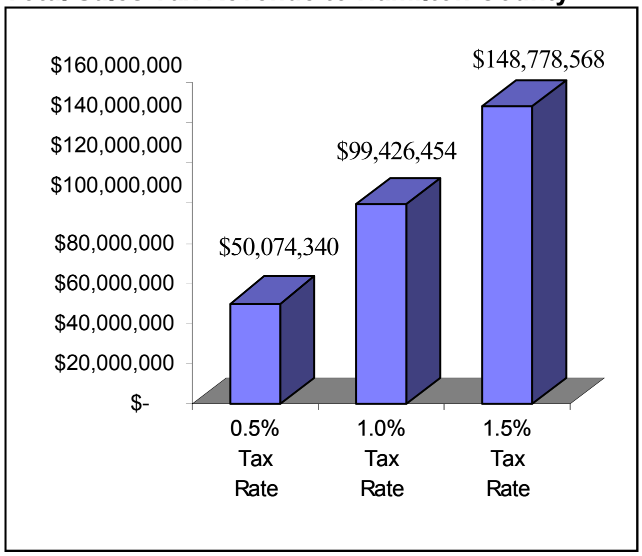
[3] The superscript letters will guide the reader to technical notes located on page 29 in the back of the report.

[4] See: Fisher, Ronald C.; 1980.

[5] The total decrease in State tax revenues is estimated to be $4.8 million. The total increase in Hamilton County receipts is estimated to be $98.7 million. Taken together, the increased tax burden is $93.9 million which is consistent with a .94 percent increase for every one percent increase in the tax rate.

1996 Total Sales Tax Revenue to Hamilton County



B. Who Pays the Sales Tax

In determining who will pay the Hamilton County sales tax, both the burden of the tax by residence and by income level are considered. The areas of residence are: Hamilton County, counties within the Cincinnati CMSA except Hamilton County, and residents outside of Greater Cincinnati.[6] Sales taxes are initially faced by consumers and businesses, but businesses shift their part of the tax on to households ("indirect" taxes). It is assumed that the tax shift to households occurs through two methods: by higher prices on goods and services (shift to consumers) and by lower business profits or wages (shift to owners, employees and shareholders).

I. Analysis of the Burden of the Sales Tax by Residence

The burden of the sales tax by place of residence was determined by estimating the taxable goods sold by Hamilton County retailers to Hamilton County residents.[B] Dividing this by total taxable sales of Hamilton County businesses gives us the percentage of the sales tax that was paid by Hamilton county residents.[C] All sales tax information was provided by Hamilton County and the Ohio Department of Taxation.[D]

[6] The Cincinnati CMSA consists of the following Ohio, Kentucky and Indiana counties: Ohio: Hamilton, Brown, Butler, Warren, Clermont; Kentucky: Boone, Campbell, Kenton, Grant, Gallatin, Pendleton; Indiana: Dearborn and Ohio.

Hamilton County 1994 Sales Tax Revenue		
Retail Sales Tax Revenue	$	35,107,139
Use Tax Revenue	$	9,717,772
Services Tax Revenue	$	1,708,652
Other	$	638,568
Total	**$**	**47,172,131**

Ratio of Hamilton County Expenditures on Taxable Items to Hamilton County Sales of Taxable Items	
Estimated Expenditures by Hamilton County Residents on Hamilton County Retail Goods:	$ 2,564,980,436
Taxable Retail Sales in Hamilton County:	$ 7,021,427,800
Ratio of Hamilton County Expenditures to Hamilton County Sales:	37%

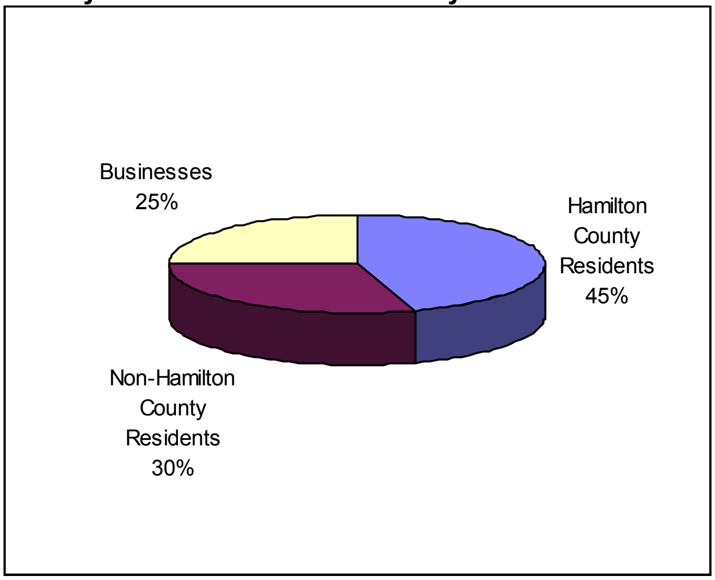
Expenditures by Hamilton County residents on Hamilton County retail goods are estimated at $2.6 billion for 1994 -- 37 percent of the total amount of Hamilton County retail sales.

Taxes on retail goods account for 74 percent of the total sales taxes received by the County. The remaining 26 percent includes use and services taxes, adjustments, assessments, fees and refunds. Use and services taxes have the same tax rate as the retail sales tax in Hamilton County. All use taxes, adjustments and assessments are paid by residents and businesses of Hamilton County (included in use taxes are the sales of motor vehicles, which are taxed according to place of residence).

Tax Revenue		Hamilton Residents		Non-Hamilton Residents		Hamilton Businesses
Retail Tax	$	12,824,902	$	13,505,452	$	9,942,338
Use Tax	$	7,288,329	$	-	$	1,263,890
Service Tax	$	624,183	$	657,306	$	427,163
Other	$	478,926	$	-	$	159,642
Total	**$**	**21,216,341**	**$**	**14,162,758**	**$**	**11,793,033**

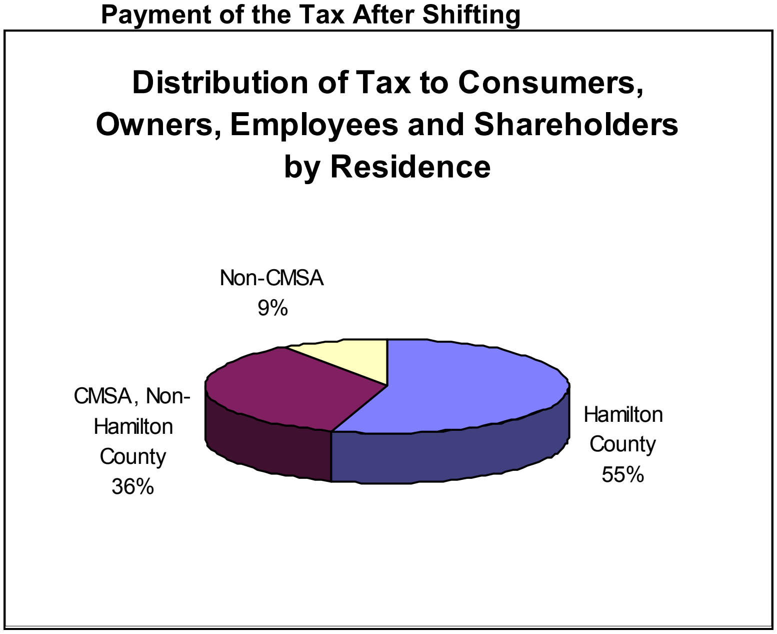
In total, Hamilton County consumers pay 45 percent of the Hamilton County sales tax, businesses pay 25 percent and non-Hamilton County consumers pay 30 percent.[E]

Initial Payment of the Hamilton County Sales Tax



The above signifies the direct taxes paid by the different economic units. We assume that Hamilton County businesses ultimately pass all sales taxes to households. Specifically, businesses shift 50 percent of the sales tax to consumers in the form of higher prices on goods and services (this becomes the "indirect" tax faced by the consumer). An additional 25 percent is exported out of the region where the burden of the tax is faced by non-Greater Cincinnati consumers. The remaining 25 percent is passed on to business owners, employees and shareholders.[F] This shifting process accounts for the following distribution:

Payment of the Tax After Shifting



Results from an Automobile Survey at Area Shopping Centers

An analysis of the proportion of shoppers in area shopping centers by residence was completed. Automobile license plates in parking lots and garages of a number of area shopping centers throughout Hamilton County were tabulated. A mixture of large malls and shopping plazas both downtown and in the suburbs were surveyed. The automobile license plate survey provides a litmus test against the proportions of incidence cited in this report by revealing information about the shopping characteristics of Hamilton and non-Hamilton County residents.

Percentage of Shoppers Based on Residence			
	Percent from:		
Location:	Hamilton County	Other CMSA Counties	Outside CMSA
Downtown Shops	53%	26%	21%
Large Malls	61%	30%	9%
Strip Malls	77%	17%	6%
Average	**63.7%**	**24.3%**	**12.0%**

These results are very much in accordance with our findings. The average number of Hamilton County shoppers found in Hamilton County shopping centers is 64 percent. Although this is above the findings stated earlier, the results are easily explainable. With the shorter driving distance to shopping areas within their own county, Hamilton County residents will tend to go shopping more often and purchase fewer items per trip. This increases the probability of seeing a car from Hamilton County in a parking area, without suggesting that they actually purchase more goods and services. Furthermore, the business purchaser is less likely to drive to shopping centers than the non-business consumer.

Out of county shoppers found in Hamilton County consist predominantly of Butler, Clermont and Kenton counties. There was a higher shopping presence of Kentucky shoppers in Downtown Cincinnati compared to the other shopping areas. This testifies to the relationship between residence and shopping location proximity. Similarly, Butler County residents who border Forest Fair and Tri-County malls, have a much larger "mall" presence than in downtown or strip malls. Clermont County residents have a relatively high presence in the strip malls of Hamilton County that are in close proximity to eastern Cincinnati.[G]

Summary of Sales Tax Incidence by Residence

Hamilton County consumers bear 53 percent of the Hamilton County sales tax, while Hamilton County owners, employees and shareholders (OES) of Hamilton County businesses bear two percent. Together, this yields $151 spent per household each year in additional sales taxes.

Sales Tax Distribution on Hamilton County Residents and Businesses from an Increase in the Sales Tax Rate from 5.5% to 6.5% (1996)			
		Total Amount Paid	**Percent of Tax Paid**
Hamilton County consumers' share	**$**	**49,291,928**	53%
Direct	$	42,250,224	
Indirect	$	7,041,704	
Hamilton County OES share	**$**	**2,229,873**	2%
Tax paid per Hamilton County household	***$***	***151***	***55%***
Non-Hamilton County share	**$**	**42,367,586**	45%

ii. Analysis of the Burden of the Sales Tax by Income Level

The burden of the one percentage point increase in the Hamilton County sales tax rate may be analyzed by looking at how different income groups spend their money on taxable items. Information on the spending patterns of US households is gathered regularly by the Bureau of Labor Statistics through its *Consumer Expenditure Surveys* (CES). The surveys use both interview and diary methods, and reflect the most comprehensive estimates of household expenditures from national samples of approximately 30,000 households.

Income, Expenditures and Taxes

		Lowest 20%	Second 20%	Third 20%	Fourth 20%	Highest 20%
1	Average income level	$ 6,669	$ 16,155	$ 27,951	$ 43,953	$ 90,839
2	**Total sales taxes paid, 1994**	$ 234	$ 363	$ 522	$ 731	$ 1,097
3	As a percent of total expenditures	1.7%	1.8%	1.8%	1.9%	1.8%
4	As a percent of current income	3.5%	2.2%	1.9%	1.7%	1.2%
5	Percent of total sales tax paid	8%	12%	18%	25%	37%

Source: Consumer Expenditure Survey, 1994 US Data[H]

There are two main ways to approach the issue of how much income is spent on sales taxes. The main difference between the two approaches is how income is defined. One approach defines income as the *average amount of money that is made by an individual over his or her lifetime*. By using this approach, we can analyze spending on taxable items in relation to a household's current income as well as their expected future income. The purpose of using this definition of income is to account for the passage of individuals from one income group into another. A young adult typically starts out in a low income class, then moves to a higher income class during middle age, and back down to a low class when retirement is reached. Average lifetime income accounts for expenditures that are based on a person's income expectations, not just their current income level. Total expenditures are used as a proxy for average lifetime income, because the decision of how much to consume today depends on your past debt, your current income, and what you perceive your future income to be. Therefore, your current consumption decisions reflect your average lifetime income.[I]

The second approach defines income as *money that is currently made by an individual*. In using this approach, we can analyze households' spending on taxable items in relation to how much money they earn in the current year.

Line 3 shows taxable expenditures as a percentage of total expenditures.[J] *The burden of the sales tax as a percentage of total expenditures is almost equally distributed among income groups*. Low-income groups spend 1.7 percent of their average lifetime income on taxable goods, while the highest income groups spend 1.8 percent of their average lifetime income on taxable goods.

Line 4 shows the result from using current income as the measure of income. The percentage of current income spent on taxed items decreases as income increases. Therefore, *total sales taxes paid as a percentage of current income also decreases as income increases*; the lowest income group spends 3.5 percent of their income on sales taxes, while the highest income group spends 1.2 percent of their income on sales taxes. *High-income consumer units spend more money in absolute terms than low-income units*; the amount of sales taxes paid increases from $234 in the lowest income group to $1,097 in the highest income group.

Summary of Tax Incidence By Income Group

	Burden as a % of average lifetime income	**Burden as a % of current income**	**Burden in terms of absolute amount**
Total Sales Tax Paid	Relatively constant across income levels (slightly lower for lowest income group)	Burden decreases as income level rises	Burden increases as income level rises

2. PROPERTY TAX PROPOSAL

Embodied within the stadia finance proposal is a property tax rollback that would be used to reduce the Hamilton County residential tax burden. The economic impact of the increase in the sales tax was revealed in the previous section, but this will not be the final effect on the community. First, the effect of the decrease in property taxes of Hamilton County residents must be determined.

The County proposes to reduce the property tax burden faced by Hamilton County homeowners by 30 percent of the revenue received from a half percentage point sales tax rate increase, and 53 percent of the revenue received from another half percentage point sales tax rate increase. According to the results found in this study, the total amount of tax revenue going to property tax relief will be $41 million. The rollback will be applicable to owner occupied dwellings only, meaning that non-residential property owners (both businesses and housing units constructed for more than two families) will not receive any tax relief. All savings will be fully realized by Hamilton County homeowners.

The following table shows that as income increases, home ownership increases and renting tends to fall. Because the property tax rollback is not applicable to renters, higher income groups will benefit considerably more from the tax break than low-income groups.

	Property Owners	**Lowest 20%**	**Second 20%**	**Third 20%**	**Fourth 20%**	**Highest 20%**
1	Percentage homeowners	41%	52%	59%	73%	87%
2	Total property tax expenditures	$ 378	$ 467	$ 562	$ 822	$ 1,606
3	As a percent of total expenditures	2.8%	2.5%	2.1%	2.3%	2.8%
4	As a percent of current income	6.3%	3.2%	2.2%	2.0%	2.0%

Source: Consumer Expenditure Survey, 1991 US data.

Lines 3 and 4 show that *as current income increases, the percentage of income spent on property taxes decreases. As average lifetime income increases, the percentage spent on property taxes at first decreases and then increases.*

The effect of the tax decrease according to income level can be extrapolated by measuring the total percent of property taxes that are paid by each income group (see line 5). Members of the lowest income group pay 10 percent of total residential property taxes in the US, and members of the highest income group pay 42 percent of total residential property taxes. In the case of the proposed rollback, 10 percent of the $41 million property tax relief will go to households in the lowest income group, and 42 percent will be realized by households in the highest income group.

	Property Owners	Lowest 20%	Second 20%	Third 20%	Fourth 20%	Highest 20%
5	Proportion of burden of property tax	10%	12%	15%	21%	42%
6	Rollback received from proposal:					
	(millions of dollars)	$ 4.0	$ 5.0	$ 6.0	$ 8.8	$ 17.2

The effect of the property tax reduction on Hamilton County income groups is summarized as follows:

Summary of Property Tax Incidence

	Burden as a % of average lifetime income	**Burden as a % of current income**	**Burden in terms of absolute amount**
Total Property Tax Paid	Relatively constant across income levels	Burden decreases as income level rises	Burden increases as income level rises

In total, approximately 58 percent of Hamilton County households will receive property tax relief. On average, each of these households will benefit $207 per year in lower property taxes.

3. NET ECONOMIC EFFECT

The nature of the finance plan will lead to more than one possible outcome for Hamilton County households. Therefore, three situations are considered. First, the total net effect of the entire finance proposal is determined. This refers to two half-percentage point sales tax increases which will be used for:

- the construction of two new stadia for the Cincinnati Reds and the Cincinnati Bengals
- a reduction in property taxes totaling $41 million
- increased expenditures in technology, services and structures of local public safety services and institutions
- increased expenditures for residential housing programs
- a reduction in the real estate transfer tax

Second, the net burden to households for the portion that goes to construction of the Reds and Bengals stadia and property tax reduction are considered. Third, the effect of a half percentage point increase in the sales tax rate that is solely used for stadia construction and property tax reduction is estimated. Finally, Hamilton County households are divided into quintiles of income, and the net effect of the entire finance plan for each income group, by property ownership, is determined.

Total Net Effects

Each Hamilton County household will face an average additional tax burden of $31 per year for two new stadia, a new jail, increased expenditures on public safety services and residential housing programs, a reduction in the real estate transfer tax, and a reduction in property taxes.[K]

Net Effect on Hamilton County Households 1 Percentage Point Increase	
Increase in sales tax burden to Hamilton County	$ 51,521,801
Property tax relief to Hamilton County	$ 40,962,255
Total burden to Hamilton County	$ 10,559,547
Net burden per household per year	$ 31

Reds and Bengals Portion of Finance Plan

The stadium finance proposal analyzed in this report includes tax increases that are not stadia related. It is estimated that the amount of the sales tax burden attributed to Reds and Bengals stadia construction will be $32.7 million per year. When the burden of the construction along with the $41 million in property tax relief (a total sales tax increase of $73.8 million) is considered, Hamilton County households will experience a net benefit (or decreased burden) of $1 per year.

Net Effect on Hamilton County Households From Stadia-Related Taxes	
Increase in sales tax burden to Hamilton County	$ 39,360,309
Property tax relief to Hamilton County	$ 40,962,255
Total benefit to Hamilton County	$ 1,601,946
Net benefit per household per year	$ 5
Net benefit to homeowners per year	$ 92
Net burden to renters per year	$ 115

An Increase in the Sales Tax Rate of a 1/2 Percentage Point

It is possible that only one of the two proposed half-cent sales tax increases will go into effect. If this is the case, it can be assumed that 70 percent of the sales tax will be allocated to Reds and Bengals stadia construction and 30 percent will be budgeted for property tax relief. In total, $46.7 million in additional sales tax burdens will be generated, of which $32.7 million will contribute to stadia construction and $14.8 million to Hamilton County property tax relief. Under these assumptions, Hamilton County residents will face a net burden of $33 per year.

Net Effect on Hamilton County Households 1/2 Percentage Point Increase	
Increase in sales tax burden to Hamilton County	$ 25,760,901
Property tax relief to Hamilton County	$ 14,805,634
Total burden to Hamilton County	$ 10,955,267
Net burden per household per year	$ 32

Effect on Hamilton County Residents by Income Group and Property Ownership

The tax restructuring plan will decrease tax burdens in every income group of homeowners with the exception of homeowners in the second highest income group. The tax benefits gained by homeowners as percentages of average lifetime and annual income decrease as income levels increase. In terms of absolute amounts, low income homeowners receive a larger net gain than their high-income counterparts.

Net Effects on Hamilton County Homeowners by Income Class	**Under $14,939**	**$14,940 to $26,890**	**$26,891 to $44,817**	**$44,818 to $65,733**	**Over $65,734**
Sales Tax Burden	$ 61	$ 94	$ 134	$ 186	$ 281
Property Tax Relief	$ 144	$ 141	$ 149	$ 176	$ 289
Net Tax Benefit (Burden)	**$ 83**	**$ 47**	**$ 15**	**$ (9)**	**$ 8**
As a percentage of:					
Average Lifetime Income	0.24%	0.23%	0.05%	0.02%	0.01%
Current Income	0.46%	0.22%	0.04%	0.02%	0.01%

Hamilton County quintiles of income in 1994 dollars. Extrapolated from 1989 Census data and adjusted for inflation.

The tax restructuring plan will increase tax burdens in every income group of Hamilton County renters -- because they do not receive a property tax rollback, the burden is higher than that of homeowners. For renters, the burden as a percentage of average lifetime income is relatively constant across income levels. The tax burden as a percentage of annual income decreases as income increases: the lowest income group pays .8 percent of their income in additional taxes, while the highest income group contributes .2 percent of their income to new taxes.

Net Effects on Hamilton County Renters by Income Class					
	Under $14,939	**$14,940 to $26,890**	**$26,891 to $44,817**	**$44,818 to $65,733**	**Over $65,734**
Sales Tax Burden	$ 61	$ 94	$ 134	$ 186	$ 281
Property Tax Relief	$ -	$ -	$ -	$ -	$ -
Net Tax Burden	**$ 61**	**$ 94**	**$ 134**	**$ 186**	**$ 281**
As a percent of:					
Average Lifetime Income	0.44%	0.46%	0.47%	0.49%	0.47%
Current Income	0.82%	0.45%	0.37%	0.34%	0.18%

Hamilton County quintiles of income in 1994 dollars. Extrapolated from 1989 Census data and adjusted for inflation.

Property tax relief will only offset higher sales tax payments for Hamilton County homeowners; Hamilton County renters in every income group will face higher tax burdens. Because the probability of home ownership rises with income levels, 41 percent of those in the lowest income group will receive property tax relief, while 87 percent of households in the highest income group will face lower property tax burdens.

Part II. The Effects of the Stadia and Sports Teams on Regional Economic Growth

1. INTRODUCTION

This analysis examines the effects of constructing and operating two new professional sports stadia. The analysis answers pertinent questions, such as:

- What level of new total spending is generated within the economy?
- What level of earnings, and how many jobs can be supported by the project?
- How much tax revenue will be generated?

An economic impact study measures a project's total effect on the regional economy. This approach requires understanding the nature and extent of stadia expenditures to calculate how they affect overall business sales and household earnings in the larger region. Indirect spending also occurs as a result of the stadia. For example, visitors to the stadia make purchases in the hotel and restaurant industries among others. The dollars spent by the visitor represent revenue to the hotel, which in turn makes purchases for cleaning supplies, bedding, maintenance, labor and other such items. This process reflects the *multiplier effect*.

The economic impact analysis was performed using the Regional Input Output Modeling System (RIMS II), developed by the Bureau of Economic Analysis at the U.S. Department of Commerce.[7] The model utilizes projected expenditures for both construction and operation for the stadium as well as potential spending by stadium visitors. The model uses a series of multipliers to measure the economic impact of stadium spending on the entire Cincinnati Consolidated Metropolitan Statistical Area (CMSA). For definitions utilized throughout this report, see Appendix II.

The economic growth that will occur from the construction and operations of stadia will create jobs, increase business profits and household earnings, and increase local tax revenues. This economic growth may then be compared with the economic burden that was determined in the previous section. The following should be kept in mind when comparing burdens and benefits:

- All impact numbers (for Riverfront and the new stadia) are estimated in terms of 1996 dollars.[8] This is directly comparable to the results of the tax section which are in 1996 dollars.
- The multiplier model estimates the total increase in economic growth that will occur from each year of spending, but it does not estimate over what time period the growth will take place. In general, all impacts will be felt in the Cincinnati economy over a one to three year period.

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[7] For a complete description of the methodology, refer to Appendix I.
[8] The inflation rate from 1995 to 1996 is estimated as 3.2 percent. Source: *Economic Report of the President*, 1995.

- Every household in the region will feel the impacts of the tax burden and economic growth differently. The comparison presented here is a general one, assuming an equal distribution of burdens and growth across households.

2. ECONOMIC GROWTH FROM NEW STADIA CONSTRUCTION

The construction of new stadia for the Cincinnati Reds and the Cincinnati Bengals will create a one-time economic boon of over $1.1 billion for the Cincinnati region. The analysis of the impact of construction expenditures is based on a report submitted by the Regional Stadium Task Force in August 1995. The report listed four alternatives for meeting the changing needs of the Reds and Bengals teams. Of these, the Task Force recommended one path to pursue: the construction of a new "baseball-only" stadium in Downtown Cincinnati for the Cincinnati Reds, and the total reconstruction of the existing Riverfront Stadium site for the Bengals.

Total project cost is estimated at $520 million. Projected cost of building a new Reds Stadium is estimated at $160 million, while the reconstruction of the existing Riverfront Stadium for the Bengals is approximately $170 million.[9] Additional costs will be incurred for parking facilities and infrastructure improvements. The construction projects involve three major components: construction or reconstruction of the stadia, construction and repair of parking garages and lots, and infrastructure improvements. The project will take between 30 and 33 months to complete.

Of the $520 million required for the project, $467 million will be directly spent in the local Cincinnati area. This spending is projected to generate $663 million in additional economic activity for businesses and households. Area households will gain a total of $373 million in the form of earnings. In order to meet the increases in demand that will result across all industries in the Cincinnati CMSA, 18,461 jobs will be supported both directly in construction related industries and indirectly in other industries. *In total, the economy of Greater Cincinnati will experience an impact of over $1.1 billion from the construction of the new stadia for the Cincinnati Reds and Cincinnati Bengals.*

	Stadia	Parking	Infrastructure	Total
Direct Spending	$ 407,900,000	$ 75,900,000	$ 36,000,000	$ 519,800,000
Local Spending	$ 367,110,000	$ 68,310,000	$ 32,400,000	$ 467,820,000
Indirect Impact	$ 525,481,254	$ 91,890,612	$ 45,466,920	$ 662,838,786
Total Economic Impact	**$ 892,591,254**	**$ 160,200,612**	**$ 77,866,920**	**$ 1,130,658,786**
Household Earnings	$ 296,331,192	$ 52,113,699	$ 24,782,760	$ 373,227,651
Jobs	14,648	2,582	1,231	18,461

[9] Whether the Riverfront Stadium is reconstructed for the Bengals or a new stadium is built will not significantly affect the estimates. The most important consideration is total project cost.

The construction industry itself will be the largest benefactor of this spending, with over $467 million generated. Nearly $62 million is generated from business services, which includes such industries as: advertising, mailing, duplicating, maintenance, equipment rental and leasing, personnel and computer and data processing. Producers and distributors of durable goods for construction stand to benefit from stadia investment.

Top Ten Industries Affected by Stadia Construction

New Construction	$ 467,820,000
Business Service	$ 61,939,368
Retail Trade	$ 58,898,538
Real Estate	$ 52,582,968
Fabricated Metal	$ 52,395,840
Wholesale Trade	$ 50,243,868
Transportation	$ 30,314,736
Primary Metal	$ 30,034,044
Stone, Clay and Glass	$ 27,039,996
Food and Tobacco	$ 26,899,650

3. Economic Growth from New Stadia

This section estimates the economic growth generated from the proposed Reds and Bengals stadia. The economic impact is based on projections of spending which are based on an extensive analysis of Riverfront Stadium. In addition, results of the Oriole Park experience, the Cleveland Indians experience at Jacob's Field and league averages are used to determine possible changes in expenditures that may occur with new stadia.

A. Highlights of Riverfront Stadium

Part V of this report contains a detailed analysis of the economic impact of Riverfront Stadium. Because projections of two new stadia are based on information found in the Riverfront analysis, a few highlights of this section will be offered here.

The economic impact generated by stadia stem from two main components: operations spending and visitor spending. Operations spending refers to the daily spending that must take place to keep the stadium and its tenants operating. Included in this component is spending on stadium management (currently, this is done by the City of Cincinnati), the Cincinnati Reds and Bengals franchises, and concessionaires. For Riverfront Stadium, operations spending in 1995 was nearly $98 million. This direct spending created an additional $57 million in the Cincinnati economy, generating a total impact of $155 million.

The other way economic growth is induced by a sports stadium is through visitor spending in the local economy. This report only includes spending by out-of-town persons when determining household spending associated with Riverfront and new stadia. *This has the strongest impact because it is money that is coming from outside the region.* The effect of Cincinnati's sports teams on local fan spending has some impact, but much of it only alters where and how the local money is spent. Therefore, only the impact generated from new money coming into the economy is considered.

A fan survey conducted by the Institute for Policy Research found that 50 percent of Reds and Bengals fans hail from outside the Greater Cincinnati area. This provides a significant injection of new money into Cincinnati's economy. In addition to this, visiting teams, officials, media and patrons of other stadium events also contribute to the "visitors" impact. In total, visitors who came into the region because of Riverfront Stadium spent $45 million in 1995, generating an economic impact of $90 million.

Together, Riverfront Stadium operations and visitor spending created a total economic impact of $245 million in 1995. Direct spending associated with Cincinnati Reds (including spending by the franchise, visiting teams, media and fans as well as the Reds' portion of the concessions and stadium management budget) contributed $158 million (65%) to the total impact, while the Bengals created an impact of $77 million (31% of the total).

Total Economic Impact	Operations	Visitors	Total
Local Spending	$ 97,999,257	$ 45,243,656	$ 143,242,913
Indirect Impact	$ 57,008,479	$ 44,692,823	$ 101,701,301
Total Economic Impact	**$ 155,007,736**	**$ 89,936,479**	**$ 244,944,215**
Household Earnings	$ 48,709,620	$ 27,503,201	$ 76,212,821
Jobs	$ 3,533	$ 2,224	$ 5,757

B. The Economic Impact of New Stadia

The potential economic impact of the proposed stadium can be estimated based on: (a) our understanding of the impact of new stadia in other cities, such as Baltimore, (b) the impact of Riverfront Stadium o Cincinnati, and (c) the loss due to local fan spending outside Cincinnati.

i. Case Study: Oriole Park

The changes observed in Baltimore's economy as a result of Oriole Park have been analyzed in a study done by the Baltimore City Department of Planning. This report, "The Economic Impact of Oriole Park at Camden Yards", sheds some light as to what new stadia in Cincinnati may bring. The baseball season at Camden Yards began in 1992. Prior to this, Memorial Stadium, which was located outside of downtown Baltimore, was the Oriole's home.

When the new stadium opened, annual local attendance in Baltimore rose by 500,000, while out-of-town visitors to the park more than doubled. The Baltimore Department of Planning estimates that 35 percent of all fans combined their trip to the ball park with other downtown activities, generating over $14 million. In addition, fan spending had doubled since the building of the stadium. Other highlights of the study are listed below.

- More than 3.4 million fans attended Oriole Park in 1992. Attendance by out-of-town patrons increased 76 percent between 1991 and 1992. The largest increase was in out-of-town fans who were from outside the Baltimore or Washington areas.

- Downtown tourism in Baltimore increased by 12 percent in 1992 solely due to Camden Yards.

- In 1992, nearly one half of the $46.1 million spent by out-of-town ball game patrons took place in Downtown Baltimore. The number of persons who took guided tours of the new ballpark totaled 14,200.

- Approximately 35 percent of all Orioles fans visited Downtown establishments before or after the game. The study states, “At least five recently-opened Downtown restaurants, bars and sports-related emporiums have said that the new ballpark was the determining factor in their location decision.” Around 80 percent of all pre- and post-game stops occurred in the Downtown area (compared to 31% in Cincinnati and 37% in Pittsburgh).

- Downtown garages took in $1.3 million in ball game-generated parking revenues in 1992.

- Downtown hotels received the business of 56 percent of the fans staying overnight. Hotels experienced a 21 percent increase in discretionary room demand in the summer of 1992 compared to the summer of 1991.

- Attendance at other recreational establishments, such as the National Aquarium and the Maryland Science Center went up an average of 5.6 percent on game days in 1992.

- Out-of-stadium spending increased 144 percent from the 1991 Memorial Stadium level ($21.6 million) to the 1992 Oriole Park level ($52.8 million).

- Total stadium-related spending downtown increased from $8.4 million to $30.2 million. Stadium-related spending in the suburbs increased from $8.4 million to $14.8 million.

ii. The Economic Impact to Greater Cincinnati from Two New Stadia

Based on the results of the Oriole Park experience, the Cleveland Indians experience at Jacob’s Field, and league averages, this study estimates that *the economic impact of the annual operations of two new stadia will be $296 million. This represents a 21 percent increase over the impact of Riverfront Stadium.*

Of this, a total of $91 million will go to households in the form of wages and earnings. In addition, the number of jobs supported in Greater Cincinnati will be 6,883, a 20 percent increase from jobs supported by current Riverfront operations. The stadia will contribute to economic activity throughout the Greater Cincinnati region, in the form of jobs, profits and sales in all industries.

Total Economic Impact of New Stadia Operations		
Category	**Economic Impact**	
Stadium Management	$	32,446,161
Reds Operations	$	81,740,547
Bengals Operations	$	62,373,702
Sports Services	$	7,083,527
Visiting Fans	$	88,597,918
Visiting Teams and Officials	$	9,114,168
Visiting Media	$	4,842,771
Other Event Visitors	$	9,566,863
Total Economic Impact	**$**	**295,765,658**
Number of Jobs Supported		6,883

To estimate the future impact of stadia operations, a number of assumptions were made:

- With two new stadia, expenditures for stadium operations would increase by 50 percent.
- The Cincinnati Reds' operating expenditures would increase by 12 percent from $18.5 million to $20.7 million.[10]
- The Cincinnati Bengals operating expenditures would increase from $17 million to the League average of $19 million.[11]
- Concession expenditures would increase 60 percent due to an additional location, more game patrons, and more concession booths throughout the stadia.
- The impact of visiting teams, officials, media and visitors for other stadia events remain the same.

For visitor spending, the following assumptions were made:

- The new baseball stadium will reach 80 percent of capacity throughout the season. This implies that attendance per game will average 38,000 rather than 33,000.[12]
- The new football stadium will reach 95 percent of capacity throughout the season. This implies 66,000 patrons per game rather than 55,000.[13]

[10]The increase in operating expenses account for additional payroll spending (excluding player's salaries) and other additional spending which originates from the new stadia's higher revenues.
[11] Data (in 1994 dollars) on league average in operating expenditures (excluding player's salaries) is from *Financial World*, May 1995, p. 50
[12] Currently, the capacity at Reds' games is 59 percent. However, the capacity at Riverfront for baseball games is 56,668, whereas the new baseball park will have total capacity between 45,000 and 50,000.
[13] Currently, the Bengals achieve 90 percent of capacity at Riverfront, where capacity is 60,389. Based on league averages a new football stadium will have an estimated total capacity of 70,000.

- Fan spending will increase 15 percent.[14] This estimate is based on fan spending measured in Baltimore both before and after the new stadium was built.

- The percentage of fans who come into the area from out-of-town remains constant at 50 percent.[15]

The breakdown of daily operations by stadium management, the Cincinnati Reds, the Cincinnati Bengals, and stadium concessions results in $114 million in direct local spending. This spending will generate an economic impact of $183 million.

Economic Impact -- Total Operations		
Local Spending	$	114,410,730
Indirect Impact	$	69,233,207
Total Economic Impact	**$**	**183,643,937**
Household Impact	$	56,530,354
Jobs	$	4,087

The increase in the number of visitors coming to Reds and Bengals games, along with a 15 percent increase in their expenditures, will result in $56 million of direct spending in the Greater Cincinnati region. This supports 2,796 jobs and contributes over $34 million in wages and earnings to area households. In total, $112 million in economic activity will be generated from out-of-town visitors in Cincinnati due to stadia related activities.

Economic Impact -- Total Visitors		
Local Spending	$	56,262,462
Indirect Impact	$	55,859,258
Total Economic Impact	**$**	**112,121,721**
Household Impact	$	34,310,295
Jobs		2,796

The impacts of the Cincinnati Reds and Cincinnati Bengals have also been estimated. Direct spending by the Reds and their visitors, with a new stadium, will total approximately $110 million in 1996 dollars. This creates an economic impact of $192 million. This direct spending also supports 4,474 jobs. With their renovated stadium, the Bengals will generate $53 million in direct spending, creating an impact of $92 million. This will support 2,134 jobs.

If the total economic benefit of $296 million could be distributed evenly among Greater Cincinnati households, each household would receive $402 for each year the stadia are operating.

[14] A fan survey study was conducted on Baltimore Oriole fans when Oriole Park opened in 1992. It was determined that fan spending before and after the game increased 73 percent with the opening of the new park; spending per capita went from $8.84 to $15.30. With a 15 percent increase in fan spending in Cincinnati, spending per capita for Reds fans will go from $12.84 to $14.77, and for Bengals fans from $16.12 to $18.54.

[15] The Camden Yards study found that out-of-town visitors increased 76 percent, to 46 percent of all fans from out-of-town.

iii. Potential Loss Due to Local Fan Spending Outside Cincinnati

Just as new money is coming into the economy from visiting teams, media and fans, we should be aware of the potential loss to the Cincinnati economy if Cincinnatians go outside of the region for sports spectatorship.

The potential economic loss to Cincinnati without the Reds and Bengals may be measured by demonstrating the reduction in local spending by Cincinnati area sports fans on professional sports. Without the Bengals and the Reds, some Cincinnati fans would likely travel to other cities to attend games. Although the number of fans who would leave the area cannot be predicted precisely, it may be estimated by looking at the percentage of fans from nearby metropolitan areas without major league sports teams who attend games in Cincinnati.

According to surveys, approximately 10 percent of all fans surveyed by IPR originate from the Dayton area, while 5 percent of current Reds and Bengals fans hail from Columbus. Columbus sports fans presumably divide their attention between two nearby sports cities, Cleveland and Cincinnati. Using regional population counts, the percentage of population who would leave the city for a professional sports contest can be estimated.[16]

Based on the IPR survey, visitors spend more per game than local residents. Thus, when Cincinnatians travel to sporting events outside the region, they are spending more money than they do at sporting events within the region. In order to spend more money outside of the region, the fans must be cutting back on expenditures within the Cincinnati area, resulting in a negative economic impact.

Since average per game spending both inside and outside the park (for visitors) is $33.16 (including ticket), baseball fans would spend $12,113,007 each year rooting for teams in other cities. Meanwhile, fan spending per football game by visitors is $59.96. Annual losses due to Cincinnati football fans leaving the city would be an estimated $3,835,953. Combined, $15,948,960 of annual spending would leave the Cincinnati economy due to fans traveling to other cities. The economic impact of this loss represents over $32 million in regional economic activity.

Economic Impact of Loss of Local Sports Teams		
Local Spending	$	15,943,800
Indirect Impact	$	16,091,486
Total Economic Impact	**$**	**32,036,125**
Household Earnings	$	9,337,781
Jobs		762

[16] Based on the example of Dayton and Columbus, we may assume that for each game an average of .24 percent of Cincinnati area residents would leave the city to attend a baseball game in another city; and, approximately .34 percent of Cincinnati residents would leave the area to attend a professional football contest. In 1995, the Cincinnati CMSA population was approximately 1,879,220. An estimated 4,510 Cincinnati baseball fans would leave the area per game and 6,389 Cincinnati residents would leave the city to attend a football game.

Part III. The Stadia and Regional Development

1. Other Economic Considerations

The presence of Riverfront Stadium is responsible for contributing to area taxes, which may be spent to support other services. In addition, Reds and Bengals revenues may show up in the form of unidentifiable investments in the local area that also generate a regional impact. Still other economic considerations are worthy of discussion to describe the role of the stadium in the Greater Cincinnati community. The downtown location, the ability of the stadia to generate tourism, and the stadium's role in providing economic opportunity for area businesses all must be weighed in assessing the impact of Cincinnati's professional sports teams.

A. Taxes

Local tax receipts are affected by the presence of the Riverfront Stadium and the activities that take place there. If constructed, the new stadia would continue to contribute to the economic tax base. This section takes into account tax receipts of the local governments that are a direct result of stadium activities. Today, the region benefits from $4.6 million each year in tax receipts generated by users of the stadium and visitors to the region.

Visiting fans, teams and media for Reds and Bengals games, along with visiting patrons of other stadium events, contribute to local taxes through the motel tax and the sales tax. In addition to visitors' spending on taxable food and retail items outside of the stadium, all in-stadium spending that is taxable is also considered. In 1994, Riverfront visitor and stadium spending added over $200,000 annually to the County coffer through sales taxes. Cincinnati visitors who stay overnight after attending a stadium activity added $264,000 to the City of Cincinnati's tax receipts.

The City of Cincinnati receives a significant amount of revenue from the sale of stadium tickets. The City receives $.25 on every ticket sold plus an admissions tax equal to three percent of the price of the ticket. Together, the use and admissions tax contribute over $1.9 million to the City of Cincinnati.

In addition, the City receives income tax revenue from the Reds and Bengals employees, stadium employees, and concession workers. The City receives a total of $2.3 million in income taxes directly from stadium-related employment.

Regional Riverfront Stadium Tax Revenues (1996 Dollars)

Tax	Tax Rate	Recipient	Stadia Related Receipts
Motel Tax	3%	City of Cincinnati	$ 264,852
Admissions	3%	City of Cincinnati	$ 1,124,927
Use Tax	$.25 per ticket	City of Cincinnati	$ 801,565
Sales Tax	0.5%	Hamilton County	$ 203,892
City Income Tax	2.1%	City of Cincinnati	$ 2,256,625
Total			**$ 4,651,862**

New Stadia Tax Estimates

The nature of the leases and contracts has yet to be determined for the new stadia proposal. However, it can be surmised that tax revenues from stadia-related activity would remain an important contribution to the regional tax base. Tax receipts have been determined with the assumptions that the Hamilton County tax rate increases to 1.5 percent, per capita fan spending increases 15 percent, and city income tax receipts from stadia-activity remain constant. Using these assumptions, stadia related tax receipts increase 21 percent. This analysis hinges on the notion that no significant changes would be made in the way taxes are collected by stadium users and tenants. This estimate provides a baseline figure from which tax revenues may be understood in the stadia-planning process.

Tax	Tax Rate	Recipient	Stadia Related Receipts
Motel Tax	3%	City of Cincinnati	$ 540,436
Admissions	3%	City of Cincinnati	$ 1,297,541
Use Tax	$.25 per ticket	City of Cincinnati	$ 948,974
Sales Tax	1.5%	Hamilton County	$ 605,203
City Income Tax	2.1%	City of Cincinnati	$ 2,256,625
Total			**$ 5,648,778**

It is also of interest to consider the effect that the economic impact of the construction and operations of two new stadia would have on tax receipts. With a 21 percent increase in business activity, tax revenue collected by both the County and the State will increase once the stadia are operating. The $1.1 billion of business activity created from the construction project will also contribute significantly to local tax revenues.

B. Franchise Revenues

Total revenues for Cincinnati's sports teams in 1994 was an estimated $45.2 million for the Cincinnati Reds and $54 million for the Bengals. Both teams fell below the respective league averages. For Major League Baseball teams, average total revenues were $60.2 million, while National Football League teams average slightly higher at $61.8 million.

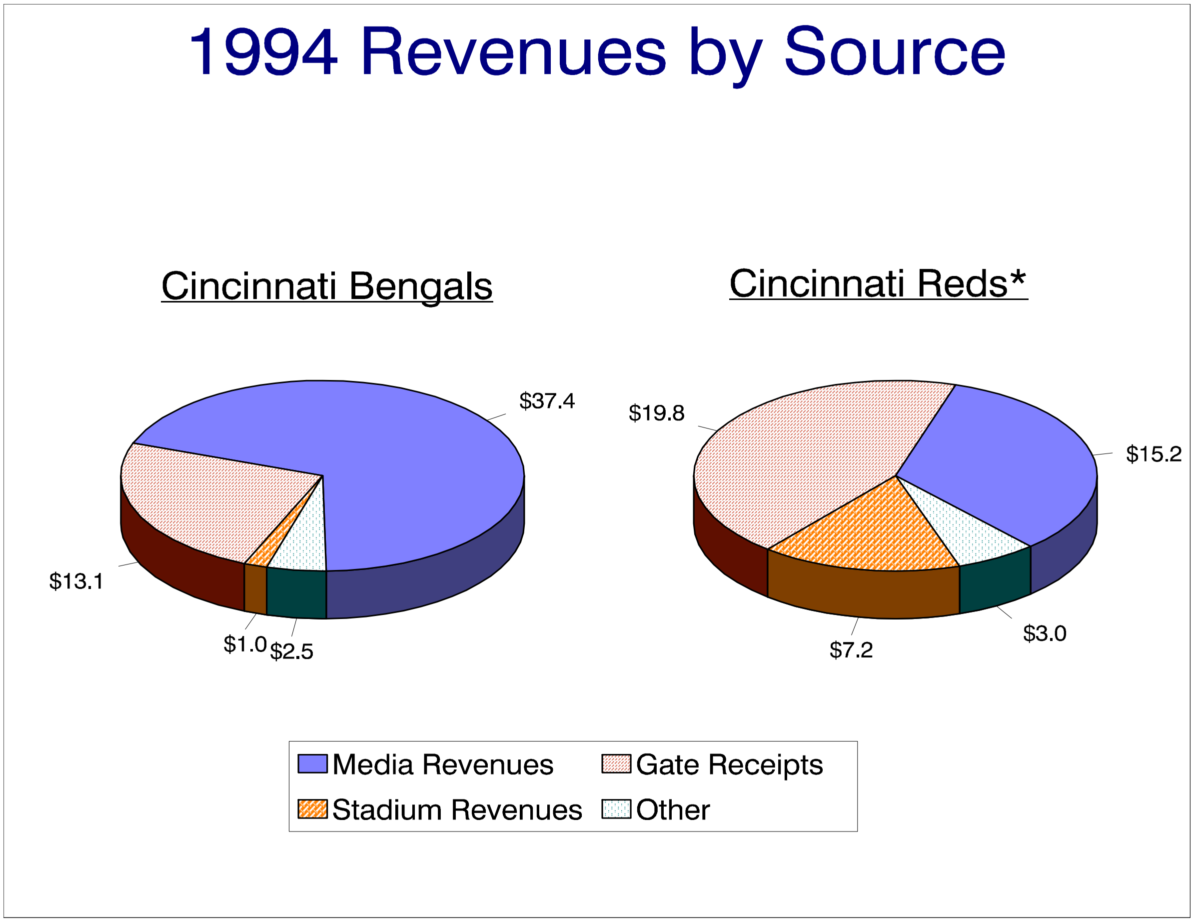
Although gate receipts represent a significant source of revenues for the sports, a growing dependence on media revenues has been the trend among professional baseball and football clubs in the last decade. For the Cincinnati Bengals, media revenues increased from 57 percent to 69 percent in three years. The Cincinnati Reds, however, have recently experienced an increase in gate receipts as a primary source of revenue. Stadium revenues include sales of concessions, parking, and other game-day purchases controlled by the teams. These tend to be more important for baseball than for football clubs.

Percent of Total Revenues		Gate Receipts	Media Revenues	Stadium Revenues
Cincinnati Bengals	1991	29%	57%	5%
	1994	24%	69%	2%
Cincinnati Reds	1991	35%	50%	11%
	1994	44%	34%	16%

Source: *Financial World*, July 7, 1992 and May 9, 1995. Note: 1994 data assumes entire season played.

The sale of broadcast rights is a major source of revenue for the Reds and Bengals. For the Reds, media revenue comprised 27 percent of total revenues earned in 1994 and would have comprised an estimated 34 percent of total revenues had the season played to completion. The numbers for football are even more impressive. An estimated 69 percent of all Bengal revenues generated came from broadcasts in 1994.

A national trend among baseball and football franchises is the growing reliance on the sale of stadium boxes and club seats. On average, professional teams sell their boxes to firms for $91,000 annually. In addition, the sale of special club seats increases the revenues for teams. Club seats, which often involve luxurious seating, catering, and special access features, are sold for an average of $2,200 per year.



Source: *Financial World,* May 9, 1995. Note: Media Revenues include national and local TV, cable, and radio. These figures are based on data from the strike season, but assume total revenues if an entire season had been completed.

Total revenues of other teams with new stadia have increased significantly. In gate receipts alone, Baltimore and Cleveland boosted their revenues during the years in which their respective stadia opened. The Cleveland Indians sold more tickets before opening day than all of 1993.

Gate Receipts (millions)

	Cincinnati Reds	Baltimore Orioles	Cleveland Indians
1991	17.1	19.0	9.5
1992	15.9	30.6*	11.6
1994	19.8	37.6	35.2*

Source: Financial World; * indicates new stadium opened this year.

C. The Stadia and Regional Economic Development

The existing stadia may also affect other aspects of Cincinnati's economy. As with other cities, the stadium proposal perceives the stadia as one part of a broader downtown redevelopment picture. The example of Baltimore's Camden Yards complex illustrated the benefits of this approach. In addition to contributing to the revitalization of Downtown Cincinnati, the stadia serve as a tourism generator and thus fit into a broader regional development plan. In addition, the stadia create employment for individuals and generate business for area firms.

Downtown Cincinnati

The planned location of the stadia in Downtown Cincinnati may add to the city's character and provides a sense of place for area residents. Riverfront Stadium currently contributes to the health of Downtown businesses. Each year, an estimated 3.2 million people go Downtown to watch a Bengals or Reds game or attend another stadium event. An estimated 46 percent of Reds fans and 16 percent of Bengals fans visit Downtown Cincinnati establishments either before or after the game (or both). In contrast, nearly 80 percent of all pre and post-game spending in Baltimore took place downtown.

The Stadia and Tourism

Riverfront Stadium is a major tourist attraction downtown. On average, 50 percent of the Reds and Bengals patrons at each game in Riverfront Stadium are from out-of-town. Thus, over 1.6 million out-of-town visitors come to Reds and Bengals games each year. This is nearly equal to the total population of the Greater Cincinnati area. Of the out-of-town fans, 23 percent stayed overnight in the Cincinnati area, and 59 percent went out before or after the game. The $33 million in direct spending in the local economy by non-local fans generated an economic impact of $66 million in 1995. The potential for two new stadia to attract tourists from outside the region is great.

Stadia and Regional Growth

Robert Baade is an economist who is well known for his work linking stadia construction and renovation with metropolitan area economic growth. He warns that the presence of stadia and sports franchises in metropolitan areas may not significantly contribute to aggregate income in an area.

Baade states that economic activity associated with stadia-related spending is often not new money coming into the economy, rather, it is a diversion of spending from one form of leisure activity within that region to another. Thus, while the economy of the immediate area surrounding the stadium may improve, another area in the same region may decline.

The critical question is how much new money comes into the region. Since 50 percent of game attendees come from outside of the Greater Cincinnati area, there is a large inflow of spending by out-of-town media, visiting teams, officials and visitors for other stadium events. In this case, Riverfront Stadium contributes more than $45 million of new money into the economy.

Other Implications

Riverfront Stadium and its tenants, the Cincinnati Reds and Cincinnati Bengals, contribute to the survival of a number of industries region-wide. In addition to restaurants, hotels and retailers, many others base their livelihoods on the presence of the stadium. When questioned, managers from several local sports bars agreed that televised Reds and Bengals games “bring in the crowds.” According to one assistant manager at a downtown establishment, business increases "tremendously...it about doubles." Another bar owner agrees, adding that division and conference games especially bring in a "packed house." Other industries flourish due to the presence of the professional sports teams:

- Downtown Cincinnati parking lots and garages receive some of their best business on game days.
- The professional sports teams in Cincinnati have contributed to the size and reputation of Cincinnati’s sports medicine industry.
- The local steel company hired by the City of Cincinnati to oversee stadium changeovers twice each year may not find it profitable in Cincinnati without stadium business.
- Ticket agents handling special events benefit from the stadium.
- Limousine companies and cab drivers enjoy improved business on game days.
- Local broadcast crews hired by visiting city stations benefit from the added activity.

D. Affordability of Professional Sports

The fan survey of the Cincinnati Reds and Bengals revealed that the average income of fans surveyed was $56,000. The average family income of Hamilton County residents is approximately $53,771. Both ticket prices and in-stadium expenses mean that some families do not consider activities at stadia as one of their recreation alternatives. This is one reason that there are at least eight consumer groups in the U.S. focusing on rising ticket prices and costs associated with sporting events.

The question of affordability may be raised again as stadium officials propose construction of additional boxes and luxury seats. Will an increased emphasis on luxury and box seating increase the price of general admission tickets? Some have argued that luxury seats may decrease the availability of regular seats and thus raise their price. Others demonstrate that an increase in the number of fans paying for premium seats could make the cost of games cheaper and increase availability for the general admission seats. Although teams like the Cincinnati Reds and Bengals have kept in-stadium prices and ticket prices below the average prices charged by other teams, the issue will continue to be important for a number of County residents.

2. HIGHLIGHTS AND COMPARISONS: THE NET EFFECTS OF PROFESSIONAL SPORTS AND SPORTS STADIA IN THE CINCINNATI COMMUNITY

Highlights and Comparisons

The net cost of the finance plan, including two new stadia, a new jail, increased expenditures on public safety services and a residential housing program, is $31 per household per year for Hamilton County residents and $85 per household for other Greater Cincinnati residents. The average cost per Greater Cincinnati household is $60 per year.

The net gain to Hamilton County households from financing only the construction of the stadia, with a $41 million property tax roll-back, is $1 per year.

Almost all Hamilton County homeowners will experience a lower overall tax burden. Hamilton County renters will be faced with a higher tax burden. The tax burden as a percent of *average lifetime income* is relatively constant across income levels. As a percent of *current income* the tax burden decreases as income level rises. In *absolute terms*, the burden increases as the income level rises.

While the effect on regional growth of constructing and operating the two new stadia will be positive, not every household will feel the same effect. The transfer of spending toward stadia-related activities and away from other activities could negatively impact some households.

Stadia construction will generate a one-time economic impact of $1.1 billion of economic growth in Greater Cincinnati -- this amounts to $1,537 per Greater Cincinnati household.

The economic impact of the annual operations and visitor spending of the two new stadia are estimated to be $296 million, a 21 percent increase in the impact of Riverfront stadium. This translates into $402 per Greater Cincinnati household per year.

More than 1.6 million out-of-town visitors attend Reds and Bengals games each year. This is nearly equal to the total population of Greater Cincinnati. These visitors directly spend more than $45 million in the Greater Cincinnati region due to stadium-related activities. The estimate for visitor spending with two new stadia is more than $56 million, a 24 percent increase.

Out-of-town stadium visitors currently contribute $4.6 million to the local government in taxes. This contribution will increase 21 percent to $5.6 million with the proposed plan.

Currently, Riverfront-related spending supports $76 million in local earnings. With two new stadia, this will increase to $91 million -- a 19 percent increase.

Riverfront-related spending supports 5,757 local jobs. With two new stadia, the number of jobs will increase to 6,883 -- a 20 percent increase.

Each year, an estimated 3.2 million people go downtown to watch a Reds or Bengals game or attend another stadium event.

If the Reds and Bengals left town, more local residents would attend ball games outside of the region. The economic loss due to the exodus of this spending would total $32 million each season.

Conclusions

The construction, operations and visitor spending associated with the stadia will have a large economic impact on the region. Stadia construction will generate $1.1 billion of economic growth which amounts to $1,537 per Greater Cincinnati household. The annual economic impact of the operations and visitor spending associated with the two new stadia are estimated to be $296 million, which is $402 per household. Out-of-town spending will contribute $112 million to economic growth. 18,461 jobs will be associated with the construction of the stadia and 6,883 jobs will be associated with stadia operations and visitor spending.

The cost of the project is estimated at $520 million. To finance the project annual tax burdens will increase approximately $31 per Hamilton County household and $85 per Cincinnati area (but non-Hamilton County) household. While the total increase in economic activity far outweighs the tax burden, the two are not directly comparable. A dollar increase in economic activity does not offset a dollar increase in tax burden. Furthermore, the benefits and costs of the stadia project accrue to households differently.

This study focused on economic impacts that were measurable. There are other positive and negative consequences that were not considered. The final comparison of the costs and benefits of the stadia project will depend on the individual's personal assessment of the value of job creation and economic development in the region, of having the Reds and Bengals in the area (and the likelihood they would leave without new stadia), and of possible other effects such as downtown development, more appealing living environment, etc., compared to the increased tax burden and other costs associated with the project.

TECHNICAL NOTES

Part IV. Technical Notes to Part I.

[A] **REVENUE GENERATED BY THE SALES TAX PROPOSAL**

- 1996 sales tax projections for the 5.5% tax rate were provided by the Hamilton County Administrator's Office.

- From Fisher's study of the District of Columbia, he finds that after accounting for both higher prices and the ability for marginal county residents to travel to a lower-tax area, the revenue elasticities with respect to the general tax rate range from .89 to .91.

- This elasticity is a lower bound because he assumes that the taxes are fully passed on to consumers. If they were not fully passed on, revenue from the sales tax would be higher.

- Assuming that there is no loss of sales at the border (either because the tax is not fully passed on or because travel costs are greater than the tax differential saving) revenue increases by 197%. This yields an increase in revenue of $93 million (elasticity is .98). Note that revenue does not increase by the full amount (200%) because part of the sales tax revenue is not dependent on the sales tax rate. This represents the upper bound.

- With revenue elasticities ranging from .89 to .98, we can assume Hamilton County is somewhere in the middle with an elasticity of .9375.

- The decrease in quantity sold affects the tax revenue of both the County and the State. The proportion lost by the State is equal to the ratio of their portion of the tax (5%) to the total tax rate (6.5%) multiplied by the value of the decrease in quantity sold ($6,259,293). This yields a loss in revenue of $4.8 million. The portion lost by the County is the decrease in quantity sold multiplied by (1.5/6.5).

[B] **ANALYSIS OF THE BURDEN OF THE SALES TAX BY RESIDENCE**

When determining the distribution of the tax by place of residence and income class, it is assumed that prices faced by consumers will increase by the same amount as the tax increase. In other words, the burden of the sales tax is placed on consumers. This assumption leads to an overstatement of the burden faced by consumers, and an understatement of the burden faced by owners, employees and shareholders of Hamilton County businesses. If retailers along the borders of Hamilton County do not increase prices to the full extent of the tax increase, the lower profit will eventually be felt by owners, employees and shareholders of the business.

Determining Hamilton County Resident Expenditures on Taxable Goods

- Data on consumer expenditures comes from the Bureau of Labor Statistics' Consumer Expenditure Survey (CES). The most recent data for expenditure patterns of residents of the Cincinnati CMSA are from 1991 (the CES does not provide data on the county level). However, the expenditure patterns of consumer units in the Midwest are as recent as the third quarter of 1994. Given this, two things were done: Hamilton County expenditures were linked to the Cincinnati CMSA and Midwest data, and Hamilton County expenditures for 1994 were determined.

Consumer Units and Total and Taxable Expenditures

- It is assumed that the expenditure patterns of Hamilton County residents mimic those of the Cincinnati CMSA as a whole. Because the CES data are expressed in a "consumer unit" measure, the annual expenditures for Cincinnati and Hamilton County residents are identical. However, to determine total expenditure by Hamilton County residents, the number of consumer units in Hamilton County must be determined.

- In order to determine the number of consumer units in Hamilton County, the ratio of consumer units in the CMSA in 1990 to the total CMSA population in 1990 was calculated. This ratio is .41 (consumer units represent 41% of total individual population). Assuming the ratio of consumer units to population is constant across time and constant across all counties within the CMSA, the number of consumer units in Hamilton county is 41 percent of its total population. This yields 354,086 consumer units in Hamilton County for the year 1990, and 357,079 in 1994.

- By multiplying the number of consumer units in Hamilton County by the average expenditure for consumer units (measured for Cincinnati CMSA), the total county expenditure is determined. For 1991, this yields $9.9 billion spent by Hamilton County residents. However, extracted from this amount is any spending on tax-exempt items. The following items listed in the CES were considered to be tax-exempt: food at home; housing; utilities, fuels, and public services; personal services; 44 percent of transportation expenditures; health care; education; miscellaneous spending; cash contributions; and personal insurance and pensions. This yields taxable expenditures of $3.8 billion in 1991.

1994 Hamilton County Expenditures

- In order to determine total expenditures and taxable expenditures for 1994, a link must be established between the Cincinnati expenditure patterns of 1991 and the more recent 1994 expenditure patterns of the Midwest.

- It is assumed that the percent of income spent on all taxable items remains the same from 1991 to 1994. These ratios are then used to determine the amount spent on taxable items in 1994, based on the 1994 Midwest total expenditures figure. In 1994, total spending by Midwesterners (and thus Cincinnatians) was $29,274 per consumer unit per year. Total taxable expenditures per consumer unit were $11,258, which is 38 percent of total spending. By multiplying this amount by Hamilton County consumer units, total taxable expenditures by Hamilton County residents is found to be approximately $4.0 billion for the year 1994.

Spending by Hamilton County Residents Outside of Hamilton County

An estimate of resident spending outside of the county was obtained through the following steps:

- It was determined that the ratio of expenditures to sales in other counties in the CMSA was on average .61 (by taking the ratio of resident expenditures to county sales for surrounding counties). This means that on average, 39 percent of other CMSA counties' sales were not paid by their own residents.

- The assumption was maintained that 25 percent is paid by businesses, which leaves 14 percent to out-of -towners.

- If we assume that most of the out-of-towners are from within the CMSA, we can use county population to CMSA population ratios to determine how much is purchased by residents in each county. Hamilton County accounts for roughly 50 percent of the population of the CMSA, and therefore, its residents account for approximately 7 percent of the retail sales in each of the surrounding counties.

- The 1987 retail sales figures from the 1994 US Census were used to determine total Hamilton County expenditures outside of Hamilton County. After adjusting for inflation and growth, the ratio of Hamilton County residents' expenditures outside Hamilton County to Hamilton residents' total retail expenditures is .13.

- In addition, expenditures on motor vehicles were excluded because they represent a use tax rather than a retail tax -- Hamilton County residents pay the Hamilton County tax rate no matter where the vehicle is purchased.

Expenditures/Sales Ratio

- To determine the amount of the Hamilton County sales tax that is paid by Hamilton County residents, the ratio of Hamilton County expenditures on taxable retail goods to Hamilton County sales of taxable retail goods is utilized. It was determined from the Consumer Expenditure Survey that expenditures made by Hamilton County residents on taxable items were $4.0 billion. After subtracting imports and motor vehicle expenditures, taxable expenditures by Hamilton County residents total $2.6 billion.

[C] **DETERMINING TAXABLE RETAIL SALES OF HAMILTON COUNTY RETAILERS**

- Taxable retail sales in Hamilton County are subject to a 5 percent tax which goes to the State of Ohio, and a 0.5% tax which goes to Hamilton County. According to the Ohio Department of Taxation, $35,107,139 was received by Hamilton County in retail sales tax receipts. Therefore, retail sales in Hamilton County totaled around $7.0 billion in 1994.

[D] **HAMILTON COUNTY SALES TAX INFORMATION**

- 1994 tax revenues represent the latest year for which complete tax data are available.

- Items exempt from the sales tax include: food for human consumption off the premises where sold; newspapers and magazine subscriptions sent by second class mail; motor fuel; sales of artificial and natural gas, electricity, and water when delivered through pipes, wires or conduits; prescription drugs; property used directly in manufacturing, mining or agriculture; value of trade-ins on new motor vehicles; telephone and cable television services; sales by churches and non-profit organizations; sales to churches, non-profit organizations and non-profit hospitals.

- Taxable services include: business data processing services; long distance telecommunications services; lawn care and landscaping services; private investigation and security services; building cleaning and maintenance and exterminating; personnel supply services; physical fitness facilitates and recreation and sports club memberships.

- Use tax revenue comes from taxes paid by Hamilton County residents and businesses for products purchased outside of the State of Ohio.

- Other revenue includes adjustments and assessments on Hamilton County businesses and residents, and it also includes fees (there is a 1% fee which goes to the State for administrative purposes) and refunds that are taken from Hamilton County's revenue.

- The 26 percent of sales tax revenues to the county not accounted for by retail sales are predominantly paid by Hamilton County residents. For instance, the use taxes are entirely paid by Hamilton County residents - either by the consumer or business who reports their purchase to the Ohio Department of Taxation (consumers use tax), or the out-of-state seller who is required by law to submit sales tax receipts to the counties of its customers (seller's use tax). Included in this category is the sale of motor vehicles. Similarly, adjustments and assessments apply only to Hamilton County residents and businesses. The only items outside of retail sales that could be paid by out-of-county residents are services that are subject to tax. Here, it is assumed that 37 percent of services sales are accounted for by Hamilton County consumers and businesses (identical to the retail distribution), and the remaining 63 percent from out-of county consumers or businesses.

- Once the remaining 26 percent of the sales tax is accounted for, it is determined that Hamilton County residents pay 45 percent of the sales tax (again, this is higher because the non-retail portion of the tax is predominantly paid by residents).

[E] **THE BUSINESS PORTION OF THE SALES TAX**

- See: Ring, Raymond J,; 1989. Ring estimated the proportion of sales taxes paid by businesses for the 45 states which had sales taxes, and he found a range from 18 to 65 percent. For Ohio, he estimated the percent paid by businesses as 30 percent. Other Ohio estimates range from 14 to 25 percent. We assume that for Hamilton County the business portion of the sales tax is 25 percent.

[F] **THE SHIFTING OF THE BUSINESS PORTION TO HOUSEHOLDS**

- Ultimately, all business tax burdens are faced by households, whether as consumers, owners, employees, shareholders or others recipients of business profit. See: Joseph A. Pechman, Who Paid the Taxes, 1966-85?. The Brookings Institution, Washington D.C., 1985. and Dick Netzer, Economics of the Property Tax, The Brookings Institution, Washington D.C., 1966.

- The distribution of owners, employees and shareholders of Hamilton County businesses among place of residence is as follows:

Hamilton County	CMSA, Non-Hamilton County	Non-CMSA
38%	12%	50%

[G] RESULTS FROM AN AUTOMOBILE SURVEY AT AREA SHOPPING CENTERS

- Survey Locations:

Downtown:
Fountain Square Garage, Fountain Square Lot, Tower Place Garage. 234 surveyed.

Area malls:
Beechmont, Kenwood Towne Center, Tri-County, Forest Fair, Northgate, Western Woods. 573 surveyed.

Strip malls:
Beechmont Ave., Montgomery Rd., Reading Rd., Colrain Rd., Hamilton Rd., Harrison Ave. 321 surveyed.

Percentage of shoppers from other CMSA counties:

	Brown	Butler	Clermont	Warren	Boone	Campbell	Kenton	Indiana
Downtown	0.0%	6.4%	4.7%	0.9%	2.1%	4.3%	6.4%	1.7%
Malls	0.5%	14.0%	8.7%	3.7%	0.2%	0.4%	1.6%	1.0%
Strip Malls	0.3%	5.6%	6.5%	0.6%	0.0%	0.3%	1.6%	1.9%
Average	**0.3%**	**8.7%**	**6.6%**	**1.7%**	**0.8%**	**1.7%**	**3.2%**	**1.5%**

[H] ANALYSIS OF THE BURDEN OF THE SALES TAX BY INCOME LEVEL

- The latest available data on total spending by income groups are for the U.S. in 1994. This data separates the population into five income groups. In order to use this data, we must first assume that income groups in Hamilton County have similar spending patterns to their corresponding income groups across the country. We also assume that consumer units in the Cincinnati CMSA in 1994 spend the same proportion of their income on taxable goods as they did in 1991

[I] PERMANENT AND CURRENT INCOME

- See: Schaefer; 1969. Total consumption is an imperfect measure for "permanent income"(average lifetime income). However, the main barrier to the permanent income approach in studying tax incidence is the lack of data quantifying permanent income.

[J] SPENDING AS A PERCENT OF CURRENT INCOME

- Note that the lowest income groups include individuals who are *temporarily* low income. This means that they may have accumulated financial assets which they can live off (retirees) or expectations for future increases in salary (students). The income definition includes self-employment income, and therefore includes gains and losses from a profession, an unincorporated business, or from the operation of a farm. The unusual characteristics of this group leads to more than 100 percent of their income being spent.

[K] ANNUAL TAX REVENUE

- Each year the sales tax is in effect, there will be an increase in total tax revenue and in the cost per household due to increases in inflation and increases in taxable sales.

APPENDICES

APPENDIX I. ECONOMIC IMPACT OF RIVERFRONT STADIUM: METHODOLOGY

Background

Opened in 1970, Riverfront Stadium was designed to be a multi-purpose stadium for use by Cincinnati's two professional sports teams: the Cincinnati Reds and the Cincinnati Bengals. The stadium seats 56,668 for baseball and 60,389 for football. The moveable seating section has a seating capacity of 4,480. In addition to regular seating, there are 20 private boxes.

The property and stadium are owned by Hamilton County, which floated bonds to pay for the construction. Bonds totaling $44 million paid for the stadium. The City of Cincinnati operates the stadium under a lease from Hamilton County. The City, in turn, leases the stadium to the Cincinnati Bengals and the Cincinnati Reds. In addition to collecting rent from the Reds and the Bengals, a portion of the revenues from stadium admissions and concessions returns to the City. The City operates the stadium budget as an enterprise fund, so what is not spent each year goes back into the account -- it does not get transferred to some other city operation.

The City is responsible for managing the stadium and ensuring its readiness for various events and activities. A team of 18 administrators, engineers and maintenance workers work to ensure a clean and safe stadium. In addition, the crew prepares the stadium for a new sports season. Each year City staff must oversee two major changeovers: one in October, after the completion of the Reds season; and one in December, after the Bengals season. The City contracts out this "changeover" to a local steel worker's union. For four Bengals games each fall, the teams must share the stadium and a temporary changeover occurs, setting up special seats and "portable" dugouts and other features. It costs the city $40,000 per conversion. Mini-conversions during the fall month cost $2,000 and happen about six times per year.

Other Financial Information

Other financial relationships characterize the City's role in stadium operations:

- The City receives 7.5 percent of revenues of Reds games admissions; 10 percent of revenues of Bengals games admissions and negotiated revenues from other events at Riverfront (i.e., festivals and concerts).

- The City receives 10 percent of gross receipts for Reds and Bengals concessions and 42.5 percent of gross receipts for concessions from other events. The Cincinnati Reds are responsible for all in-stadium concessions.

- The City has all rights to the parking revenues from stadium garages and lots which total 5,546 on-site spaces. In the open lots, the price of a space is $3.50 (2,145 spaces). In the garage, (3,401 spaces) the price is $5.00. On the plaza, there are spaces for 130 buses, vans and limousines at $15.00 per vehicle.

- A stadium use charge for each ticket sold is $.25. This goes to the enterprise fund. A three percent admissions tax on tickets is used to pay for services.

- The Cincinnati Reds are responsible for in-stadium advertising. The City receives $10,000 per year from the Reds for advertising (i.e., scoreboard, signs, banners).

The Cincinnati Reds

The Cincinnati Reds have been playing at Riverfront Stadium since 1970. The Reds consists of players, coaches, managers, trainers and an administrative staff that is housed at the stadium's north end. A staff of nearly 60 employees serves the Reds. The Cincinnati Reds season begins in April and runs through October. A total of 81 home games are played at Riverfront Stadium. In 1994, the Reds shortened season of 58 games resulted in $1,897,683 in paid admission. The estimates used in this report are based on spending as if the full 81-game season had occurred.

The Cincinnati Bengals

There are between 100 and 150 players and more than 500 coaches, managers, trainers, administrators and other employees which make up the Cincinnati Bengals. The Bengals play in Cincinnati each year from September through December. In addition, the Bengals train in the Cincinnati area beginning in June. Pre-season training takes place over four weeks in the summer, in Wilmington, Ohio. The remainder of the summer is spent in Spinney Field, their training site in the west side of the city. Although many of the players have home residences outside of the Cincinnati area, they spent at least six months of the year living in Cincinnati. Managers, coaches and administrators work for the Bengals year-round, engaged in scouting, drafting, pursuing players, planning and coaching. In a regular sports season, there are 10 NFL football games played at Riverfront Stadium. Total paid admission for the Bengals in 1994 was $548,936.

1. THE IMPACT OF STADIUM OPERATIONS ON REGIONAL ECONOMIC GROWTH

Riverfront Stadium operations consists of several dimensions of activity that were measured to compute the economic impact. The City of Cincinnati manages the facility with a core staff of administrators, engineers and maintenance workers. The City's primary tenants are the Cincinnati Reds and Cincinnati Bengals who together utilize the stadium for 9-10 months each year. An independent concessionaire serves both the Reds and Bengals and operates out of the stadium facility. In addition, other events are held at the stadium which contribute to its overall impact. Each of these sources of economic growth will be discussed and the total impact calculated.

A. Stadium Management

City spending for personnel, operations equipment, tools, supplies and administrative costs total $11.4 million. (The projected budget for 1996 reflects a 2 percent increase.) Of this, $8 million is spent in the local Cincinnati economy, generating $13.5 million in additional economic activity. *The total economic impact generated from the City of Cincinnati operating Riverfront Stadium is over $21.6 million*. This spending supports $3.8 million in household earnings in Greater Cincinnati, along with 267 jobs.

Economic Impact of Stadium Management		
Local Spending	$	8,088,713
Indirect Impact	$	13,542,061
Total Economic Impact	**$**	**21,630,774**
Household Impact	$	3,784,809
Jobs		267

B. Reds Franchise

The economic impact of Cincinnati Reds operations totals $73.1 million. Data about the Cincinnati Reds was gathered through published financial reports and estimates of average outlays. Of the $69 million spent on operations, about $48 million (70 percent) remains in the local economy. Major expenses include player salaries, transportation, game-day costs and equipment. This local spending generates $25 million in household earnings, and supports 1,829 jobs in the Greater Cincinnati area.[17]

Economic Impact of Reds Operations		
Direct Spending	$	69,120,058
Local Spending	$	48,384,040
Indirect Impact	$	24,755,318
Total Economic Impact	**$**	**73,139,358**
Household Earnings	$	24,828,006
Jobs		1,829

C. Bengals Franchise

Local spending by the Bengals generates a total of $55.8 million in the Greater Cincinnati economy. According to Cincinnati Bengals sources and published reports, the Bengals spend $37.8 million in the local economy, approximately 63 percent of their total spending. Approximately $18.8 million enters into area households in the form of wages and earnings. In addition, 1,360 local jobs are supported by the Bengals operation.

Economic Impact of Bengals Operations		
Direct Spending	$	60,173,856
Local Spending	$	37,808,352
Indirect Impact	$	18,002,047
Total Economic Impact	**$**	**55,810,399**
Household Earnings	$	18,759,386
Jobs		1,360

[17] Operations estimates for the Cincinnati Reds were obtained from Financial Weekly, May 9, 1995. "Suite Deals -- Why new stadia are shaking up the pecking order of sports franchises".

D. Stadium Concessions

All stadium concessions are conducted by a local firm, Sports Services, which operates under a contract from the Cincinnati Reds. The firm provides food, beverages, novelties and programs during Reds and Bengals games as well as special stadium events. Their total annual spending is more than $4.9 million, of which $3.7 million stays in the Greater Cincinnati market. As a result of these expenditures, the stadium concessionaires generate a total economic impact of $4.4 million locally. Up to 700 employees work annually at the stadium in concessions, any of whom are teenagers and part-time workers. In addition, the business activity generated by concessions creates 77 jobs in other area industries. More than $1.3 million dollars returns to area households due to stadium concessions.

Economic Impact of Stadium Concessions		
Direct Spending	$	4,957,536
Local Spending	$	3,718,152
Indirect Impact	$	709,052
Total Economic Impact	**$**	**4,427,204**
Household Earnings	$	1,337,419
Jobs	$	77

E. Total Economic Impact of Riverfront Operations

The total economic impact from stadium operations is $155 million. In addition, over 3,500 jobs in the Cincinnati region benefit from the presence of the stadia and franchise operations.

	Stadium Management	Cincinnati Reds	Cincinnati Bengals	Stadium Concessions	Total Operations
Local Spending	$ 8,088,713	$ 48,384,040	$ 37,808,352	$ 3,718,152	$ 97,999,257
Indirect Impact	$ 13,542,061	$ 24,755,318	$ 18,002,047	$ 709,052	$ 57,008,478
Total Economic Impact	**$ 21,630,774**	**$ 73,139,358**	**$ 55,810,399**	**$ 4,427,204**	**$ 155,007,735**
Household Earnings	$ 3,784,809	$ 24,828,006	$ 18,759,386	$ 1,337,419	$ 48,709,620
Jobs	267	1,829	1,360	77	3,533

2. IMPACT OF STADIUM-RELATED VISITORS ON REGIONAL ECONOMIC GROWTH

In addition to general stadium operations, visitors to the region who are attracted by stadium-related events have an economic impact on regional growth. By spending money in hotels, restaurants, retail centers, gas stations, and other Cincinnati attractions, these visitors from outside the region bring in additional dollars to the community. This results in economic benefits for all area residents.

A. Economic Impact of the Visiting Team and Officials

When an out-of-town team plays the Cincinnati Reds or the Cincinnati Bengals at Riverfront Stadium, they often are accompanied by an entourage that includes the team, coaches, managers, trainers, doctors, photographers, public relations staff, team media, celebrities, sponsors and owners. Each of these individuals contributes something to the Cincinnati economy, for they must eat, sleep and engage in other activities during their stay.

In addition to the visiting team, a group of officials from the leagues come to Cincinnati to officiate each game. For Bengals games, the NFL sponsors 15 people at each football game: 7 officials, 3 observers, 2 league representatives and 3 film crew members. National League Baseball sends 4 umpires for each Reds game.

The following assumptions were made about the visiting teams' stay in Cincinnati.

General Information	Visiting Baseball Team	Baseball Officials	Visiting Football Team	Football Officials
Number of days in Cincinnati per game	1.4	1.4	1.5	1.5
Number of nights in Cincinnati per game	1	1	1	1
Number of games in Cincinnati per season	81	81	10	10
Number in group	80	4	150	15

Spending by the team and its associates represents money that comes into the local Cincinnati economy from outside the region. The major categories of spending are: transportation (airplanes, trucks, buses, limousines), dining and entertainment, lodging, security, and rental equipment.

Economic Impact	Reds		
	Visiting Team	MLB	Total
Local Spending	$ 3,685,237	$ 128,799	$ 3,814,035
Indirect Impact	$ 3,547,104	$ 137,373	$ 3,684,477
Total Economic Impact	**$ 7,232,341**	**$ 266,171**	**$ 7,498,512**
Household Earnings	$ 2,259,691	$ 87,189	$ 2,346,880
Jobs	158	7	165

Economic Impact	**Bengals**		
	Visiting Team	**NFL**	**Total**
Local Spending	$ 739,944	$ 63,004	$ 802,948
Indirect Impact	$ 745,457	$ 67,251	$ 812,708
Total Economic Impact	**$ 1,485,401**	**$ 130,255**	**$ 1,615,656**
Household Earnings	$ 462,563	$ 42,669	$ 505,233
Jobs	35	3	38

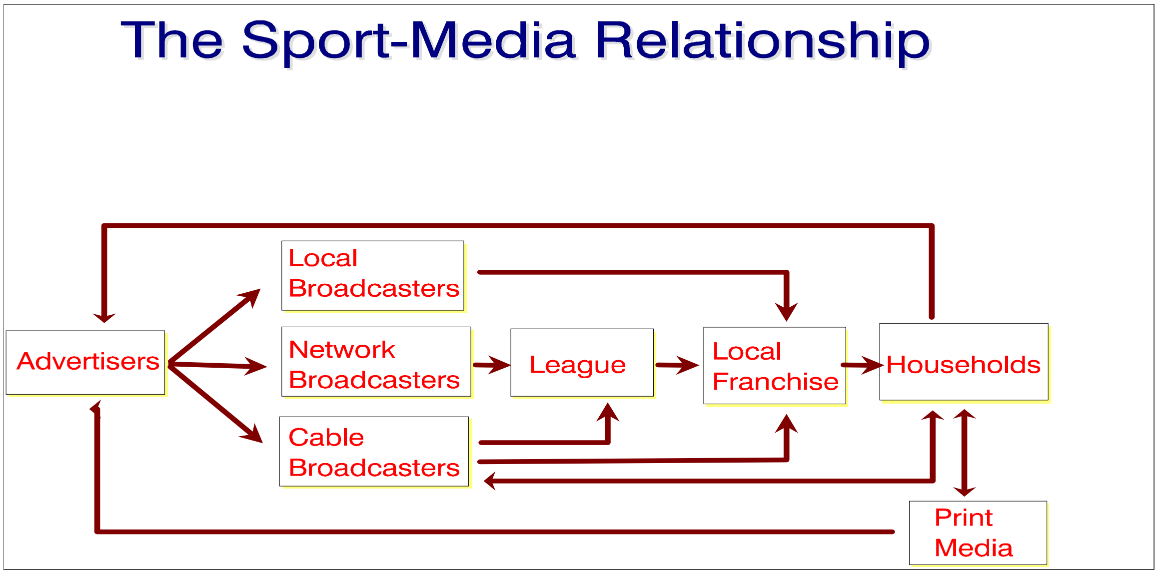
Direct spending by teams, officials and their accompanying entourage in the regional Cincinnati economy totals $4.6 million. This translates into an economic impact of more than $9 million in economic growth. The associated earnings for area households exceeds $2.8 million. In addition, 203 local jobs are supported by this direct spending by visiting teams.

Economic Impact of Visiting Team and Officials	
Local Spending	$ 4,616,983
Indirect Impact	$ 4,497,185
Total Economic Impact	**$ 9,114,168**
Household Earnings	$ 2,852,113
Jobs	203

B. Economic Impact of the Media

With each professional baseball or football game, there is a significant amount of economic activity generated by media coverage of the game. The impact of media coverage occurs through expenditures from visiting broadcasters and reporters from outside the region coming to report a game.

Overview of the Role of the Media



Although media coverage of professional baseball and football can take many forms, television generates the most money, with various national and local broadcasters competing for the rights to cover a game. National contracts are negotiated by the networks and leagues, with the revenues distributed evenly among the teams. Local broadcast contracts, on the other hand, are directly negotiated by the franchise, which retains the revenues earned. Cable broadcasts may be either national or local. Like the networks, national cable stations, such as ESPN, negotiate with the league, whereas local cable stations deal directly with the team.

National networks providing baseball coverage in 1996 will generate $12 million in broadcast revenues to each Major League team. Baseball games are also covered on cable and pay per view networks. In the case of football, broadcast rights are shared among networks and account for a league total of nearly $4.5 billion over the 1994-97 period. These revenues are distributed equally to each of the 30 NFL teams. Revenues from local coverage are also significant, especially for baseball.

Print media also base much of their sales on coverage of sports events. In 1984, 50 percent of an average newspaper's news coverage was devoted to sports and that the sports page has five times the readership as the average section of the newspaper.[18]

Economic Impact of Visiting Media

Dollars spent by local networks on professional sports coverage cannot be easily distinguished from their overall sports budget, thus only spending by visiting media will be considered. Based on estimates provided by area television stations and data from broadcasting research reports, the economic impact due to coverage by outside media was calculated.

[18] Lever, J. and Wheeler, S. "The Chicago Tribune Sportspage: 1900-1975," Sociology of Sport Journal (1)4 (1984), pp. 299-313.

Media personnel attendance is generally estimated by the number of press credentials issued for a typical game. (Since season press credentials are issued for Major League Baseball, estimates were obtained from the Cincinnati Reds and various sportscasters). The average number of out-of-town media personnel attending a Reds game is 17, while the average number attending a Bengals game is 87. The average spending for dining, hotel, transportation and other expenses is estimated at $185.76 per person.

Based on media spending assumptions, total spending per game by media professionals is approximately $3,158 for a Cincinnati Reds game, and $16,161 for a Bengals contest. An additional source of media spending is generated from the broadcast of the game itself. Due to high transport costs, networks and cable operators often rely on local sources for their broadcasting needs. These expenses (which include cameras, crew and transmission) amount to $25,800 for each Reds game and $31,992 for each Bengals game.

Based on annual media expenditures of $2.3 million for a Reds game, the total economic impact of media spending is $3.9 million. Over 55 regional jobs exist because of the media spending at Cincinnati Reds games. For the Bengals, the impacts are less significant due to the shorter season. Direct spending of $481,531 results in $858,670 in regional economic activity due to the presence of the media. In addition, 15 area jobs are linked to outside media coverage of Bengals games.

Economic Impact of Media Spending			
	Reds	**Bengals**	**Total**
Local Spending	$ 2,345,592	$ 481,531	$ 2,827,123
Indirect Impact	$ 1,638,509	$ 377,139	$ 2,015,649
Total Economic Impact	**$ 3,984,101**	**$ 858,670**	**$ 4,842,771**
Household Earnings	$ 1,099,356	$ 251,790	$ 1,351,146
Jobs	55	15	70

Additional Impacts

The media offer some additional benefits to area residents. Data from A.C. Nielsen's Media Research Services indicate that for every Cincinnati Reds game, approximately 87,219 Cincinnati area households are watching. The Cincinnati Bengals, meanwhile, enjoy viewership of 190,296 among area residents. National broadcasts of Reds and Bengals games increases the "visibility" of the Greater Cincinnati area to people all over the country. Based on the *Cincinnati Enquirer*'s readership estimates, over 300,000 readers read the sports pages during the week and about 506,000 read the sports section on weekends. Another 145,000 people read *Cincinnati Post*'s sports section.

C. Economic Impact of Visiting Fans

Who are the fans?

Reds and Bengals fans were surveyed by the University of Cincinnati's Institute for Policy Research to understand spending patterns and demographic information[19]. It was found that the "typical" fan attends the game in a group of 2 to 3 adults, earns between $50,000 to $60,000 per year, is a 41-year old male, who has spent between $25 to $40 before and/or after the game.[20] *Roughly half of all fans come from outside the Greater Cincinnati area.* The following information was gathered:

General Fan Information	Reds	Bengals
Median Age	41	41
Median Income	$53,580	$59,660
Percent Male	70%	76%
Previous Games Attended	3%	17%
Adults in the Group	2.7	3.0
Children in the Group	0.7	0.4

How much do fans spend?

Nearly 50 percent of all Reds fans and 60 percent of Bengals fans visit another establishment before or after the game. A greater percentage of fans go out before the game than after. (However, 10 percent of fans surveyed did not know if they were going out after the game.) Before games, 83 percent of Reds fans and 69 percent of Bengals fans visit establishments in Greater Cincinnati. After games, 57 percent of Reds fans and 62 percent of Bengals fans went out to Cincinnati establishments.

Establishment	Reds	Bengals
Eating and Drinking Establishment	63%	90%
Other Entertainment	21%	1%
Gas Station	3%	4%
Shopping	3%	1%
Hotel	5%	1%
Other (Combination)	5%	3%

The following summarizes fan spending decisions:

General Fan Spending	Reds	Bengals
Cost of Ticket	$7.84	$27.97
Ballpark Spending	$9.28	$10.34
Out-of-Stadium Spending	$9.36	$12.24
Percent going out before or after game	50%	60%

[19] See Appendix III for details regarding the survey.
[20] All fan spending numbers are in 1995 dollars. The economic impact of fans and other visitors are in 1996 dollars.

The Economic Effects of Fan Spending

To highlight the incremental impact of fan spending, this study focuses on visitors to the Cincinnati region. This has the strongest impact since it is *money coming from outside the region*. The effect of Cincinnati's sports teams on spending by Cincinnati residents has some impact, but much of it only alters where and how the local money is spent.[21]

Expenditures by Out-of-Town Fans

The impact of baseball and football fans on the Cincinnati economy stems from the influx of out-of-town visitors attending home games. The analysis of out-of-town visitor spending was based on the IPR survey:

- Over 53 percent of Reds fans and 46 percent of Bengals fans live outside of the Greater Cincinnati region.
- An estimated 35 percent of fans using season tickets are not residents of Greater Cincinnati.
- For about 80 percent of out-of-town fans, the primary reason for being there is to see the sports game.
- An average of 58 percent of visitors attending a Reds or Bengals game go out either before or after the game. The predominant place visited by out-of-town fans was an eating or drinking establishment (67 percent for Reds fans and 88 percent of Bengals fans.)
- Total per person spending before and after the game is approximately $13.00 for the Cincinnati Reds fan and $16.34 for the Cincinnati Bengals fan.
- A majority of the visitors' spending takes place in the local area -- 80 percent of Reds fans' spending and 72 percent of Bengals' spending is in Greater Cincinnati.
- Reds and Bengals games were the primary reason for coming into town for 76 percent of out-of-town fans who stayed in a hotel the night of the game.
- Reds and Bengals fans spend a total of $14.5 million each year on the hotel industry in Greater Cincinnati.

The business activity generated in the Cincinnati area from out-of-town Reds and Bengals fans is significant. *In total, over $66 million is added to the Cincinnati economy each year due to visiting Reds and Bengals patrons.* Reds fans spend $28 million per season in the area, which yields a total economic impact of more than $58 million. Bengals fans spend $4 million per season, generating $8 million in the Cincinnati economy. The total impact on household earnings from all Reds and Bengals visitors is over $20 million. In addition, 1,712 jobs are supported by out-of-town patrons.

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[21] This is an example of a transfer of money within the local region. Without the sports teams, local residents will probably spend money on other types of entertainment, such as movies or concerts. However, some local residents will travel out of town to attend professional baseball and football games, which will represent a loss to the Cincinnati economy. See page 20 for an estimate of this loss.

Economic Impact of Out-of-Town Fans on Cincinnati

Economic Impact	Reds	Bengals	Total
Direct Spending	$ 32,730,523	$ 5,177,155	$ 37,907,678
Local Spending	$ 28,976,618	$ 4,024,533	$ 33,001,151
Indirect Impact	$ 29,202,875	$ 4,208,650	$ 33,411,525
Total Economic Impact	**$ 58,179,493**	**$ 8,233,183**	**$ 66,412,676**
Household Earnings	$ 17,933,705	$ 2,459,868	$ 20,393,574
Jobs	1,502	210	1,712

The immediate beneficiaries of fan spending are the restaurants, hotels, gas stations, and retail centers which attract game fans. The industries which provide materials and supplies to these establishments also benefit.

D. Economic Impact of Other Stadium Events

Riverfront Stadium also sponsors activities and events which contribute to the overall economic impact in the area. Without the stadium, these events may not occur, as a facility of this size may be necessary to house the number of participants. Each year, the stadium is host to an average of 2 to 3 special events in addition to Reds and Bengals games. On average, these events attract approximately 128,500 attendees per year, many of whom come from outside the Greater Cincinnati region. In 1994, for example, attendance at two large events was 101,000. Over a three day period, attendance at the Coors Jazz Festival was 69,000, while the Rolling Stones brought 32,000 fans to Riverfront Stadium.

This study assumes that 50 percent of special event patrons are from outside the Greater Cincinnati area. While in Cincinnati, these visitors spend money on hotels, food, retail goods, parking and other entertainment. In total, they will contribute over $4.7 million to the local economy, generating a total impact of over $9.5 million. In addition, 239 local jobs will be supported by the visitors' spending.

Economic Impact of Other Events	
Local Spending	$ 4,798,399
Indirect Impact	$ 4,768,463
Total Economic Impact	**$ 9,566,863**
Household Earnings	$ 2,906,368
Jobs	239

E. Total Economic Impact from Visitors to the Region

Spending by visiting teams, officials, media and fans have a total economic impact of $90 million. In addition, $27 million goes to area households and 2,224 jobs in the Cincinnati region are supported.

	Visiting Team	Media	Visiting Fans	Other Events	TOTAL
Local Spending	$4,616,983	$2,827,123	$33,001,151	$4,798,399	$45,243,656
Indirect Impact	$4,497,185	$2,015,649	$33,411,525	$4,768,463	$44,692,823
Total Economic Impact	**$9,114,168**	**$4,842,771**	**$66,412,676**	**$9,566,863**	**$89,936,479**
Household Earnings	$2,852,113	$1,351,146	$20,393,575	$2,906,368	$27,503,201
Jobs	203	70	1,712	239	2,224

3. TOTAL ECONOMIC IMPACT OF RIVERFRONT STADIUM

The total spending in the local economy that occurred as a result of Riverfront Stadium, its operations and fan spending was $143 million in 1994. This generated a total economic impact of $245 million in the Greater Cincinnati economy. Greater Cincinnati households received $76 million of this impact in the form of earnings, and 5,757 jobs were supported.

Total Economic Impact	Operations	Visitors	Total
Local Spending	$ 97,999,257	$ 45,243,656	$ 143,242,913
Indirect Impact	$ 57,008,479	$ 44,692,823	$ 101,701,301
Total Economic Impact	**$ 155,007,736**	**$ 89,936,479**	**$ 244,944,215**
Household Earnings	$ 48,709,620	$ 27,503,201	$ 76,212,821
Jobs	$ 3,533	$ 2,224	$ 5,757

The specific contributions of the Cincinnati Reds and Cincinnati Bengals to the local economy may also be examined. The Cincinnati Reds contributed $90 million in direct spending in the local economy, which created an economic impact of $158 million. This supported 3,763 local jobs and brought in $49 million in earnings to area households.

	Cincinnati Reds	Cincinnati Bengals
Local Spending	$90,604,404	$47,840,110
Indirect Impact	$67,831,848	$29,100,990
Total Economic Impact	**$158,436,252**	**$76,941,100**
Household Earnings	$49,281,284	$24,025,169
Jobs	3,763	1,761

The spending associated with the Cincinnati Bengals was $47 million in 1994. This generated an additional $29.1 million in the local economy, to reach a total impact of $77 million. Of this, $24 million went to area households in the form of earnings, and 1,761 local jobs were supported.

A number of Cincinnati industries benefit significantly from the stadium. Hotels and amusements top the list with over $133 million generated in that industry alone. Real estate, retail trade, and food producers were also impacted. The top ten Greater Cincinnati industries impacted by Stadium operations are as follows:

Lodging and Amusements	$ 133,114,498
Real Estate	$ 15,925,065
Retail Trade	$ 10,867,137
Food and Tobacco	$ 7,449,333
Wholesale Trade	$ 6,867,354
Business Service	$ 5,978,513
Insurance	$ 5,756,303
Transportation	$ 5,713,977
Health Services	$ 5,565,837
Miscellaneous Services	$ 5,301,301

APPENDIX II. RESEARCH METHODOLOGY

RIMS II is a multiplier model developed by the Bureau of Economic Analysis at the U.S. Department of Commerce. This model is used to calculate the economic impact of a change in final demand on a specified economy. In the present analysis, the change in final demand is measured by the total stadium-related spending, and the specified economy is the Cincinnati CMSA.

The money that is spent each year by a firm is known as its *direct spending*. When the economic impact is calculated, only local spending is considered. In some cases, not all spending is done locally. For instance, a portion of operations spending by the Reds and Bengals does not enter Cincinnati's economy. Since many players reside outside of the Cincinnati region during the off-season, only a portion of salaries to players would be considered *local* spending. The stadium's ongoing spending outlays have been divided into several components (e.g., payroll, capital equipment, services). Visitor spending was estimated for hotels, recreation, food, retail and transportation costs.

The economic impact of the stadia goes beyond this local spending. Each of the businesses directly affected by the sports teams, in turn, spend money on goods and services they purchase from other area businesses. This generates greater business activity and employment. The industries which subsequently gain business from initial expenditures by the teams now have more business than they did before, which further stimulates demand, sales, output and employment in the local economy.

Initial spending by the stadium project is "multiplied" throughout the economy. RIMS II measures the impact of the initial expenditures by using location specific multipliers which determine the total amount of business activity, household earnings and employment that will be generated within the Cincinnati CMSA.

Note that the direct and local spending refer to expenditures that occur over a one-year period. For fan and team spending, this would occur between April and December. The economic impact associated with this spending is not, however, realized in one year. While RIMS II models how much money will be generated in a regional economy, it does not model how long it will take the multiplier effect to be fully realized in that economy.

APPENDIX III. DEFINITIONS USED IN THIS REPORT

Direct Spending:	The dollar amount that is directly spent by the stadium tenants, stadium operators, fans or other sports-related industry.
Local Spending:	The amount of direct spending that enters the Cincinnati region.
Indirect Impact:	The amount of business activity and household earnings generated in the entire economy *as a result* of direct spending.
Total Economic Impact	This is made up of the direct spending by the teams, fans and stadium operators plus the indirect impact of spending.
Household Earnings:	This is the amount Greater Cincinnati households receive in the form of wages and salaries due to the presence of the stadium. Household earnings measure the increase in earnings that occur in all households originating from stadium-related spending.
Jobs:	The full and part time jobs necessary to support the level of business activity implied by the indirect impact of stadium-related activities.
Cincinnati Consolidated Metropolitan Statistical Area (CMSA):	Includes the Ohio counties of Hamilton, Brown, Clermont, Butler and Warren; the Kentucky counties of Boone, Campbell, Kenton, Grant, Gallatin, and Pendleton; and Ohio and Dearborn County in Indiana.

APPENDIX IV. SUMMARY OF SURVEY METHODOLOGY

Patrons attending Riverfront Stadium for Cincinnati Reds and Cincinnati Bengals games were interviewed during the months of September and October by interviewers trained by the Institute for Policy Research's professional staff. Patrons were interviewed by 3-4 interviewers during the period before each game. Interviews were held at or near the stadium entrance. Face-to-face interviews were conducted with every third person entering into the individual interviewer's area after each successive completed interview.

Interviews with patrons at five different Cincinnati Reds games were conducted between September 16 and September 20, 1995. The first two games were with Atlanta (National League champions) and the next three games were with Montreal. Two of the games were afternoon contests, while three were at night. Two of the games were on weekends, while three were weekday events. All Reds interviews were held at the end of a rather successful season, on the wake of the baseball strike.

Interviews with patrons at three Cincinnati Bengals games were conducted on September 24, October 1, and October 29, 1995. The teams playing were Houston, Miami and Cleveland, respectively. All games were played on Sunday afternoons. Bengals interviews were held at the beginning of their fall season.

The survey effort resulted in 651 interviews with Reds and Bengals fans. Precisely, 304 completed surveys were conducted with Bengals fans and 347 completed surveys were held with Reds fans. At the conclusion of data collection, questionnaires were coded and cleaned. Summary statistics were presented to the research team at the Center for Economic Education for further analysis. A copy of the survey questions is attached.

APPENDIX V. FAN SURVEY QUESTIONS

1. How many adults, 18 or older are in your group today?

2. How many children (under 18) are in your group today?

3. How many Bengals/Reds games have you, personally, attended this year prior to this one?

4. How much did your Bengals/Reds ticket cost?

5. Approximately how much will you and your group be spending before, during and after the game today on concessions and souvenirs inside the stadium?

6a. Did you and your group stop at any stores, restaurants, attractions or any other place of business before arriving at the stadium today? *If yes:* Where did you stop? Where is it located?

6b. Will you and your group stop at any stores, restaurants, attractions or any other place of business after leaving the stadium today? *If yes:* Where will you stop? Where is it located?

7. Approximately how much will you and your group be spending at these places of business before or after the game (that is in some way related to attending this Bengals/Reds game)?

8. Please look at this card and tell me what age group you fall into.

9. Please look at the other side of the card and tell me what income group you fall into.

10. Record sex of respondent.

11. Do you and the members of your group live in Hamilton County, elsewhere in Greater Cincinnati, or outside Greater Cincinnati? Where do you live?

If residence was outside Greater Cincinnati, the following questions were also asked:

12. Is attending the Bengals (Reds) game the primary reason you or any member of your group came to Greater Cincinnati? *If no:* What is the primary reason?

13. How many days, if any are you or the members of your group staying overnight in Greater Cincinnati? *If zero:* Terminate interview.

14. Are the members of your group staying in Ohio, Kentucky or Indiana? Where are you staying; what county?

15. Are the members of your group staying at a hotel or with friends or relatives?

16. How much are you or the members of your group spending for a hotel/motel room per night?

APPENDIX VI. SOURCES OF DATA

The following organizations provided data or assisted the research team in producing this report:

Cincinnati Bengals
Cincinnati Enquirer
City of Cincinnati
Hamilton County Commissioners
Major League Baseball
National League Association
National Football League
National Broadcasting Company
Nielsen Corporation
Ohio Department of Taxation
Sports Services Inc.
WLW-TV

APPENDIX VII. BIBLIOGRAPHY

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