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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 2483

03/02/2023 Authored by Greenman, Gomez, Long, Agbaje, Lee, F., and others
The bill was read for the first time and referred to the Committee on State and Local Government Finance and Policy

1.1 A bill for an act
1.2 relating to stadium finance; modifying city of Minneapolis local sales and use tax
1.3 provisions, lawful gambling tax provisions, and other stadium-related provisions;
1.4 providing for certain bonds to be retired early; modifying requirements for operating
1.5 expenses and capital improvements; appropriating money; amending Minnesota
1.6 Statutes 2022, sections 16A.726; 297A.994, subdivision 4, by adding a subdivision;
1.7 297E.021, subdivision 4; 473J.03, subdivision 2; 473J.13, subdivision 4.

1.8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.9 Section 1. Minnesota Statutes 2022, section 16A.726, is amended to read:

1.10 16A.726 SPORTS FACILITIES TRANSFERS; APPROPRIATIONS.

1.11 (a) If state appropriation bonds have not been issued under section 16A.965, amounts
1.12 not to exceed the increased revenues estimated by the commissioner of management and
1.13 budget under section 297E.021, subdivision 2, are appropriated from the general fund to
1.14 the commissioner of management and budget to make transfers to the Minnesota Sports
1.15 Facilities Authority for stadium costs as defined under section 473J.03, subdivision 9.

1.16 (b) The commissioner shall make transfers to the Minnesota Sports Facilities Authority
1.17 required to make the state payments under section 473J.13, subdivisions 2 and 4, and for
1.18 the amount of Minneapolis taxes withheld under section 297A.994, subdivision 4, paragraph
1.19 (a), clause (5). Amounts sufficient to make the transfers are appropriated to the commissioner
1.20 from the general fund.

1.21 (c) \$2,700,000 is annually appropriated from the general fund from fiscal year 2014
1.22 through fiscal year 2033 to the commissioner of management and budget for a grant to the
1.23 city of St. Paul for the operating or capital costs of new or existing sports facilities.

1.24 EFFECTIVE DATE. This section is effective the day following final enactment.

2.1 Sec. 2. Minnesota Statutes 2022, section 297A.994, subdivision 4, is amended to read:

2.2 Subd. 4. **General fund allocations.** Except as provided in subdivision 5, the
2.3 commissioner must retain and deposit to the general fund the following amounts, as required
2.4 by subdivision 3, clause (3):

2.5 (1) for state bond debt service support beginning in calendar year 2021, and for each
2.6 calendar year thereafter through calendar year 2046, periodic amounts so that not later than
2.7 December 31, 2046, an aggregate amount equal to a present value of \$150,000,000 has been
2.8 deposited in the general fund. To determine aggregate present value, the commissioner must
2.9 consult with the commissioner of management and budget regarding the present value dates,
2.10 discount rate or rates, and schedules of annual amounts. The present value date or dates
2.11 must be based on the date or dates bonds are sold under section 16A.965, or the date or
2.12 dates other state funds, if any, are deposited into the construction fund. The discount rate
2.13 or rates must be based on the true interest cost of the bonds issued under section 16A.965,
2.14 or an equivalent 30-year bond index, as determined by the commissioner of management
2.15 and budget. The schedule of annual amounts must be certified to the commissioner by the
2.16 commissioner of management and budget and the finance officer of the city;

2.17 (2) for the capital improvement reserve appropriation to the Minnesota Sports Facilities
2.18 Authority beginning in calendar year 2021, and for each calendar year thereafter through
2.19 calendar year 2046, an aggregate annual amount equal to the amount paid by the state for
2.20 this purpose in that calendar year under section 473J.13, subdivision 4;

2.21 (3) for the operating expense appropriation to the Minnesota Sports Facilities Authority
2.22 beginning in calendar year 2021, and for each calendar year thereafter through calendar
2.23 year 2046, an aggregate annual amount equal to the amount paid by the state for this purpose
2.24 in that calendar year under section 473J.13, subdivision 2; and

2.25 (4) for recapture of state advances for capital improvements and operating expenses for
2.26 calendar years 2016 through 2020 beginning in calendar year 2021, and for each calendar
2.27 year thereafter until all amounts under this clause have been paid, proportionate amounts
2.28 periodically until an aggregate amount equal to the present value of all amounts paid by the
2.29 state have been deposited in the general fund. To determine the present value of the amounts
2.30 paid by the state to the authority and the present value of amounts deposited to the general
2.31 fund under this clause, the commissioner shall consult with the commissioner of management
2.32 and budget regarding the present value dates, discount rate or rates, and schedule of annual
2.33 amounts. The present value dates must be based on the dates state funds are paid to the
2.34 authority, or the dates the commissioner of revenue deposits taxes for purposes of this clause

3.1 to the general fund. The discount rates must be based on the reasonably equivalent cost of
 3.2 state funds as determined by the commissioner of management and budget. The schedule
 3.3 of annual amounts must be revised to reflect amounts paid under section 473J.13, subdivision
 3.4 2, paragraph (b), for 2016 to 2020, and subdivision 4, paragraph (c), for 2016 to 2020, and
 3.5 taxes deposited to the general fund from time to time under this clause, and the schedule
 3.6 and revised schedules must be certified to the commissioner by the commissioner of
 3.7 management and budget and the finance officer of the city, and are transferred as accrued
 3.8 from the general fund for repayment of advances made by the state to the authority; ~~and,~~

3.9 ~~(5) to capture increases in taxes imposed under the special law, for the benefit of the~~
 3.10 ~~Minnesota Sports Facilities Authority, beginning in calendar year 2013 and for each calendar~~
 3.11 ~~year thereafter through 2046, there shall be deposited to the general fund in proportionate~~
 3.12 ~~periodic payments in the following year, an amount equal to the following:~~

3.13 ~~(i) 50 percent of the difference, if any, by which the amount of the net annual taxes for~~
 3.14 ~~the previous year exceeds the sum of the net actual taxes in calendar year 2011 plus~~
 3.15 ~~\$1,000,000, inflated at two percent per year since 2011, minus~~

3.16 ~~(ii) 25 percent of the difference, if any, by which the amount of the net annual taxes for~~
 3.17 ~~the preceding year exceeds the sum of the net actual taxes in calendar year 2011 plus~~
 3.18 ~~\$3,000,000, inflated at two percent per year since 2011.~~

3.19 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.20 Sec. 3. Minnesota Statutes 2022, section 297A.994, is amended by adding a subdivision
 3.21 to read:

3.22 **Subd. 5. Retention of sales tax; exceptions.** (a) If the stadium bonds issued under
 3.23 section 16A.965 are prepaid and defeased, the aggregate present value of the city's state
 3.24 bond debt service support payments in subdivision 4, clause (1), is zero, and no tax must
 3.25 be retained under that clause for the debt service support payments.

3.26 (b) If an amount equal to the aggregate present value of the state advances described in
 3.27 subdivision 4, clause (4), is transferred as required under section 297E.021, subdivision 4,
 3.28 clause (3), the aggregate present value of the advances in subdivision 4, clause (4), is zero,
 3.29 and no tax must be retained under that subdivision for the advances.

3.30 **EFFECTIVE DATE.** This section is effective the day following final enactment.

4.1 Sec. 4. Minnesota Statutes 2022, section 297E.021, subdivision 4, is amended to read:

4.2 Subd. 4. **Appropriation; general reserve account.** (a) To the extent the commissioner
 4.3 determines that revenues are available under subdivision 3 for the fiscal year, those amounts
 4.4 are appropriated from the general fund for deposit in a general reserve account established
 4.5 by order of the commissioner of management and budget. Provided sufficient amounts are
 4.6 available in the reserve for each appropriation, amounts in this reserve are appropriated to
 4.7 the commissioner of management and budget for the following purposes, in the following
 4.8 order:

4.9 (1) to prepay and defease the stadium bonds issued under section 16A.965;

4.10 (2) to make a transfer of \$..... to the capital reserve fund established in section 473J.13,
 4.11 subdivision 4;

4.12 (3) to make a transfer equal to the aggregate present value of the state advances of the
 4.13 city's share of capital improvements and operating expenses described in section 297A.994,
 4.14 subdivision 4, clause (4), to the general fund; and

4.15 (4) as necessary for application against any shortfall in the amounts deposited to the
 4.16 general fund under section 297A.994 or, after consultation with the Legislative Commission
 4.17 on Planning and Fiscal Policy, amounts in this reserve are appropriated to the commissioner
 4.18 of management and budget for other uses related to the stadium authorized under section
 4.19 473J.03, subdivision 8, that the commissioner deems financially prudent including but not
 4.20 limited to reimbursements for capital and operating costs relating to the stadium, refundings,
 4.21 and prepayment of debt.

4.22 (b) In no event, shall available revenues be pledged, nor shall the appropriations of
 4.23 available revenues made by this section constitute a pledge of available revenues as security
 4.24 for the prepayment of principal and interest on the appropriation bonds under section
 4.25 16A.965.

4.26 **EFFECTIVE DATE.** This section is effective the day following final enactment.

4.27 Sec. 5. Minnesota Statutes 2022, section 473J.03, subdivision 2, is amended to read:

4.28 Subd. 2. **Annual adjustment factor.** "Annual adjustment factor" means for any year,
 4.29 the increase, if any, in the amounts of the city of Minneapolis taxes, imposed under a special
 4.30 law originally enacted in 1986, that are received by the commissioner of revenue in the
 4.31 preceding year over the amount received in the year prior to the preceding year, expressed
 4.32 as a percentage of the amount received in the year prior to the preceding year; provided that

5.1 the adjustment factor for any year must not be less than zero percent nor more than ~~five~~
5.2 2.75 percent.

5.3 **EFFECTIVE DATE.** This section is effective for adjustments beginning in 2023.

5.4 Sec. 6. Minnesota Statutes 2022, section 473J.13, subdivision 4, is amended to read:

5.5 Subd. 4. **Capital improvements.** (a) The authority shall establish a capital reserve fund.
5.6 The authority shall be responsible for making, or for causing others to make, all capital
5.7 repairs, replacements, and improvements for the stadium and stadium infrastructure. The
5.8 authority shall maintain, or cause others to maintain, the stadium and stadium infrastructure
5.9 in a safe, clean, attractive, and first-class manner so as to cause them to remain in a condition
5.10 comparable to that of other comparable NFL facilities of similar design and age. The authority
5.11 shall make, or cause others to make, all necessary or appropriate repairs, renewals, and
5.12 replacements, whether structural or nonstructural, interior or exterior, ordinary or
5.13 extraordinary, foreseen or unforeseen, in a prompt and timely manner. In addition, the
5.14 authority, with approval of the NFL team, may enter into an agreement with a program
5.15 manager to perform some or all of the responsibilities of the authority in this subdivision
5.16 and to assume and accept financial liability for the cost of performing the responsibilities.

5.17 (b) The NFL team must contribute ~~\$1,500,000~~ \$5,000,000 each year, beginning in ~~2016~~
5.18 ~~or as otherwise determined for the term of the lease or use agreement to the capital reserve~~
5.19 ~~fund, increased by a three percent annual inflation rate~~ 2023 until January 1, 2047.

5.20 (c) The state shall contribute ~~\$1,500,000~~ \$5,000,000 each year, beginning in ~~2016 or as~~
5.21 ~~otherwise determined for the term of the lease to the capital reserve fund. The contributions~~
5.22 ~~of the state are subject to increase by an annual adjustment factor. The contribution under~~
5.23 ~~this paragraph by the state from 2016 through 2020 shall be repaid to the state~~ 2023 until
5.24 January 1, 2047, using funds generated in accordance with the city of Minneapolis as
5.25 specified under section 297A.994, subdivision 4, clause (4) (2).

5.26 (d) The authority with input from the NFL team shall develop short-term and long-term
5.27 capital funding plans and shall use those plans to guide the future capital needs of the stadium
5.28 and stadium infrastructure. The authority shall make the final determination with respect
5.29 to funding capital needs. Any capital improvement proposed by the NFL team intended
5.30 primarily to provide revenue enhancements to the NFL team shall be paid for by the NFL
5.31 team, unless otherwise agreed to with the authority.

5.32 (e) The NFL team has authority to determine the design of a retractable roof feature for
5.33 the stadium. The NFL team must cooperate with the authority in designing the feature to

6.1 minimize any additional operating cost. The design must not result in a material marginal
6.2 increase in the operating or capital costs of the stadium, considering current collections and
6.3 reserves.

6.4 **EFFECTIVE DATE.** This section is effective for contributions beginning in 2023.