

Large Event Ticket Surcharge

Definition and Examples

An additional charge on tickets for large events such as performances, presentations or sports.

In 2013, Former Supervisor Scott Wiener proposed adding a small surcharge to tickets for large-scale sports and entertainment events to raise money for the city's public transit system¹. The fee would apply to events like large-venue concerts, baseball games at AT&T Park, basketball games at the proposed Golden State Warriors arena, and music festivals like Outside Lands and Treasure Island Music Festival. The Office of the Controller estimates that a surcharge of \$1 to \$5 per ticket would generate between \$8 and \$39 million annually, while reducing event attendance by 46,000 to 230,000 annually. Wiener proposed that the revenue from the ticket surcharge be used to improve MUNI service by purchasing more light-rail vehicles (LRVs) and rehabilitating old vehicles. Muni and its LRVs are overtaxed serving city demand, and have little capacity to respond to concentrated demand peaks during events. The ticket surcharge could help fund much-needed LRV repairs, making more vehicles serviceable for high-demand times like big events.

In Spring 2012, City of Ottawa, Canada approved a similar surcharge to be added to all tickets sold to events at Lansdowne Park once it was redeveloped in order to help fund shuttle services and bicycle racks at the park². The fee is part of a larger plan to ease the traffic congestion expected in the area around Lansdowne Park when large-scale events are held there. The surcharge was expected to range from less than a dollar for events with an attendance under 25,000 to almost five dollars for events of more than 40, 000 people.

Establishment and Administration

This tax can be proposed as either a general tax or a dedicated tax. Upon majority approval by the Board of Supervisors, a general tax version of this proposal would require a 50% majority of San Francisco voters, while a dedicated version of this proposal would require a 2/3rds majority of San Francisco voters.

The City currently imposes a stadium admissions tax. However, the large event ticket surcharge would expand the tax base to more venues and events, which would likely require increasing collection and auditing operations for the Treasurer Tax Collector.

Expenditures

Revenue generated by a large event ticket surcharge could be used for any City purposes. The tax could also be dedicated for specific City transportation purposes.

Revenues

Based on estimates from a 2013 proposal, a flat fee on events with at least 1,000 attendees would raise \$8 million per year per dollar surcharge. Assuming a \$1 - \$5 fee, a large event ticket surcharge would raise:

- First year (2018/19): \$8 - \$39 million
- 25-year total (in \$2017): \$149 - \$725 million

Because this would be a flat fee, revenues would decline over time with inflation.

¹ <http://www.sfchronicle.com/bayarea/article/Muni-surcharge-sought-for-big-SF-events-4536857.php>

² <http://ottawa.ctvnews.ca/surcharge-to-be-added-to-lansdowne-park-event-tickets-1.778732>

Policy and Equity Considerations

User fees are often considered regressive because they take a larger percentage of income from low-income groups than high-income groups. However, a large event ticket surcharge would be considered a fee on entertainment / leisure, and so would be tied to discretionary spending, and not to everyday household spending. Large events tend to attract out-of-town visitors, and would collect revenues from all attendees traveling to the event. As a revenue mechanism, the flat fee would not have a direct impact on travel behavior in the way other revenues such as a gas tax or congestion pricing can.