

HOUSE RESEARCH

Bill Summary

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Overview

This bill creates an Anoka County-Blaine Stadium Authority ("the authority") to construct and operate a football stadium for the Minnesota Vikings in Blaine. The bill provides three sources of funds for the stadium:

- 1) At least \$280 million of the costs of the stadium facility must be contributed by the team
- 2) Anoka County is authorized to impose either restaurant, lodging and amusement taxes or a .75 percent general sales tax to back bonds of up to \$280 million (plus reserves and issuance costs), which may be issued for construction of the stadium
- 3) The stadium authority is authorized to issue bonds of up to \$230 million for stadium construction and related infrastructure and highway improvements. These bonds will be backed by incremental sales, income and state property taxes in excess of tax collections for the Metrodome in 2004

The bill requires the authority to enter into a long-term use agreement with the Vikings, and a development and financing agreement with Anoka County, the city of Blaine, and the Vikings. The bill authorizes the issuance of revenue bonds by the authority and the county to pay for costs associated with the stadium.

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- 1 Stadium construction materials and equipment exemption.** Exempts all construction materials and equipment used or incorporated in the construction of the stadium from state sales and use tax for a period ending one year after the first NFL game is played in the stadium.
- 2 Metrodome proceeds account.** Creates an account to receive the net proceeds of the sale of the Metrodome and requires the Metropolitan Sports Facilities Commission to make recommendations concerning the appropriate division of the proceeds between the city of Minneapolis, the University of Minnesota, the Twins and the Vikings.
- 3 Statement of purpose.** Includes legislative finding that construction of an NFL stadium in Blaine serves the public purposes of retaining the Minnesota Vikings in the state and promoting economic development. Includes findings that the stadium should be financed as a public-private partnership and that the stadium should be coordinated with transportation and transit plans.
- 4 Definitions.**
- Subd. 1.** Provides that the defined terms have the meanings given.
- Subd. 2.** "Authority" is the Anoka County-Blaine Stadium Authority.
- Subd. 3.** "Sports facilities" means the stadium with a roof, related adjoining structures, practice facilities, related infrastructure and parking.
- Subd. 4.** "Stadium district" means a district (to be jointly designated by Anoka County, Blaine and the authority) that includes the stadium and no more than 740 acres surrounding the sports facilities.
- 5 Location.** The stadium is to be located in Blaine.
- 6 Anoka County-Blaine Stadium Authority.**
- Subd. 1.** Establishes the Anoka County-Blaine Stadium Authority as a public body and political subdivision of the state.
- Subd. 2.** Authority to be composed of seven members, three appointed by the Anoka County Commissioners, three appointed by the Blaine city council, and a chair.
- Subd. 3.** The chair of the authority is to be a gubernatorial appointee. The authority may appoint a vice-chair from among its members.
- Subd. 4.** Members may not hold any other judicial or state offices. Members must take constitutional oath of office.
- Subd. 5.** Provides for staggered four-year terms for members.
- Subd. 6.** Provides for appointments to fill vacancies.
- Subd. 7.** Members to receive \$50 per diem and expenses. The chair to receive a salary determined by the members and expenses.
- Subd. 8.** Authority to meet at least once a month. Action may be taken by majority vote.
- Subd. 9.** Authority must appoint a nonvoting executive director. Outlines duties of the executive director.

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Subd. 10. Requires the authority to adopt a personnel code and provides that employees of the authority are members of PERA.

Subd. 11. Provides that members of the authority and its executive director are "public officials" for purposes of required filings of statements of financial interest and disclosure of conflict of interest.

7 **Powers of authority.**

Subd. 1. Authority granted all powers necessary or convenient to accomplish the purposes of the chapter, including those provided in this section.

Subd. 2. Authority may sue and be sued, and is a public body for purposes of surety bonds that may be required of plaintiffs in certain suits against public bodies.

Subd. 3. Authority may acquire real or personal property by lease, purchase, contribution or devise.

Subd. 4. Real or personal property of the authority is exempt from state or local ad valorem taxation, but is subject to special assessments. Property leased by the authority to another person for uses related to the purposes of the chapter is also exempt from taxation. The exemption **includes** concessions, suites, locker rooms and clubhouse facilities in the stadium as well as parking facilities on the stadium site. The exemption **does not include** team offices, residential, business or commercial development, or other unrelated property.

Subd. 5. City of Blaine authorized to issue one or more liquor licenses for the stadium in addition to those already authorized by law.

Subd. 6. Authority to run the sports facilities and may delegate its duties. Authority must promote use of facilities for non-football events.

Subd. 7. Authority may sell property in the manner required for a port authority, except that it need not include certain covenants in its deeds and it need not approve plans for future use of the property prior to sale.

Subd. 8. Authority may receive gifts and grants.

Subd. 9. Authority may issue bonds, (*see section 7 for additional information*).

Subd. 10. Authority may conduct research and prepare reports.

Subd. 11. Authority may enter use agreements for any or all of the property it owns, operates or controls, including exclusive use agreements.

Subd. 12. Authority may require and obtain insurance.

Subd. 13. Authority may create a condominium.

Subd. 14. The authority and the Minnesota Vikings must jointly select a construction manager. For the stadium, the construction manager must guarantee a maximum cost of construction and provide payment and performance bonds to cover that maximum cost. The construction manager must comply with all employment requirements applicable to city and state construction contracts. Requires contracts for labor, materials, supplies and equipment for the stadium to be entered pursuant to the

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process of public bidding, with exceptions.

Subd. 15. Provides that the authority is subject to audit by the state audit.

8 Bonds.

Subd. 1. Authorizes the sale of bonds by the authority and the county by resolution for specified purposes related to the construction of the sports facilities.

Subd. 2. Provides procedure for sale of revenue bonds by the authority and the county.

Subd. 3. Limits the authority's bond authorization for construction of sports facilities and related trunk high improvements to \$230 million plus amounts necessary to fund reserves and pay issuance costs. Limits the county's bond authorization for construction and equipping of stadium to \$280 million plus amounts necessary to fund reserves and pay issuance costs. Bonds may not be issued or construction begun until the authority has determined:

- (1) that a long-term lease agreement has been executed with the Vikings,
- (2) that a development and financing agreement has been executed with Anoka county, Blaine, and the Vikings,
- (3) that the bond proceeds and other funds available will be sufficient for costs associated with the sports facilities,
- (4) authority has acquired title to real property needed for construction of sports facilities,
- (5) authority has funds or assurance of funds necessary for clearing of property and associated costs,
- (6) authority has obtained a no-strike agreement,
- (7) authority has a construction contract with a guaranteed price and completion date and performance bonds to cover 100 percent of the price,
- (8) anticipated revenue is sufficient to pay debt service on the authority's bonds and operation and maintenance costs of the sports facilities,
- (9) all funding sources are committed in writing, enforceable, and adequate to construct and operate the stadium,
- (10) a guarantee of payments on terms determined by negotiations with the Vikings is in place, and
- (11) the validity of the bonds issued is not affected by determinations made by the authority under this subdivision.

Subd. 4. Taxes in this chapter and other revenues of the authority are pledged and appropriated to operate and maintain the facilities and as security for the bonds.

Subd. 5. The bonds are not public debt of the state and the full faith and credit and taxing power of the state are not pledged for their payment.

Subd. 6. Bonds may be issued whether or not interest on them will be federally tax-exempt. The authority must try to issue them in a manner that would make the interest

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tax-exempt.

9 Development and financing agreement.

Subd. 1. Provides for an agreement between the authority, Anoka County, Blaine and the Vikings relating to financing, construction, operation and maintenance of the stadium.

Subd. 2. Total public investment shall not exceed 59 percent of the total stadium project costs, which includes acquisition of land for, and construction, furnishing and equipping of, the stadium structure, related parking and infrastructure, concessions, suites, offices, indoor practice facility and exhibition hall.

Subd. 3. Total team contribution must be no less than \$280 million . Team contributions include contribution of land, initial cash, guaranteed annual payments and assignment of naming rights and permanent seat licenses. Team contributions do not include operating and maintenance expenses for the stadium, although such expenses are the team's responsibility. The team must also pay all cost overruns for the stadium.

10 Use agreement.

Subd. 1. Requires an agreement between the authority, the Vikings and the National Football League ("NFL").

Subd. 2. The agreement with the Vikings must provide for them to use the stadium for at least 30 years; must contain terms for default, termination and breach; and must require specific performance and not include escape clauses or buy-out provisions.

Subd. 3. The agreement with the NFL must guarantee the continuance of the Vikings in the metropolitan area for the term of the agreement under subdivision 2.

Subd. 4. Requires the lease or use agreement to provide that if the team is sold after the effective date of this act and before the bonds are defeased, 18 percent of the gross sale proceeds must be paid to the county.

11 Anoka County revenue sources.

Subd. 1. Anoka County authorized to use particular revenue sources for stadium project costs.

Subd. 2. Anoka County authorized to impose either a restaurant, lodging or amusement tax or a .75 percent local general sales tax. Section 297A.99, covering requirements for local option sales taxes, does not apply.

Subd. 3. Anoka County must use revenues from the taxes in excess of amounts required for debt service to redeem or defease county bonds. The taxes authorized must terminate and not be re-imposed after the redemption or defeasance of the bonds.

12 Stadium tax increment. Stadium tax increments are appropriated annually for debt service on the authority's bonds. The amount of stadium tax increment for any year is the difference between withholding taxes due from the Vikings, sales tax remitted on tickets and by

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vendors and concessionaires for sales at professional football-related events, and the state property tax within the stadium district, less the amount of stadium taxes for professional football-related events in the Metrodome in 2004. The capture of the tax increment ends when sufficient revenues to pay the bonds have been raised.

13 **Environmental requirements.** Authority responsible for ensuring compliance with applicable environmental requirements.

14 **Repealer.** Repeals Minnesota Statutes, section 473.5995, covering disposition of sale proceeds from the Metrodome.