



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #720

Park Operations Reestimate (State Fair Park)

[LFB 2025-27 Budget Summary: Page 643, #2]

CURRENT LAW

State Fair Park is a 200-acre property in West Allis and Milwaukee that hosts the annual Wisconsin State Fair from late July to early August. The Park is governed by the State Fair Park Board, a 13-member board consisting of gubernatorial appointees, state legislators and ex-officio state agency heads. The grounds include agricultural barns and other buildings, as well as the Wisconsin Exposition Center, the Tommy G. Thompson Youth Center, the Milwaukee Mile, and a recreational vehicle (RV) park. In addition to the Wisconsin State Fair, the grounds annually host various activities including agricultural shows, commercial sale events and consumer product shows, and NASCAR and IndyCar races.

The Park earns revenues from the various programs it hosts, the largest of which is the Wisconsin State Fair. For 2024-25, State Fair Park has budgeted expenditures of \$19,176,200 PR for operations; \$1,272,800 PR for debt service on Park facilities including the Milwaukee Mile grandstand and racetrack, and the Wisconsin Exposition Center; \$1,818,100 in GPR debt service for the Thompson Youth Center and agricultural facilities; and \$180,000 PR for other capital expenses. State Fair Park has 54.0 authorized positions and will employ approximately 1,800 limited-term employees (LTEs) during the State Fair.

DISCUSSION POINTS

1. 2025 Senate Bill 45/Assembly Bill 50 would reestimate program revenue expenditures for operations by \$17,506,500 in 2025-26 and \$20,506,500 in 2026-27, for total expenditures of \$37.5 million in 2025-26 and \$40.5 million in 2026-27 for Park general operations, including standard budget adjustments.

2. State Fair Park's program revenue budget consists of a sum-sufficient debt service appropriation and two continuing appropriations, one each for operations and for maintenance (capital expenses) of the Park. Continuing appropriations allow State Fair Park to expend all the monies it receives, including amounts exceeding those in the state appropriations schedule, subject to approval by the Department of Administration (DOA). Thus, for all of State Fair Park's appropriations, amounts budgeted in the appropriations schedule should represent the best estimates of actual expenditures.

3. The condition of the Park's program revenue appropriations is shown in Table 1. In 2023-24, revenues totaled \$36,321,500, of which \$30,022,200 is attributed to the annual State Fair. Park officials estimated 2024-25 revenues of \$41,821,200 based on quarterly reported amounts through March, 2025, and April to June projections based on past purchasing of advance State Fair tickets. Park officials preliminarily estimate revenue of \$41,350,000 for 2025-26 and \$44,000,000 for 2026-27. Expenditures in the table include the operations reestimate in SB 45/AB 50 and debt service reestimates under Committee action to date. Providing the operations reestimate under the bill, the Park would be expected to have surpluses of approximately \$1.8 million to \$2.2 million each year in the 2025-27 biennium [Alternative 1]. Park officials indicate that they aim to have an operating surplus of approximately \$2 million each year, which by statute is transferred to the appropriation for capital expenses each June 30. State Fair Park's operating surplus has averaged \$2.0 million over the last five fiscal years in which a surplus has occurred. (No surplus was realized in 2020-21 due to the State Fair's cancelation.)

TABLE 1

State Fair Park Condition -- SB 45/AB 50

	2023-24 <u>Actual</u>	2024-25 <u>Estimated</u>	2025-26 <u>Bill</u>	2026-27 <u>Bill</u>
Opening Balance, July 1	\$7,267,000	\$9,554,300	\$11,752,300	\$13,923,300
Revenues	\$36,321,500	\$41,821,200	\$41,350,000	\$44,000,000
Total Available	\$43,588,500	\$51,375,500	\$53,102,300	\$57,923,300
Expenditures				
Operations	\$32,663,800	\$38,170,400	\$37,495,300	\$40,495,300
Debt Service	1,231,900	1,272,800	1,503,700	1,477,600
Capital Expenses	<u>138,500</u>	<u>180,000</u>	<u>180,000</u>	<u>180,000</u>
Total Expenditures	\$34,034,200	\$39,623,200	\$39,179,000	\$42,152,900
Cash Balance	\$9,554,300	\$11,752,300	\$13,923,300	\$15,770,400
Encumbrances	\$37,200	\$37,200	\$37,200	\$37,200
Available Balance, June 30	\$9,517,100	\$11,715,100	\$13,886,100	\$15,733,200

4. The cancelation of the 2020 State Fair due to the COVID-19 pandemic resulted in abnormally low revenues in 2020-21. Fair attendance and revenues began to recover in 2021-22, when revenues increased by 82% over 2020-21. After several years of steady revenue growth in a period of

post-pandemic recovery, Park officials project a revenue decrease of 1.1% in 2025-26 from 2024-25. The anticipated decrease is due to high revenues in 2024-25 and conservative projections for 2025-26, based on several factors involving events held at State Fair Park.

5. The 2024 State Fair saw record high attendance, with approximately 1,136,800 people attending the Fair over 11 days. Park staff report that forecasts of State Fair attendance used to project revenues are conservative estimates to account for potential bad weather and economic conditions. Base attendance in 2023 and 2024 was estimated at 1,000,000 annually, and actual attendance exceeded the estimate each year by 4% and 13%, respectively. Park officials are updating base State Fair attendance forecasts for 2025, 2026, and 2027 to 1,025,000 attendees, an increase of 2.5% from the 2023 and 2024 base attendance estimate.

6. For the 2025 State Fair, Park officials plan to raise the price of most tickets by \$2, with the exception of same-day youth tickets, which will not change from 2024. Higher advance ticket prices, which would still be discounted compared to same-day admission prices, could result in increased revenue near the end of 2024-25, as tickets go on sale each year between April 1 and June 30. The cost of parking at the State Fair will not change from 2024 in 2025, but may change in 2026. These changes to admission prices are expected to increase 2025-26 revenues by approximately \$1.4 million.

7. In 2024-25, revenue totaling \$1.9 million is attributed to political rallies and other events related to the 2024 presidential election, including the 2024 Republican National Convention held in Milwaukee. There are no anticipated revenues in 2025-26 from similar events.

8. Since 2019, track events have been run on the Milwaukee Mile with NASCAR promoter Track Enterprises. The promoter serves as the organizer and operator of events, and is the recipient of any profit or losses. The promoter pays a rental fee for: (a) use of Park facilities; (b) for services provided by State Fair Park, including police and public safety, admissions staff, and ushers; and (c) for other necessary costs such as for ambulance services, track dryers, and tow trucks. Parking and revenue sharing of food and beverage sales also serve as a source of program revenue associated with promoter-held events at the Milwaukee Mile. The promoter collects admission and other sales from their events held on the track. Two NASCAR Truck Series events were held in 2023 and 2024 but will not be returning for 2025.

9. Additionally, IndyCar races returned to the Milwaukee Mile in 2024, for which State Fair Park serves as the promoter as part of a three-year track agreement. Unlike other promoter events, State Fair Park shares in profits or losses from the event and receives revenues from the sale of admission tickets, hospitality and sponsorship fees to driver teams, merchandise sales, and track signage sponsors. Park officials project revenues associated with IndyCar events will increase by \$376,000 in 2025-26.

10. In recent years as revenues recovered after the COVID-19 pandemic, State Fair Park has experienced strength in year-over-year revenue growth, increasing from the previous year by 13% in 2022-23 and by 11% in 2023-24. By this metric, the revenue estimate for 2026-27 of 6.4% growth from 2025-26 accounts for a moderation of post-pandemic revenue growth. However, in comparing to the 10-year average year-over-year increase of 5%, an anticipated increase of over 6% in 2026-27

could be considered high. An increase in base budgeted operations expenditures by 8% in 2026-27 may not be realized given historic revenue trends.

11. Table 2 presents an alternative reestimate by which both years' expenditure estimates are increased by \$17,506,500, if the Committee wished to budget a reduced amount for Park operations in the agency base for 2026-27. Table 2 shows revenues estimated by State Fair Park officials for 2025-26 and 2026-27. Operations expenditures in 2025-26 and 2026-27 are both increased from the base by \$17,506,500, and the table shows expenditures under Committee action to date. As shown in the table, assuming Park officials' revenue projection, State Fair Park would have surpluses of approximately \$2.2 million in 2025-26 and \$4.8 million in 2026-27. However, if revenues do not increase as projected, the expenditure level shown for 2026-27 in Table 2 may be a more likely level that State Fair Park would observe to generate a typical \$2.0 million surplus. If revenues are received that would allow expending above authorized amounts in 2025-26 or 2026-27, State Fair Park could seek approval of additional expenditure authority for operations from DOA.

TABLE 2

State Fair Park Balance of Revenues and Expenditures -- Alternative 2

	<u>2025-26</u>	<u>2026-27</u>
Revenues	\$41,350,000	\$44,000,000
Expenditures		
Operations	\$37,495,300	\$37,495,300
Debt Service	1,503,700	1,477,600
Capital Expenses	<u>180,000</u>	<u>180,000</u>
Total Expenditures	\$39,179,000	\$39,152,900
Difference	\$2,171,000	\$4,847,100

12. If the Committee does not increase the budgeted State Fair Park operations expenditures, the amounts in the schedule will continue to significantly underestimate actual expenditures. However, State Fair Park would not be limited in expending more than the appropriations schedule authorizes if revenues supported such expenses [Alternative 3].

ALTERNATIVES

1. Provide additional expenditure authority of \$17,506,500 in 2025-26 and \$20,506,500 in 2026-27 for State Fair Park operations.

ALT 1	Change to Base
PR	\$38,013,000

2. Provide additional expenditure authority of \$17,506,500 in 2025-26 and 2026-27 for State Fair Park operations.

ALT 2	Change to Base
PR	\$35,013,000

3. Take no action.

Prepared by: Madeleine Roberts

state Fair
M# Dems Alt 1

BORN	Y	(N)	A
KURTZ	Y	(N)	A
ZIMMERMAN	Y	(N)	A
RODRIGUEZ	Y	(N)	A
DALLMAN	Y	(N)	A
HURD	Y	(N)	A
MCGUIRE	(Y)	N	A
ANDRACA	(Y)	N	A
MARKLEIN	Y	(N)	A
TESTIN	Y	(N)	A
WIMBERGER	Y	(N)	A
STAFSHOLT	Y	(N)	A
BRADLEY	Y	(N)	A
QUINN	Y	(N)	A
JOHNSON	(Y)	N	A
ROYS	(Y)	N	A

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