Financing for US Bank Stadium

The 2012 Legislature passed a complicated bill related to financing for a new professional football stadium

• Authorized state appropriation bonds to finance $498 million in stadium construction costs
• Expanded lawful gambling to increase general fund revenues supporting the stadium
• Created the Minnesota Sports Facilities Authority to over see the stadium
• Provided for a stadium reserve and ongoing operating and capital reserve expenditure funding
• Back-up revenues, if needed
• Expanded lawful gambling revenues from:
  • New games (electronic linked bingo and electronic pull-tabs)
  • Increased tax rates paid by organizations that offer lawful gambling

• Initial gambling revenues fell short, and 2013 Legislature provided additional revenues:
  • One-time tax of $26.5 million on cigarette floor stocks
  • Up to $20 million in corporate tax revenue annually
Stadium Reserve

• Stadium reserve created to account for excess gambling revenues after stadium-related expenses are paid
  • Expenditures are approximately $42 million annually
  • Reserve projected to have $78 million at end of FY20 and $263 million at end of FY23

• Commissioner of MMB may use stadium reserve for any shortfall in gambling revenues to cover expenditures, or for other uses related to the stadium deemed financially prudent
  • Consult with the Legislative Commission on Planning and Fiscal Policy
Projected Reserve Growth FY 2018-23

Stadium Reserve Balance: February 2020 vs. November 2019

$ in millions

FY 2018  FY 2019  FY 2020  FY 2021  FY 2022  FY 2023

November 2019

$44  $55  $76  $124  $181  $248

February 2020

$44  $55  $78  $130  $192  $263
“MMB complied with significant finance-related legal requirements over the US Bank Stadium Reserve Account...that outline the sources and amounts of revenue that must go into the US Bank Stadium Reserve Account...[and] with legal provisions that govern debt service payments and other uses of stadium-related funds.”
State Appropriation Bonds for the Stadium

• In January 2014, MMB sold $462 million in state appropriation bonds to provide $498 million in public construction funds
  • State’s share of construction costs = $348 million (69.9%)
  • City of Minneapolis’ share of construction costs = $150 million (30.1%)
• Annual general fund debt service costs = $30.2 million
  • Paid through 2043 – matches the term of the Vikings’ lease of the stadium
• 10-year optional call date – can refinance on tax-exempt basis on or after June 1, 2023
• State is required to withhold portion of Minneapolis sales tax starting in 2021.

• Withholding will be used for debt service support and to reimburse state for annual operating and capital reserve expenditure advances.

• These withholdings will continue until 2046.
Refinancing allows the state to realize general fund savings. There are two options:

- **Option 1: Refinance on a tax-exempt basis beginning 2023**
  - Maximizes overall savings
  - Tax-exempt rates will need to rise by more than 150 bps to breakeven on a taxable refunding now

- **Option 2: Refinance on a taxable basis now**
  - Realizes savings sooner
  - Overall savings would be lower than if we wait until 2023
Thank you