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HB 2704: tax; distribution; county stadium district

Sponsor: Representative Weninger, LD 13

Signed by the Governor

Overview

Creates a funding mechanism for reconstructing, equipping, repairing, maintaining or improving the Major League Baseball facility owned and operated by the County Stadium District.

History

The Maricopa County Stadium District was formed in accordance with [A.R.S. § 48-4202\(A\)](#) through action of the Maricopa County Board of Supervisors in September 1991. The Stadium District owns Chase Field, home of the Arizona Diamondbacks. The Maricopa County Stadium District must maintain the District Fund consisting of monies received by the district. District Fund monies may be used for any lawful district purpose. ([A.R.S. § 48-4231](#))

Provisions

1. Requires, each year beginning January 1, 2026 through December 31, 2056, the State Treasurer to transfer 82% of the applicable income taxes collected from professional baseball athletes to the County Stadium District for deposit into the County Stadium District Fund. (Sec. 2)
2. Excludes the state transaction privilege tax (TPT) diversions from the distribution base until December 31, 2055 and reverts to the current percentages for the outlined business classifications that are designated as the distribution base beginning January 1, 2056. (Sec. 5)
3. Requires the State Treasurer, beginning the first day of the month following the general effective date and on instruction from the Department of Revenue (DOR), to transmit the state TPT revenues received from persons conducting retail, amusement, restaurant and prime contracting business at, or with respect to events held at, a Major League Baseball Facility or its adjacent building to the County Stadium District for deposit into the County Stadium District Fund. (Sec. 7)
4. Defines *adjacent building* and *Major League Baseball Facility*. (Sec. 7)
5. Repeals the state TPT diversion requirements on April 1, 2056. (Sec. 8)
6. Requires, beginning the first day of the month following the general effective date, DOR to separately account for revenues collected under the retail classification from businesses selling tangible personal property on the premises of a Major League

☐ Prop 105 (45 votes)

☐ Prop 108 (40 votes)

☐ Emergency (40 votes)

☒ [Fiscal Note](#)

Baseball Facility or an adjacent building that is owned and operated by the County Stadium District or the Professional Baseball Franchise Organization that occupies the Major League Baseball Facility or adjacent building. (Sec. 9)

7. Requires, beginning the first day of the month following the general effective date, DOR to separately account for revenues collected under the amusement classification from the sales of admissions to a Major League Baseball Facility that is owned and operated by the County Stadium District or the Professional Baseball Franchise Organization that occupies the Major League Baseball Facility or adjacent building. (Sec. 10)
8. Requires, beginning the first day of the month following the general effective date, DOR to separately account for revenues collected under the restaurant classification from businesses operating restaurants, dining rooms, lunchrooms, lunch stands, soda fountains, catering services or similar establishments on the premises of a Major League Baseball Facility that is owned and operated by the County Stadium District or the Professional Baseball Franchise Organization that occupies the Major League Baseball Facility or adjacent building. (Sec. 11)
9. Requires, beginning the first day of the month following the general effective date, DOR to separately account for revenues collected under the prime contracting classification from any prime contractor engaged in the construction of any buildings and associated improvements that are for the benefit of a Major League Baseball Facility or an adjacent building that is owned and operated by the County Stadium District or the Professional Baseball Franchise Organization that occupies the Major League Baseball Facility or adjacent building. (Sec. 12)
10. Requires, beginning the first day of the month following the general effective date, a city or town to transmit the applicable TPT or similar taxes and fees to the County Stadium District for deposit into the County Stadium District Fund. (Sec. 14)
11. States that the amount to be transmitted is the first 2% of the jurisdiction's tax rate and is derived from the applicable city or town TPT or similar taxes and fees from persons selling tangible personal property at retail, operating as an amusement or similar specified activities, operating as a restaurant or similar specified establishment and prime contracting at, or with respect to events at the Major League Baseball Facility that is owned and operated by the County Stadium District or the Professional Baseball Franchise Organization that occupies the Major League Baseball Facility or adjacent building. (Sec. 14)
12. Requires, beginning the first day of the month following the general effective date, DOR to separately account for these city or town collected revenues. (Sec. 14)
13. Caps the amount transmitted to the District Fund from city and town TPR revenues generated from the specified business activities at the Major League Baseball Facility and the adjacent building at \$3,500,000 annually. (Sec. 14)
14. Requires a city or town to stop transmitting TPT diversion monies if the cap is met. (Sec. 14)
15. Requires the annual city or town TPT diversion cap to be increased by 3% annually beginning January 1, 2027 through December 31, 2055. (Sec. 14)
16. Repeals the cities and towns TPT, sales, use, franchise or other similar tax or fee distribution and accounting requirements on April 1, 2055. (Sec. 15)

17. Requires the State Treasurer, beginning the first day of the month following the general effective date and on instruction from DOR, to transmit the specified county transportation excise tax revenues to the County Stadium District for deposit into the County Stadium District Fund. (Sec. 16))
18. States the applicable county excise taxes collected will be derived from persons selling tangible personal property at retail, operating as an amusement or similar specified activities, operating as a restaurant or similar specified establishment and prime contracting at, or with respect to events at the Major League Baseball Facility that is owned and operated by the County Stadium District or the Professional Baseball Franchise Organization that occupies the Major League Baseball Facility or adjacent building. (Sec. 16)
19. Requires, beginning the first day of the month following the general effective date, DOR to separately account for these county transportation excise tax revenues. (Sec. 16)
20. Repeals the county transportation excise tax diversion requirements on April 1, 2055. (Sec. 17)
21. Requires each Professional Baseball Franchise Organization that compensates individuals for services rendered at a Major League Baseball Facility to provide DOR the federal taxpayer identification number for each resident and nonresident employee of the organization who provided services in this state for the organization. (Sec. 18)
22. Requires DOR, on or before March 31 of each year, to separately account for and report to the State Treasurer as an aggregate amount the total net income tax revenues collected on all sources of income from:
 - a. Any Professional Baseball Franchise Organization that is domiciled in Arizona;
 - b. Resident and nonresident employees who are members of any Professional Baseball Franchise Organization domiciled in Arizona, including the spouse of any resident and nonresident employee regardless of the spouse to whom the income is attributable; and
 - c. Resident and nonresident employees who are members of any Professional Baseball Franchise Organization that is domiciled outside Arizona for services rendered in Arizona at the Major League Baseball Facility. (Sec. 18)
23. Defines *member of any professional baseball franchise organization* and *professional baseball franchise organization*. (Sec. 18)
24. Defines *adjacent building* and *major league baseball facility*. (Sec. 19)
25. Prescribes the membership of the Maricopa County Stadium District Board in place of the Maricopa County Board of Supervisors. (Sec. 20)
26. Requires the initial Maricopa County Stadium District Board members to be appointed before January 1, 2026 and prescribes term length and appointment requirements. (Sec. 20)
27. Prohibits the Maricopa County Stadium District Board from acquiring real property by eminent domain. (Sec. 21)

28. Requires the Maricopa County Stadium District Board to designate a contracted person or board member with financial management or accounting experience as district treasurer. (Sec. 21)
29. Allows the Maricopa County Stadium District Board to enter into agreements with contractors, tenants and other users of the Major League Baseball Facility or any adjacent building as determined appropriate, including agreements for reconstructing, equipping, repairing, maintaining or improving the Major League Baseball Facility or adjacent building. (Sec. 21)
30. Requires, on or before November 1 of each year, the Board of Directors to report to the Joint Legislative Budget Committee and the Governor's Office of Strategic Planning and Budgeting regarding all new projects for reconstructing, equipping, repairing, maintaining or improving the Major League Baseball Facility or adjacent buildings that are paid for by the district from the County Stadium District Fund and that this report indicates which projects the Professional Baseball Franchise Organization contributed monies toward and the amount contributed. (Sec. 21)
31. Subjects that, for the Maricopa County Stadium District, any individual, including an employee of a Professional Baseball Franchise Organization, to the conflict-of-interest laws for the purposes of spending monies in the County Stadium District Fund. (Sec. 22)
32. Requires monies in the County Stadium District Fund may be used only for capital repairs, reconstruction, equipping, replacement, maintenance and improvements to the infrastructure of the Major League Baseball Facility or the adjacent buildings that are owned by the District and operated by the District or the Professional Baseball Franchise Organization that occupies the facility or adjacent buildings. (Sec. 22)
33. Defines *infrastructure* and specifically excludes pool suites, suites or club seating from the definition. (Sec. 22)
34. Caps the total amount of TPT diversions at \$500,000,000 and requires the cap to be increased annually by 3% beginning January 1, 2027 through December 31, 2055. (Sec. 23)
35. Stipulates that the State Treasurer, City of Phoenix and DOR must stop transmitting the TPT and income tax diversions if the diversion cap, as adjusted annually, is met. (Sec. 23)
36. Requires the District Treasurer to return any monies transmitted that are over the cap limit to the taxing jurisdiction where the monies were generated. (Sec. 23)
37. Requires the District Treasurer to notify the State Treasurer and the Department of Revenue if the Professional Baseball Franchise Organization leaves AZ. On receipt of the notice, the State Treasurer will stop transmitting monies to the Maricopa County Stadium District. (Sec. 23)
38. Requires the State Treasurer to assess a penalty on the Professional Baseball Franchise Organization in the following amounts:
 - a. \$10 Million if it leaves AZ before October 1, 2035.
 - b. \$5 Million if it leaves AZ before October 1, 2045.
 - c. \$1 Million if it leaves AZ before October 1, 2050. (Sec. 23)

39. Requires DOR to stop separately accounting for the TPT and Income tax revenues associated with this funding. (Sec. 23)
40. Requires the District Treasurer to return any remaining monies that are unexpended and unencumbered to be sent to the appropriate jurisdiction from which the monies were generated. (Sec. 23)
41. Requires the State Treasurer to allocate the Penalty amount as follows:
 - a. 50% to the State General Fund;
 - b. 25% to the county in which the facility is located; and
 - c. 25% to the city in which the facility is located. (Sec. 23)
42. Requires the Professional Baseball Franchise Organization to pay any remaining Maricopa County Stadium District debts for projects to reconstruct, equip, repair, maintain or improve the Major Baseball League Facility or adjacent facility that would have been paid for by the Maricopa County Stadium District Fund, in specified circumstances. (Sec. 23)
43. Repeals the transmittal limit, annual adjustment and penalty requirements on January 1, 2056. (Sec. 24)
44. Stipulates that ownership of the real property and improvements for the Maricopa County Stadium District are immediately and irrevocably conveyed to the municipality in which the District is located, at no cost to the municipality, if any of the following apply:
 - a. The entity or individual, or their successor, terminates any lease or other agreement with the District for use of the Major League Baseball Facility regardless of whether the lease or other agreement pertains to the Major League Baseball Facility;
 - b. Any lease or other agreement between the entity or individual, or their successor, and the District for the use of the Major League Baseball Facility expires, regardless of whether the District and the entity or individual were negotiating an extension to the existing lease or other agreement or negotiating a new lease or other agreement; and
 - c. The District gives up ownership interest of the Major League Baseball Facility. (Sec. 25)
45. States the Legislature intends the Professional Baseball Franchise Organization that occupies the Major League Baseball Facility and adjacent buildings will contribute at least \$250 Million of the organization's own monies for the purposes reconstructing, equipping, repairing, maintaining or improving the Major League Baseball Facility and adjacent buildings. (Sec. 26)
46. Contains technical and conforming changes.