

HOUSE RESEARCH

Bill Summary

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Overview

This bill would create a public corporation to construct and operate a football stadium for the Minnesota Vikings professional football team and the University of Minnesota football team. The bill requires the Minnesota Vikings to provide at least \$100 million toward the cost of the stadium, the National Football League to provide at least \$51.5 million, and the University of Minnesota to provide the land for the stadium and a 4,000-space parking ramp. The bill provides for a state appropriation of \$160 million to be funded by general obligation bonds. The bill creates a fund in the state treasury, into which funds from a number of sources would be deposited to pay for debt service and the operation and maintenance of the stadium:

income tax on employees of professional football franchises;
wholesale tax on sports licensed clothing;
sales tax from other merchandise sold under license of the NFL or an NCAA affiliated institution;
sales tax on food and alcoholic beverages in the stadium;
sales tax on game-day parking;
admissions tax;
surcharge on game-day parking;
media outlet fees; and
proceeds from the sale of the metrodome.

Section

- 1 **Football stadium.** Provides that property owned, controlled, or used by the Minnesota nonprofit football corporation is exempt from property taxes, although it is subject to special assessments by a political subdivision. Property of the corporation that is leased is also exempt from taxation.
- 2 **Distribution of revenue.**

Subd. 1. General rule. Notes exception in subdivision 2.

Subd. 2. Football stadium financing. Provides that income taxes on employees of franchises of the national football league will be deposited in the football stadium fund.

3 **Sports licensed clothing.** Imposes a 13 percent wholesale tax on sports licensed clothing.

4 **Definitions.** Defines terms for the purpose of the sports licensed clothing wholesale tax. "Sports licensed clothing" includes clothing sold under a license granted by the National Football League or an institution affiliated with the National Collegiate Athletic Association.

5 **Collection.** Provides that wholesalers must collect the tax from the buyer, that the tax must be stated separately on any instrument of sale, and that the tax is in addition to any other applicable tax.

6 **Complementary use tax.** Provides that if the tax is not paid as a wholesale tax, a tax is imposed on possession for sale or use of sports licensed clothing at the same rate.

7 **Exemptions.** Exempts successive sales from the wholesale tax when the tax has previously been imposed and collected on the same items, as well as exempting sales of items that are transferred outside the state for sale or use outside the state.

8 **Administrative provisions.**

Subd. 1. Application of other chapters. Provides that enforcement, interest, penalty, appeal, refund, collection, and rulemaking provision in other chapters of statute apply to the wholesale tax.

Subd. 2. Quarterly estimated payments. Requires wholesalers to make estimated quarterly tax payments to the commissioner of revenue. Estimated payments are not required if the annual tax for the calendar year is less than \$500. Underpayments of the tax incur interest.

Subd. 3. Electronic funds-transfer payments. Requires taxpayers with annual aggregate tax liability of \$120,000 or more to remit liabilities by electronic funds transfer.

Subd. 4. Annual return. Requires the taxpayer to file an annual return reconciling estimated payments by March 15.

Subd. 5. Form of returns. Returns must be in approved format.

9 **Disposition of revenues.** Requires revenues from the wholesale tax to be deposited in the football stadium fund.

10 **Construction materials; football stadium.** Exempts materials, supplies, and equipment used in football stadium construction from sales tax.

11 **Deposit of revenues.** Provides that sales tax revenues from the following items are to be deposited in the football stadium fund: sports licensed items (NFL and NCAA) other than clothing; food and alcoholic beverages sold in the football stadium; and parking on professional and collegiate game-days at the football stadium.

12 **Deposit of net proceeds.** Provides that \$175,000 a month (\$2.1 million annually) from net lottery proceeds must be deposited in the football stadium fund.

13 **Disposition of metrodome.**

Subd. 1. Termination of leases. Directs the metropolitan sport facilities commission to negotiate the termination of leases requiring the Minnesota Vikings and the University of Minnesota football teams to play their home games in the metrodome through their respective 2011 football seasons, effective upon completion of the new stadium.

Subd. 2. Sale of metrodome. Directs the metropolitan sports facilities commission to sell the metrodome and deposit the proceeds, along with any metrodome-related reserves, in the football stadium fund.

- 14 **Citation.**
- 15 **Definitions.** Defines terms related to the Minnesota nonprofit football corporation laws.
- 16 **Corporation; board of directors; powers.**
- Subd. 1. Establishment.** Establishes the Minnesota nonprofit football corporation.
- Subd. 2. Board of directors.** Provides that the corporation have three members to be appointed by the governor, one each from lists submitted by the Minnesota Vikings and the University. The third member is to be chosen by the governor from a list of three candidates submitted by the first two appointees. Board members are not compensated for their service, but may be reimbursed for expenses.
- Subd. 3. Generally.** Directs the board to appoint a chair, vice chair, and secretary-treasurer. Authorizes the board to employ employees, consultants, and agents necessary for carrying out its duties. Employees and board members are not state employees.
- 17 **Powers and duties of corporation.**
- Subd. 1. Gifts; agreement.** Authorizes the corporation to receive gifts of money, property, or services, and to enter into agreements with the Vikings and the university.
- Subd. 2. Land.** Requires the corporation to receive the land for the stadium subject to the lease agreement with the university.
- Subd. 3. Appropriation.** Requires the corporation to receive the appropriation of bond proceeds for stadium construction.
- Subd. 4. Construction of stadium; maximum price.** Requires the corporation to execute agreements for construction of the stadium and parking ramp for an unspecified maximum price by an unspecified completion date, with performance bonds to cover any costs incurred over and above the guaranteed maximum price.
- Subd. 5. Preference on use.** Requires the corporation to reserve use of the stadium for the university for nonfootball purposes for an unspecified number of days per year.
- Subd. 6. Parking ramp.** Requires the corporation to construct a 4,000 space parking ramp to be owned by the university.
- Subd. 7. Game day revenues.** Requires the corporation to contract with the Vikings and university that the Vikings will receive all revenues from game-day parking for its games, and that the university will have control over and use of the parking spaces at all other times.
- Subd. 8. Manager.** Requires the corporation to contract with a manager to run the stadium, with provision that the manager will endeavor to maximize revenues by scheduling events in the stadium that do not conflict with football games.
- Subd. 9. Agreement; league.** Requires the corporation to enter into an agreement with the National Football League that:
- the league will contribute at least \$51,500,000 toward the new stadium; and
- the league will make a good-faith effort to place a Super Bowl in the stadium within the first five years of operation.
- Subd. 10. Agreement; team.** Requires the corporation to enter into an agreement with the Vikings that:
- the team will contribute at least \$100,000,000 toward the new stadium;
- the team will receive all game-day revenues from the stadium and the 7,500 game-day parking spaces;
- the team will play all of its home games in the stadium for at least 30 years, with no escape clause; and

- the team will ensure that a portion of its tickets are accessible and affordable.
- Subd. 11. Amateur sports.** Requires the corporation to make the stadium available to high school and amateur sports leagues.
- 18 **Duties of university.**
- Subd. 1. Site selection.** Requires the university to lease a site, selected by the regents, to the corporation for the stadium at \$1 per year for 50 years.
- Subd. 2. Parking spaces.** Requires the university to designate 7,500 parking spaces as game-day parking, 4,000 of which are in the new ramp required under this bill.
- Subd. 3. Lease.** Requires that the university enter into an agreement to play all of its home intercollegiate games in the stadium for at least 30 years.
- 19 **Duties of Minnesota Vikings Football Club, Inc.**
- Subd. 1. Payment.** Requires a payment of at least \$100,000,000 from the team for the construction of the stadium.
- Subd. 2. Agreement; games.** Requires that the Vikings team enter into an agreement to play all of its home games in the stadium for at least 30 years with no escape clause.
- 20 **Audits.** Requires corporation to contract with a CPA firm to audit the corporation annually, with copies to be submitted to appropriate legislative committees.
- 21 **Annual report.** Requires the board of the corporation to submit an annual report on its activities to the appropriate committees of the legislature and the governor, as well as the Vikings and the University.
- 22 **Admission tax.** Imposes a 10 percent admissions tax on tickets for activities at the football stadium, to be deposited in the football stadium fund.
- 23 **Stadium parking surcharge.** Imposes a surcharge of at least \$1 per vehicle on the 7,500 designated parking spots for professional and collegiate football game days, to be deposited in the football stadium fund.
- 24 **Media outlet fees.** Imposes fees on radio, television, and cable television outlets that use the stadium to broadcast football games, to be deposited in the football stadium fund. The fees are at least \$10,000 per game for television and cable television, and \$5,000 per game for radio.
- 25 **Football stadium fund.** Creates a fund in the state treasury to receive the funds credited to it by law in this bill. Appropriates funds needed for debt service and operation and maintenance of the football stadium to the commissioner of finance, and directs the commissioner to make a plan for allocating any excess revenues to defeasing the bonds issued for construction. Directs the commissioner to report to the legislature within 90 days of repayment or defeasement of the bonds, on projected financial needs of the football stadium and to make recommendations for the expiration of the taxes and fees credited to the fund.
- 26 **Dissolution.** Dissolves the nonprofit football corporation on July 1, 2051, and transfers its assets and holdings to the University of Minnesota.
- 27 **Appropriation.** Appropriates \$160,000,000 from the bond proceeds fund, available when the commissioner of finance determines that the nonprofit football corporation has:
- received \$151,500,000 from the Vikings and the National Football League;
- executed a 30 year lease agreement with the Vikings; and
- entered into a 30 year lease agreement with the University of Minnesota.
- 28 **Construction exemptions.** Authorizes the nonprofit football corporation to use the "design-build" method in construction of the stadium.
- 29 **Effective date.** Effective the day following final enactment.

