

HOUSE RESEARCH

Bill Summary

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Overview

This bill creates a Minnesota Ballpark Authority with responsibility for construction and operation of a new Major League ballpark in Minneapolis. The bill sets criteria that must be met in the process. The bill authorizes Hennepin county to issue bonds, and to impose a .15% local option sales tax to provide revenue for payment of debt service on bonds, for ballpark construction.

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- 1** **Members public officials.** Provides that members of the Ballpark Authority are public officials for purposes of required filings of statements of financial interest and disclosure of conflicts of interest.
- 2** **Building materials exemption.** Provides an exemption from sales and use tax for construction materials used in the construction or improvement of the ballpark and related public infrastructure.
- 3** **Construction and financing of Major League ballpark.**

Subd. 1. Provides that the purpose of this act is to provide for the construction, financing and long-term use of a ballpark for major league baseball. Provides that specific performance and injunctive relief are essential remedies for breaches of certain agreements under this bill.

Subd. 2. Provides for location of the ballpark within a defined development area in

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Minneapolis.

Subd. 3. Defines "authority," "ballpark," ballpark costs," "county," "development area," "public infrastructure," and "team."

4 Minnesota Ballpark Authority.

Subd. 1. Establishes the Minnesota Ballpark Authority as a public body and political subdivision of the state. Provides that the authority is not a joint powers entity or an agency of the county. Provides that the authority may acquire land, enter into contracts, and take all actions necessary or desirable to construct, operate and maintain the ballpark.

Subd. 2. Provides for the authority to be governed by a five-member commission composed of two gubernatorial appointees, two county appointees and one appointee of the city of Minneapolis. One of the gubernatorial appointees must be from a county other than Hennepin and all other members must be residents of Hennepin County. All members serve at the pleasure of the appointing authority and the chair is one of the two county appointees. Members' compensation is governed by Minnesota Statutes, section 15.0575.

Subd. 3. Provides that the chair shall preside at all meetings of the commission when present and that the commission may appoint a vice-chair from among its members.

Subd. 4. Provides that the authority may adopt bylaws relating to its governance and that these bylaws must be similar in form and substance to the bylaws of the Metropolitan Sports Facilities Commission.

Subd. 5. Requires the authority to establish a web site to provide specified information to the public.

5 Powers of authority.

Subd. 1. The authority may sue or be sued. The authority is a public body and the ballpark is a public improvement for purposes of a statute allowing public bodies to request that a bond be posted by the plaintiff in the case of a lawsuit that may delay the construction. The authority is a municipality for purposes of a statute limiting the tort liability of municipalities.

Subd. 2. The authority may acquire real and personal property for purposes of the bill.

Subd. 3. Any property of the authority is exempt from ad valorem taxation. Property is subject to special assessments. Exemption does not apply to property leased by the authority for specified purposes.

Subd. 4. Authority is subject to the Data Practices Act and the Open Meeting Law.

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Subd. 5. Authority may manage the ballpark and related facilities developed under this bill.

Subd. 6. Authority may sell property no longer needed by it in the same manner as a port authority may sell property with two exceptions.

Subd. 7. Authority may employ persons including peace officers and may contract for services.

Subd. 8. Authority may accept donations of money, property or services and may enter into grant agreements.

Subd. 9. Authority may conduct research, hearings and investigations in connection with its functions

Subd. 10. Authority may enter lease and use agreements for facilities under its control, including exclusive use agreements. The lease or use agreement with the team must provide for payment of operating and maintenance costs by the team

Subd. 11. Authority may require employees to obtain individual bonds or fidelity insurance and may procure whatever liability or property insurance it deems necessary.

Subd. 12. Exempts the ballpark project from Metropolitan Council plan review and business subsidy reporting under chapter 116J.994.

Subd. 13. Requires local governments to act promptly on applications for building permits and certificates of occupancy. The county is the responsible governmental unit for purposes of any environmental impact statement. Governmental units may take certain actions prior to completion of environmental review.

Subd. 14. Establishes contracting procedures. Requires contracts to include programs for minority hiring.

6 Criteria and Conditions.

Subd. 1. Requires the authority to follow and enforce the criteria in subdivisions 2 to 12, provided that the determination by the authority as to whether the criteria have been met is conclusive.

Subd. 2. The team must contribute \$125 million in cash during the construction period towards ballpark costs. The team must also agree to assume and pay all cost overruns, excluding land, site improvements and public infrastructure.

Subd. 3. Authority must require a capital improvements reserve fund, to be funded with annual payments of \$600,000 from the team and \$1,400,000 from other sources,

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indexed for inflation.

Subd. 4. Lease or use agreement with the team must include a requirement that the team play all of its regular season and post-season home games in the stadium, and be for a term of at least 30 years. Lease must include terms for default, termination or breach; must require specific performance and injunctive relief; and must not include escape clauses or buyout provisions.

Subd. 5. Requires notice of defaults under lease or use agreements.

Subd. 6. Authority must determine that all necessary funding is committed in writing and that the committed funds are sufficient to design, construct, furnish and equip the ballpark.

Subd. 7. Provides that the lease or use agreement must contain a right of first refusal from the team to a corporation organized to provide community ownership of the team.

Subd. 8. Environmental compliance required.

Subd. 9. 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. 10. Requires the authority to seek a provision in the lease or use agreement that would allow the authority access to the team's books and records. Information obtained by the authority under this subdivision is nonpublic data.

Subd. 11. Lease agreements must provide for affordable access to professional sporting events held in the ballpark.

Subd. 12. Authority must use its best efforts to negotiate a no-strike agreement.

Subd. 13. Lease must require team to provide \$250,000 (increased for inflation) annually for youth activities and amateur sports.

Subd. 14. Lease must provide that the team and league will transfer to the state the Twins' name, logo, records and related items upon dissolution or relocation of the franchise.

7 County activities, bonds, taxes.

Subd. 1. County may authorize grants to the authority for ballpark construction and other related purposes on terms agreed to by the county and the authority. County spending for ballpark costs capped at \$235 million. Grants for capital improvement reserves capped at \$1.4 million annually. No caps on spending for land, site improvements or public infrastructure. Provides for county review of plans, etc.

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General county authority specified.

Subd. 2. County authorized to issue revenue bonds for grants to the Ballpark Authority for ballpark and related infrastructure and land acquisition.

Subd. 3. Authorizes county to impose a .15 percent sales tax within the county. Exempts the sales tax from the referendum requirements for local option sales taxes. Requires the tax to be dedicated for the purposes described in the bill. The tax terminates upon payment of the county's obligations under the act. Provides that the county may, under certain circumstances, continue to impose its sales tax upon transactions that may subsequently be made exempt from the state sales tax.

Subd. 4. Provides permitted uses for tax revenues .

8 Railroad authority conveyance. Requires Hennepin County Railroad Authority to convey land it owns within the development area to the authority without charge.

9 City requirements.

Subd. 1. Requires city of Minneapolis to vacate a portion of Third Avenue North.

Subd. 2. Requires city of Minneapolis to convey land it owns within the development area to the authority without charge.

Subd. 3. Requires city of Minneapolis to issue liquor licenses for the premises of the ballpark.

Subd. 4. Actions taken by Minneapolis under this section not deemed to be an expenditure.

10 Local taxes. Sales of admissions to baseball events are exempt from local sales taxes. Also provides that no new or additional local taxes may be imposed on sales at the ballpark site except those generally applicable throughout the local jurisdiction.

11 Repealer. Repeals 2003 laws relating to stadium process.

12 Effective dates. The bill is effective the day following final enactment, except that the local option sales tax is effective upon filing of the county board's resolution with the secretary of state.