

HOUSE RESEARCH

Bill Summary

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Authors: Solberg

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Analyst: Patrick McCormack
Joel Michael
Deborah A. Dyson

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Overview

This bill provides for a new football stadium in Minneapolis, although it is silent on the specific site. It uses the existing law for the MSFC and, similar to the approach for the Metrodome in 1979, finances the new football stadium with revenue bonds issued by the Metropolitan Council. The bonds would be backed by a team contribution made upfront and a portion of the Minneapolis hospitality tax revenues once the Minneapolis Convention Center debt is defeased or retired. It also provides for \$5.5 million a year from a sports-themed lottery game, via the state general fund.

Section

- 1** **Financial assistance (Minnesota State High School League).** Provides for expenditure of a league contribution by the Minnesota State High School League. Directs the Minnesota State High School League to provide need-based financial assistance to Minnesota students to pay fees to participate in league-sanctioned activities using money from the team.
- 2** **Football stadium building materials.** Provides that materials and supplies used in constructing and equipment incorporated into the football stadium are exempt from the sales tax. This exemption extends to purchases for the public infrastructure improvements constructed for the stadium. The exemption expires one year after the date the first NFL game is played in the stadium for the stadium purchases and five years after the first bonds are issued for infrastructure purchases.
- 3** **Stadium or football theme game.** Directs the lottery to conduct a stadium or professional football-themed game and to deposit \$5.5 million per year into the stadium account. This money is appropriated to pay the stadium bonds.
- 4 to 8** **Definitions.** Defines for the sections of statute governing the MSFC and this article “football stadium,” “football team” (Vikings), “development area,” “public infrastructure,”

and “streetscape.”

- 9** **Legislative policy; purpose.** Deletes obsolete language and adds the football stadium to the legislative rationale for public financing of sports facilities.
- 10 & 11** **MSFC Membership, chair.** Provides that the mayor of Minneapolis or the mayor’s designee serves as chair of the MSFC, striking the provision for the governor to appoint a person from outside of Minneapolis to serve as the chair.
- 12** **Facility operation.** Permits the MSFC to equip, improve, operate, manage, maintain, and control the football stadium and strikes obsolete language for the Met Center and Target Center.
- 13** **Exemption from council review; business subsidy act; charter limitations.** Adds an exemption from the business subsidy act and charter limitations to the statute that exempts the MSFC from Metropolitan Council metropolitan significance review and facilities review.
- 14** **Procedure.** Conforming change. Excepts the football stadium taxes and revenues from the language that dedicates revenues to the Metrodome bonds (which have been repaid). Strikes obsolete language.
- 15** **Football stadium; council debt obligations.**
- Subd. 1. Use of bond proceeds.** Permits the Metropolitan Council to issue bonds to acquire and better a football stadium.
- Subd. 2. Amount; procedure.** Authorizes an unspecified amount of revenue bonds. Requires them to be issued and sold as provided for municipal bonds in Minnesota Statutes, chapter 475. No election is required.
- Subd. 3. Prerequisite.** Requires the council to determine that the criteria and conditions in new section 473.5814 have been met before selling any bonds.
- Subd. 4. Security; maturity.** Permits the council to pledge to bond repayment:
- money in the escrow account from the team,
 - money appropriated to the Metropolitan Council from the stadium account, and
 - any other money from leases, rents, or other sources available to the Council to pay debt service.
- Permits the bonds to be 40-year bonds, or equal to the life of the asset, whichever is less.
- 16** **Criteria and conditions.**
- Subd. 1. Binding and enforceable.** Requires the Metropolitan Council to determine that the criteria and conditions in this section have been met. Requires all financing and use agreements between the Council, MSFC, city of Minneapolis, and the team to be executed by September 1, 2010.
- Subd. 2. Football team contribution.** Requires the team to agree to deposit into

an escrow account an amount sufficient to pay at least the first ten years of debt service on bonds issued by the Council.

Subd. 3. Team contribution to student athletics. Establishes a five percent contribution to student athletics. Requires the football team to give the Minnesota State High School League an amount equal to five percent of team's upfront contribution for the stadium.

Subd. 4. Minneapolis hospitality taxes pledged. Requires the city of Minneapolis to agree to pay to the MSFC or Council for capital and operating costs of the football stadium 58.5 percent of the sales tax revenues the city receives for the Convention Center, after the Convention Center bonds are defeased or retired.

Subd. 5. Local sales tax exemption. Prohibits local sales and use taxes on sales at the stadium site.

Subd. 6. Lease or use agreements; 40-year term. Requires the MSFC to have a stadium lease or use agreement with the team that is for at least 40 years. Requires injunctive relief and specific performance remedies for breach of the agreement. Prohibits escape clauses and buyout provisions.

Subd. 7. Lease or use agreements; revenues; payments. Requires the MSFC to have lease or use agreements with the team that include paying rent in an amount determined by the MSFC each year that would be enough to cover actual and projected operating costs. Provides the team with game day revenues, suite revenues and naming rights revenues. The MSFC must get all non-football event revenues.

Subd. 8. Notice of breach or default. Requires the team to provide 90-day written notice of any pending breach or default of the lease or use agreements. Violation of this notice requirement permits the MSFC or the state to enforce the agreements and seek equitable remedies against the team and the National Football League.

Subd. 9. Enforceable financial commitments. Requires the MSFC to determine that all financing is sufficient and committed before beginning construction.

Subd. 10. Council, commission access to football team financial information. Requires the team to provide to the MSFC and the Metropolitan Council annual access to audited financial statements deemed necessary to determine compliance with this act and the lease or use agreements. Provides that the financial information is nonpublic data.

Subd. 11. Environmental; planning and zoning. (a) Makes the MSFC the responsible governmental unit for environmental review. Provides that the environmental review does not have to consider alternative stadium sites and that the EIS must be determined to be adequate before work on the stadium foundation begins. Other stadium and public infrastructure work may be started and other government decisions and actions may be made, including land acquisition, financing, permitting, land use approvals, etc., before the EIS is done.

(b) Provides an alternative and expedited municipal land use and development review process.

Subd. 12. No strikes, lockouts. Requires a public sector labor agreement to prevent strikes and lockouts that would halt or delay the stadium construction.

Subd. 13. Football team name retained. Requires an agreement to give the team name, and all associated heritage and records materials, to the state if the team is dissolved or relocated.

Subd. 14. Public share on sale of team. Requires a percentage of the sale price of the team (from 18 percent, declining to zero at the end of ten years) to be paid to the authority. Provides exemptions for certain sales.

Subd. 15. Revenues; authority. Allows the commissioner to identify and raise non-tax revenues to be used for the stadium.

- 17 Account funds appropriated.** Appropriates stadium account money to the Metropolitan Council to pay bonds issued for the football stadium. Permits money in the account to be pledged to repayment.
- 18 Development partnership.** Allows Minneapolis and the football team to enter into a development; places conditions on that agreement.
- 19 Use of property.** Permits revenues from taxes imposed to pay for the Minneapolis Convention Center, to be used to:
- pay capital or operating costs for the football stadium and related infrastructure and facilities;
 - pay for public safety services in the downtown taxing district; and
 - pay capital and operating costs of the Target Center.
- 20 Minnesota Stadium Authority.** Directs the Metropolitan Council to act as the Minnesota Stadium Authority to solicit proposals and determine if a location other than Minneapolis is superior. If so, the Metropolitan Council must draft legislation to enact that proposal
- 21 Effective date.** Sections 1 to 20 are effective the day following final enactment.