

NORTH CAROLINA GENERAL ASSEMBLY

**LEGISLATIVE FISCAL NOTE
(REVISED)**

BILL NUMBER: Senate Bill 992 (HCS, 3rd edition)

SHORT TITLE: N.C. Boxing Commission

SPONSOR(S): Senators Conder and Forrester

This fiscal note includes a memorandum outlining those sections of the bill that are required by federal law (see page 4).

FISCAL IMPACT

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

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.

Third edition of the bill **removes** section requiring that promoters pay a \$50 license tax.

ASSUMPTIONS AND METHODOLOGY:

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.

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION

733-4910

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APPROVED BY: Tom Covington

DATE: August 19, 1997

Official

Fiscal Research Division

Publication



Signed Copy Located in the NCGA Principal Clerk's Offices

Attachment

August 6, 1997

MEMORANDUM

TO: Tom Covington
FROM: Linwood Jones
RE: Senate Bill 992 - Federal Certification

It has come to my attention that some of the provisions of Senate Bill 992 are required by federal law (the Professional Boxing Safety Act of 1996, 15 U.S.C. §§6301 et seq.). The federal law is unclear as to when the State must adopt these provisions or the penalty for failure to adopt them, but it does appear that certain provisions are nevertheless required. The purpose of this memo is to outline those provisions that are required by the federal act for purposes of preparing a federal certification note under Chapter 120 of the General Statutes.

The federal Professional Boxing Safety Act of 1996 provides for safety standards for boxers, requires State boxing commissions to establish procedures to evaluate the professional records and physician certification of boxers and procedures to ensure that boxers do not fight following injuries, fail drug tests, or for certain other reasons, and prohibits state boxing commission members

and staff from having financial interests in boxers or their promoters. The act provides additional requirements for states without boxing commissions.

North Carolina established its Boxing Commission in 1995. The purpose of the Boxing Commission is to subject boxing to *"an effective and efficient system of strict control and regulation in order to...protect the safety and well-being of participants in boxing and ...promote the public confidence and trust in the regulatory process and the conduct of boxing."* The Commission is administratively housed within the Office of the Secretary of State.

Senate Bill 992 makes several changes to the 1995 enabling legislation that established the North Carolina Boxing Commission. I believe the following changes in Senate Bill 992 meet the requirements of the Professional Boxing Safety Act of 1996:

(1) G.S. 143-651. Certain definitional changes, including the new definitions for "toughman contest" and "toughman event." Although these terms are neither defined nor used in the federal act, the federal act defines professional boxing as any boxing contest between individuals for financial compensation. This federal act has apparently been construed to include both traditional boxing and toughman events.

(2) G.S. 143-652(a): The requirement that members of the Boxing Commission meet the requirements for membership under the Professional Boxing Safety Act of 1996. The federal requirements prohibit conflicts of interest.

(3) G.S. 143-652(a): The provision governing tribal jurisdiction over boxing on the Cherokee reservation. The Professional Boxing Safety Act gives tribal organizations jurisdiction over boxing on their lands but allows them to contract with state boxing commissions to enforce boxing laws on the tribal lands. Senate Bill 992 allows the Cherokee and the North Carolina Boxing Commission to contract for the Commission to enforce the boxing laws on the Cherokee reservation.

(4) G.S. 143-652(d): The provision authorizing the Boxing Commission to adopt rules implementing the procedures necessary to comply with the Professional Boxing Safety Act of 1996.

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