

# Statement of Estimated State Revenue Impact

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**Date:** June 12, 2013 (As amended June 5, 2013 by the House of Representatives)  
**Bill Number:** S.B. 481  
**Authors:** Malloy, McGill, Leatherman, and Setzler

**Committee Requesting Impact:** Senate

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## Bill Summary

A bill to amend Section 12-21-2425, of the Code of Laws of South Carolina, 1976, relating to the admissions license tax exemption for a motorsports entertainment complex, so as to require the complex to be a NASCAR sanctioned speedway that hosts at least one race each year featuring the preeminent NASCAR cup series, instead of requiring the speedway to have at least sixty thousand seats for race patrons.

## REVENUE IMPACT<sup>1/</sup>

This bill, as amended, is not expected to affect state General Fund admissions tax revenue in FY2013-14.

## Explanation of Amendment (June 5, 2013) – By the House of Representatives

This amendment would amend Section 12-21-2425(B)(1) to change the requirement for retaining admission tax revenue from “at least one race each year featuring the preeminent NASCAR cup series”, to “at least one NASCAR Sprint Cup Series race in 2012”. The only NASCAR sanctioned motor speedway or racetrack that holds a Sprint Cup Series race in South Carolina is at Darlington Motor Speedway. Pursuant to Section 12-21-2454, the motorsports entertainment complex will continue to have one-half of the admissions license tax exempt from taxation. Since the amendment did not change any tax reporting requirements already in effect, this bill is not expected to increase or decrease state General Fund admissions tax revenue in FY2013-14. This exemption is set to expire June 30, 2018.

## Explanation of Bill filed March 5, 2013

Currently, pursuant to Section 12-21-2425(B)(1), a motorsport entertainment complex that has a least 60,000 fixed seats for race patrons, has at least three scheduled days of motorsports events each calendar year, and engages in tourism promotion, is eligible to become exempt from remitting one-half of the paid admissions to the complex. This exemption from admissions tax is good for ten years beginning July 1, 2008. In addition, pursuant to Proviso 118.10 in the FY2013-14 Appropriation Act as passed the House of Representatives, operators of motorsport facilities with 60,000 seats are not required to remit admissions tax on the other one-half of the paid admissions to a motorsports entertainment complex. This limitation allows the Darlington Motor Speedway to be exempt from remitting admissions tax revenue to the state, and is currently accounted for in the Board of Economic Advisors’ General Fund revenue estimate for FY2013-14. This bill would amend Section 12-21-2425(B)(1) to delete the 60,000 seat limitation and add the requirement that the motorsports entertainment complex “is a NASCAR sanctioned motor speedway or racetrack that hosts at least one race each year featuring the preeminent NASCAR cup series”. This change would allow additional racetracks to qualify for the admissions tax exemption.

The National Association of Stock Car Auto Racing (NASCAR) cup series races are made up of a number of series of race circuits. The three largest racing series sanctioned by NASCAR are the

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Sprint Cup Series (formerly the NASCAR Grand National Series), the Nationwide Series (formerly the NASCAR Busch Grand National Series), and the Camping World Truck Series. It also oversees NASCAR Local Racing, the Whelen Modified Tour, the Whelen All-American Series, and the NASCAR iRacing.com Series.

According to NASCAR, the only sanctioned tracks that meet these race series requirements are the Darlington Motor Speedway, the Myrtle Beach Speedway, and the Greenville-Pickens Speedway. The Myrtle Beach Speedway has undergone renovations including a new track surface to run an abbreviated race schedule in late 2012. The speedway has a full schedule of races slated for 2013, including the Myrtle Beach 400 race.

The Myrtle Beach Speedway is a semi-banked one-half mile oval with a seating capacity of 12,000 plus seats. The speedway is host to four (4) NASCAR sanctioned races in 2013, including the Whelen All-American Series races. The Whelen All-American Series (formerly the Dodge Weekly Series and Winston Racing Series) is a points championship for NASCAR sanctioned local racetracks around the United States and Canada. Ticket prices for NASCAR sanctioned races range from \$25 for general admission seats to \$75 for a limited number of adult VIP seats. Multiplying 12,000 seats sold at an average ticket price of \$25 per seat for premier races and applying an admissions tax rate of five percent yields an estimated \$15,000 of admissions tax revenue per race at full attendance. Pursuant to Section 12-21-2425(A), one-half of the paid admissions to a motorsport entertainment complex is exempt from the admissions tax. Multiplying \$15,000 by one-half for four (4) NASCAR sanctioned races per year yields a reduction in General Fund admissions tax revenue of an estimated \$30,000 in FY2013-14.

The Greenville-Pickens Speedway is a semi-banked one-half mile oval with a seating capacity of 20,000 plus seats, hosting weekly NASCAR sanctioned races, including team test sessions held by NASCAR. The speedway is home to the K&N Pro Series East (formerly Busch East Series & Busch North Series and Camping World Series East), a regional stock car racing series owned and operated by NASCAR. There are three (3) race weekends that are in combination with the NASCAR Sprint Cup Series and sanctioned by NASCAR. Multiplying 20,000 seats sold at an average ticket price of \$25 per seat for premier races and applying an admissions tax rate of five percent yields an estimated \$25,000 of admissions tax revenue per race at full attendance. Pursuant to Section 12-21-2425(A), one-half of the paid admissions to a motorsport entertainment complex is exempt from the admissions tax. Multiplying \$25,000 by one-half for three (3) NASCAR sanctioned races per year yields a reduction in General Fund admissions tax revenue of an estimated \$37,500 in FY2013-14.

Collectively, this bill is expected to reduce General Fund admissions tax revenue by an estimated \$67,500 in FY2013-14. This act takes effect for tax years beginning after 2012.



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<sup>1/</sup> This statement meets the requirement of Section 27-71 for a state revenue impact by the BEA, or Section 27-76 for a local revenue impact of Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.