



RHODE ISLAND

Executive Office of Commerce

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Memo re: Senate Finance PawSox hearings
To: Senate Finance Chairman William J. Conley, Jr.
Cc: Senate Finance Committee, Senate Fiscal Office
Subject: Revenue Estimates

On October 18, 2017, the PawSox (the “Team”) provided an attachment that included the delineation of taxes generated by the ballclub in 2016. These tax collections represent actual tax filings and withholdings with the State of Rhode Island and the City of Pawtucket, as well as estimates for ancillary visitor spending from the Brailsford and Dunleavy report from April, 2017.

The table below summarizes the 2016 taxes generated by the ballclub and the sources of this information, per the Team’s submission from October 18. This dataset served as the foundation for the analysis undertaken by Commerce.

Tax Type	Amount (\$mm)	Source
Payroll withholding	\$1.4	Actual for 2016
Estimated visitor sales	0.5	Brailsford & Dunleavy Report
Sales (in-ballpark purchases)	0.2	Actual for 2016
Estimated transient occupancy	0.1	Brailsford & Dunleavy Report
Estimated indirect sales	<u>0.1</u>	Estimate
Total	\$2.3	

Commerce’s aim was to utilize a conservative estimate of the baseline revenues generated by the ballclub in 2016. To this end, two categories of revenues included above were eliminated from the analysis: the transient occupancy tax and the indirect sales tax. The direct causal link between Team activities and these categories of tax collections may exist; however, in our view, the link is not as definitive and demonstrable as in other instances. And a more conservative approach would omit these categories. Combined, these two categories represent approximately \$0.2mm in tax collections. Thus, the overall total for the Commerce analysis was reduced by \$0.2mm. To further ensure a conservative analysis, Commerce reduced the overall remaining tax collections attributed to the ballclub by 10% (subtracting roughly \$0.2mm). Consequently, the Commerce estimate for baseline taxes generated by the ballclub in 2016 is approximately \$1.9mm.