

**NORTH CAROLINA GENERAL ASSEMBLY**

**REVISED LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** Senate Bill 992 (HCS)

**SHORT TITLE:** N.C. Boxing Commission

**SPONSOR(S):** Senators Conder and Forrester

**This fiscal note has been revised to incorporate new information on expenditures which will be absorbed by the Department of Revenue (see page 3).**

**FISCAL IMPACT**

	<b>Yes (x)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<b><u>FY 1997-98</u></b>	<b><u>FY 1998-99</u></b>	<b><u>FY 1999-00</u></b>	<b><u>FY 2000-01</u></b>	<b><u>FY 2001-02</u></b>
<b>REVENUES</b>	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000

**PRINCIPAL DEPARTMENT(S) &**

**PROGRAM(S) AFFECTED:** NC Boxing Commission in the Office of the Secretary of State, and Department of Revenue

**EFFECTIVE DATE:** October 1, 1997

**BILL SUMMARY:** *AMENDING THE LAWS RELATED TO THE NORTH CAROLINA BOXING COMMISSION.* Amends GS Ch. 143 to limit the State Boxing Commission's regulatory authority to boxing matches where admission is charged for viewing or the contestants compete for a purse greater than \$25.00 in value. Expands scope of Comm'n's regulatory power to include authority to regulate amateur matches and "toughman events" (defined as an elimination program of matches in which the contestants are not professional boxers, the finalist receives a purse or other article of value, the participants engage in full contact boxing techniques, and the object of each match is to win by decision, knockout, or technical knockout). Requires Sec'y of State to hire an executive director of the Comm'n who may train and contract with independent contractors for the purpose of regulating and monitoring events, issuing licenses, collecting fees, and enforcing Comm'n rules. Transfers certain Comm'n powers to executive director. Redefines "professional" as any person licensed as a professional boxer under the Federal Professional Boxing Safety Act of 1996 and grants Comm'n authority to establish procedures and requirements for compliance with the federal act. Provides that surety bonds paid by promoters be for the benefit of any person injured or damaged by the promoter's failure to comply with

State boxing law or Comm'n rules or by promoter's failure to fulfill contract obligations related to the holding of a boxing event. Removes Comm'n discretion to vary permit fees on the basis of seating capacity of the facility used for a match.

### **Daily Bulletin 07/09/97**

**S 992. NC BOXING COMMISSON.** Intro. 4/21/97. House committee substitute makes the following changes to 1st edition. Expands NC State Boxing Commission from five members to six, adding member appointed by Tribal Council of Eastern Band of the Cherokee. Conditions such appointment on agreement between Tribal Council and Commission that permits Commission to regulate boxing within reservation. Deletes provision that limited Commission rule-making to rules proposed by Executive Director. Adds new GS 105-37.2 levying privilege license tax against persons engaged in business of giving, offering, or managing any boxing match, kickboxing match, or toughman event. Increases gross receipts tax from 3% to 12%. Prohibits county privilege license tax on such businesses and permits city tax up to \$25.

(Note: Bill Summary text was copied from the General Assembly's Bill Digest System)

### **ASSUMPTIONS AND METHODOLOGY:**

#### **Revenue**

The bill would effectively raise the gross receipts tax on boxing, kickboxing and toughman events from three percent (3.0%) to twelve percent (12.0%).

Neither the Department of Revenue nor the Boxing Commission has any data on how much revenue the current three percent (3.0%) tax on fights generates. Our estimates of what a nine percent (9.0%) tax increase could generate are based on information from the Boxing Commission, including the following assumptions:

- About 60 fights annually will be held in North Carolina.
- About 70% of these fights will be toughman fights, and about 30% will be professional fights.
- The average attendance at fights is between 600 and 800.
- Toughman tickets usually sell for \$8.00 in advance, and \$10.00 at the event.
- Professional tickets usually sell for \$20.00 in advance, and \$25.00 at the event.
- Because we do not know how an increase in the tax will effect the volume of tickets sold, for the sake of simplicity, we assume that the increase will have no effect on ticket volume.
- For the sake of simplicity, we also assume that fight promoters would comply with the legislation, and pay the tax.

Based on the assumptions listed above, we estimate that a 9.0% increase in the gross receipts tax on fight events would generate between \$38,000 and \$63,000 annually, or roughly \$50,000.

**Administrative Expense**

The Department of Revenue currently collects the 3% gross receipts tax levied for athletic contest and other amusements subject to G.S. 105-37.1. According to the Department the new section (G.S.105-37.2) would require creation of a new form, mailing the form to the appropriate taxpayers, and collection of the new tax. The major cost would be for computer programming changes to add the \$50.00 license levied under G.S. 105-37.2. The Department anticipates it will be possible to absorb all costs associated with this legislation in the current budget.

**TECHNICAL CONSIDERATIONS:** None

**FISCAL RESEARCH DIVISION**  
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**DATE:** August 5, 1997



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