RHODE ISLAND

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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: Tax Revenue Scenarios

This memo outlines several scenarios that adjust the variables used to estimate the projected tax revenues generated by the proposed new stadium. The baseline revenues generated by the existing ballpark are estimated to be $1.9mm annually. The incremental new revenues associated with the proposal are projected to be $1.7mm annually. The projected annual debt service is $1.4mm. Together, these revenues produce a gross bond payment coverage of 2.55x.

In each of the hypothetical scenarios below, we illustrate what would happen if one of the variables underperforms the expectations used in the model. In each case, despite that downward adjustment, the projected revenues would still cover the cost of the annual debt service.

Scenario 1: If revenues from other events (apart from baseball games) are eliminated from the projections, the impact on state revenue is a reduction of $292,626, and gross bond coverage (including existing and incremental revenues) remains 2.34x. Even incremental revenues alone would still cover the annual debt service on the bond.

Scenario 2: If turnstile attendance only increases by 27%, the lowest increase reported among comparable new stadiums, the impact on state revenue is a reduction of $294,518, and the gross bond coverage is 2.34x. Even incremental revenues alone would still cover the annual debt service on the bond.

Scenario 3: If all variable projections fall by 10% (turnstile attendance, other events, premium tickets, and ancillary development $/sf) the impact on state revenue is a reduction of $231,947, and gross bond coverage remains 2.38x. Even incremental revenues alone would still cover the annual debt service on the bond.

Scenario 4: Even if ancillary development $/sf projections are off by 33%, from $250/sf to $167.50/sf, the impact on state revenue is a reduction of $288,750,and gross revenue bond coverage remains 2.34x. Even incremental revenues alone would still cover the annual debt service on the bond.

Scenario 5: If ancillary development $/sf projections increase by 45%, from $250 to $362, the impact on state revenue is an increase of $392,000, increasing gross revenue bond coverage from 2.55x to 2.82x. In this instance, incremental revenues alone result in a bond coverage ratio of 1.5x.