



# **A Summary of State and City Share of Stadium Finance Based on the 2021 November Forecast**

**Updated/Modified: December 9, 2021**

# **State/City Stadium Finance Items Covered**

1. [Legislation overview and recent law changes](#)
2. [Stadium Finance - the big picture](#)
3. [Stadium revenue](#)
4. [Stadium expenditures](#)
5. [Stadium reserve balance](#)
6. [Minnesota Sports Facility Authority funding](#)
7. [Other tax law changes enacted following stadium construction](#)

# 1. Legislation and Recent Law Changes



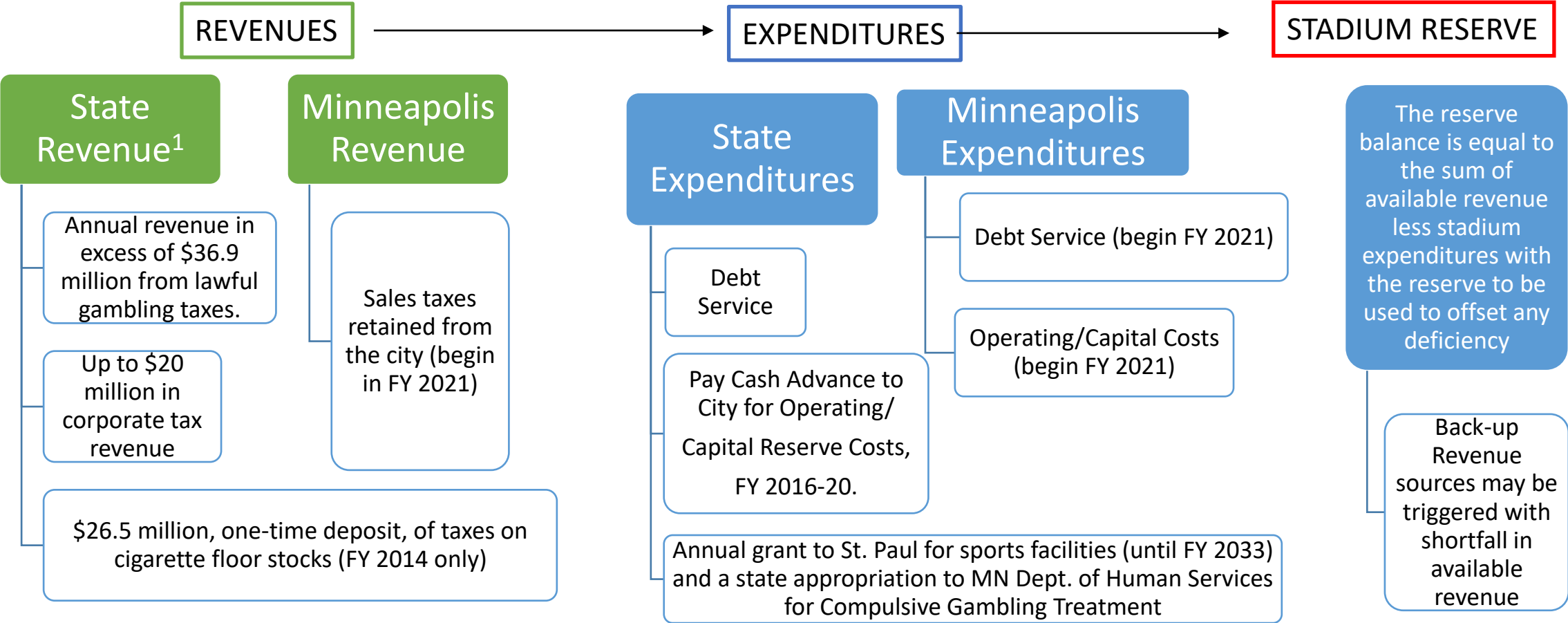
Legislation related to the construction and financing of the stadium and stadium operations

- [Laws of 2012, Chapter 299](#)
- [Laws of 2013, Chapter 143, Article 5, Section 25 and Article 13, Section 1 and Section 9](#)

Recent Legislation regarding stadium unrelated to stadium construction and operations

- [Laws of 2017, First Special Session, Chapter 1, Article 3, Section 19 and 21](#)

# 2. Stadium Finance – The Big Picture



<sup>1</sup> From FY 2013 to FY 2017, total state revenues were reduced by the sales tax exemptions for construction materials and equipment used to build the stadium and improve its infrastructure.

# Available Revenue to the Stadium

## ***Available Revenue for Stadium Calculations – Background Summary:***

### ***State Revenue:***

The 2012 Legislature authorized changes to lawful gambling taxes to raise General Fund revenue for a new stadium but this revenue is not directly dedicated to the new stadium. Rather, the growth in lawful gambling tax revenue above \$36.9 million each year is used as a benchmark to measure if enough revenue is being raised in the General Fund to cover stadium-related costs. A year later, the 2013 Legislature in Chapter 143 authorized an amount up to \$20 million in corporate tax revenue each fiscal year to ensure enough revenue is available to cover the stadium-related costs for the calculation of the stadium reserve.

### ***City Revenue:***

For the fiscal years 2016 to 2020 and after defeasance of the Minneapolis Convention Center Debt by the city, the state will recapture cash advances it made for the city's share of debt service obligations, stadium operations and capital improvement from the city's local sales tax revenue (local sales tax, liquor, lodging and restaurant) starting in FY 2021. For more information about the local city revenue sources, see [Minnesota Vikings Stadium – Money Matters, July 2012](#).

### **3. Revenue Detail : State & Local Revenue**

#### ***State Source Detail:***

- Lawful Gambling Tax Receipt Revenue in excess of \$36.9 million, on a fiscal year basis, is used as a benchmark to measure the growth in lawful gambling. The growth in tax revenue above this threshold is used in the calculation of the stadium reserve balance and is not directly appropriated. In FY 2022, the estimated amount in excess of the threshold to be used in the stadium reserve calculation is \$97.970 million in FY 2022 and increasing to \$122.587 million by FY 2025.
- MMB is authorized to allocate an amount up to \$20 million from corporate tax revenue each fiscal year for the stadium reserve calculation. From FY 2014 to FY 2018, a cumulative total of \$100.0 million from this source has been used in the calculation of the stadium reserve balance. Starting in FY 2019, as tax revenue from lawful gambling has increased, MMB stopped allocating corporate tax revenue to be used in the reserve calculation and continues to have the authority to use this revenue if needed.
- Total state revenue sources are reduced by a sales tax exemption on materials for stadium construction. From FY 2013 to FY 2017, a total revenue reduction of \$25.0 million from this exemption is also included in the stadium reserve calculation .

### ***City Source Detail:***

- Starting in FY 2021, the state will retain local revenue to pay for the city's share of debt service and operating and capital reserve expenses for the stadium. For calendar 2021 to calendar 2046, this revenue is annually retained and deposited into the state General Fund. This revenue is also included in the calculation of the stadium reserve.
- Starting in FY 2021, \$1.2 million is retained from city revenue by the state as repayment for the state's cash advances of the city's share of operations and capital improvements from FY 2016 to FY 2020. In FY 2022, the amount retained by the state is projected to increase to \$2.5 million each year. This reimbursement revenue from the city is to be deposited into the state General Fund and is not included in the stadium reserve calculation.

### ***State and City Revenue Source Summary:***

The sum of designated lawful gambling tax revenue above the \$36.9 million threshold plus an amount up to \$20 million from corporate tax revenue plus retained city local tax revenue less sales tax exemptions for stadium construction equals the amount of annual revenue available (but not dedicated) for the stadium reserve calculation in a fiscal year. The amount of available revenue is estimated to increase over the MMB budget forecast window from \$93.321 million in FY 2021 to \$167.100 million in FY 2025.



## Table: Stadium Revenues Used in Reserve Calculation

STATE						
General Fund Tax Revenues (dollars in thousands)						
	Column A	Column B	Column C	Column D	Column E = (A+B+C+D)	Column F
	Lawful Gambling Tax Revenue Over \$36.9 M Threshold	Sales Tax Exemption on Construction Materials	Corporate Tax Revenue	Recapture City of Mpls Revenue for City Stadium Obligations	Total Net General Fund Tax Revenue Changes	Cigarette Floor Tax Revenue/Deposit in Stadium Reserve
FY 2013	\$ 89	\$ (4)	\$ -		\$ 85	
FY 2014	\$ 6,359	\$ (2,600)	\$ 20,000		\$ 23,759	\$ 26,500
FY 2015	\$ 12,107	\$ (9,100)	\$ 20,000		\$ 23,007	
FY 2016	\$ 19,389	\$ (11,834)	\$ 20,000		\$ 27,555	
FY 2017	\$ 26,989	\$ (1,583)	\$ 20,000		\$ 45,406	
FY 2018	\$ 38,675		\$ 20,000		\$ 58,675	
FY 2019	\$ 52,835				\$ 52,835	
FY 2020	\$ 42,494				\$ 42,494	
FY 2021	\$ 82,782			\$ 10,539	\$ 93,321	
FY 2022	\$ 119,850			\$ 21,214	\$ 141,064	
FY 2023	\$ 129,350			\$ 21,703	\$ 151,053	
FY 2024	\$ 137,650			\$ 22,147	\$ 159,797	
FY 2025	\$ 144,550			\$ 22,550	\$ 167,100	
<b>Subtotal</b>	<b>\$ 813,119</b>	<b>\$ (25,121)</b>	<b>\$ 100,000</b>	<b>\$ 98,153</b>	<b>\$ 986,151</b>	<b>\$ 26,500</b>
YTD Total General Fund Tax Revenue for the Stadium Reserve Calculation					\$ 986,151	
YTD Total General Fund Tax Revenue for the Stadium Reserve Calculation with the Cigarette Floor Tax Revenue						\$ 1,012,651

*Reference:*

*Lawful Gambling Tax Revenue: MN Statute 297E.021, subd. 2*

*Corporate Tax Revenue: MN Statute 297E.021, subd. 3*

*Sales Tax Construction Exemption: MN Statute 297A.71, subd. 43 and 297E.021, subd.3, (1) (v)*

*MMB February Forecast, General Fund Balance 2021*

# Stadium Expenditures

## **4. Expenditures: State and City Spending**

### ***Expenditure Detail:***

- Construction and Capital Financing: The 2012 legislation authorized appropriation bonds to fund both the State and the City's share of stadium construction. The State's share is \$348 million and the city's share is \$150 million. The debt service on the state's and city's share of the bonds is paid for with a statutory general fund open appropriation (Minnesota Statute 16A.965, subdivision 8).

The combined total debt service payment on the appropriation bonds is about \$30.1 million each year. Payments on debt service began in FY 2014 and are expected to continue until FY 2043.

- In addition to debt service expenditures, the state pays operating and capital reserve payments to the Metropolitan Sports Facility Authority on behalf of the city. These payments will be made by the state as a cash advance from FY 2016 to FY 2020. Starting in FY 2016, these payments total about \$7.5 million and increase to \$9.8 million in FY 2025 with annual adjustments for inflation. These payments are made by statutory appropriation from the General Fund (Minnesota Statute 473J.13, subd. 2 paragraph b and subd. 4, paragraph c).
- Starting in FY 2021, the state will be reimbursed for the cash advances it made on behalf of the city. The city will also start making operating and capital reserve payments from their local sales tax revenue.

- Related state expenditures authorized in Chapter 299 not directly linked to stadium construction include an annual problem gambling appropriation equal to 1 percent of stadium revenues and a \$2.7 million St. Paul Sports Facility Grant to be paid each year through the end of FY 2033 (20 years). These payments are made from General Fund open and statutory appropriations (Minnesota statute 297E.02, subdivision 3 and Minnesota statute 16A.726, paragraph c.)

#### *Stadium Expenditures FAQ:*

##### *1. Question: What is the annual total of stadium only expenditures?:*

Response: During the budget forecast period, the sum of debt service (construction/capital financing) plus operating/reserve payments to the Metropolitan Sports Facility Authority range from \$38 million to \$40 million each fiscal year.

##### *2. Question: What is the annual total of stadium and other related expenditures authorized in Chapter 299?*

Response: During the forecast budget period, the sum of the expenditures above (construction/debt service payments and operations/capital reserve payments) plus other stadium expenditures in Chapter 299 total \$42 million to \$44 million each fiscal year.

## Table : Stadium Expenses Used in the Reserve Calculation

General Fund Expenditures (dollars in thousands)*						
	Column G	Column H	Column I	Column J	Column J	Column L = (G+H+I+J)
	Total Debt Service (State & City)	State Payments for Operating Expenses (for City)	Payments for Capital Reserve (for	MMB Adjustments	Other: Problem Gambling & St. Paul Sports Facilities Grants	Total General Fund Expenditures
FY 2013	\$ -				\$ 370	\$ 370
FY 2014	\$ 7,347				\$ 3,133	\$ 10,480
FY 2015	\$ 30,152				\$ 3,190	\$ 33,342
FY 2016	\$ 30,154	\$ 6,000	\$ 1,500		\$ 3,263	\$ 40,917
FY 2017	\$ 30,158	\$ 6,174	\$ 1,544	(95)	\$ 3,339	\$ 41,120
FY 2018	\$ 29,923	\$ 6,281	\$ 1,570	95	\$ 3,456	\$ 41,325
FY 2019	\$ 30,158	\$ 6,542	\$ 1,635		\$ 3,597	\$ 41,932
FY 2020	\$ 30,156	\$ 6,608	\$ 1,652		\$ 3,494	\$ 41,910
FY 2021	\$ 30,157	\$ 6,607	\$ 1,652		\$ 3,897	\$ 42,313
FY 2022	\$ 30,154	\$ 6,938	\$ 1,734		\$ 4,268	\$ 43,094
FY 2023	\$ 30,155	\$ 7,285	\$ 1,821		\$ 4,363	\$ 43,624
FY 2024	\$ 30,152	\$ 7,649	\$ 1,912		\$ 4,446	\$ 44,159
FY 2025	\$ 30,151	\$ 7,878	\$ 1,970		\$ 4,515	\$ 44,514
* Expenditures not included: (1) Property tax refunds related to the property tax exemption; (2) Chapter 299 also authorized other non stadium expenditures: (a)\$2.7 million sports facility grants; and (b) 1% of lawful gambling tax revenues for problem gambling; and (3) Non General Fund appropriations contained in Chapter 299.						
** The State will pay for the city share of the operating and capital reserve payments from FY 2016 to FY 2020. The city will make the payments plus reimburse the state for payments it made on the city's behalf beginning in FY 2021.						
^ Based on the MMB November Forecast 2021, state and city debt service is scheduled to be paid through FY 2043.						

### References:

State & City Debt Service: MN Statute 297E.021, subd. 3 (i) and MN Statute 16A.965, subdivision 8.

State Advances to City for Operating and Capital Payments” 297E.021 (ii)(iii) and MN Statute 473J.13, subd. 2, (b) and subd. 4, (c).

MSFA (excess sale tax revenue payment) and St. Paul Sports Facility Appropriation: MN Statute 16A.726, paragraphs b and c.

# Stadium Reserve

## **5. Stadium Reserve**

There is a general reserve account in the General Fund. This reserve is also known as the stadium reserve. The November 2012 MMB forecast document describes the reserve as a “bookkeeping account that simply reflects the balance of forecast revenue from expanded gambling matched against forecast expenditures for stadium related costs.”

### Authorized Uses of the Reserve:

- The MMB commissioner must consult the Legislative Commission on Planning and Fiscal Policy (LCPFP) on use of the stadium reserve to cover any shortfall.
- Other authorized expenditures from the stadium reserve include reimbursement for capital and operating costs related to the stadium, refunding and prepayment of debt.
- The reserve may not be used to cover shortfalls in other related stadium expenditures (such as the St. Paul Sports Facility Grants).

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*Reference for Available Revenue for Stadium:*

*City Revenue: MN Statute 297A.994, subd. 4 (1) and 297E.021, subd.3, (2)*

*Stadium Reserve: Laws of 2013, Ch. 143, Article 5, Section 25 and 297E.021, subd. 4*

## Stadium reserve – Contributions/Deposits

- A one-time contribution/deposit of \$26.5 million from cigarette floor tax revenue to the reserve was made in FY 2014.
- Except in FY 2015 and FY 2016, there have been annual deposits to the stadium reserve.

## Stadium reserve – Usage/Withdrawals

- Shortfalls in the available revenue for stadium expenditures occurred in FY 2015 and FY 2016. With a shortfall, after MMB consultation with LCPFP, back-up revenue sources can be triggered. No back-up revenue sources were triggered by the MMB commissioner in FY 2015 and FY 2016.

## Stadium reserve – Balance

- By FY 2025, the stadium reserve balance is estimated to be \$550.3 million (based on the 2021 November Forecast)

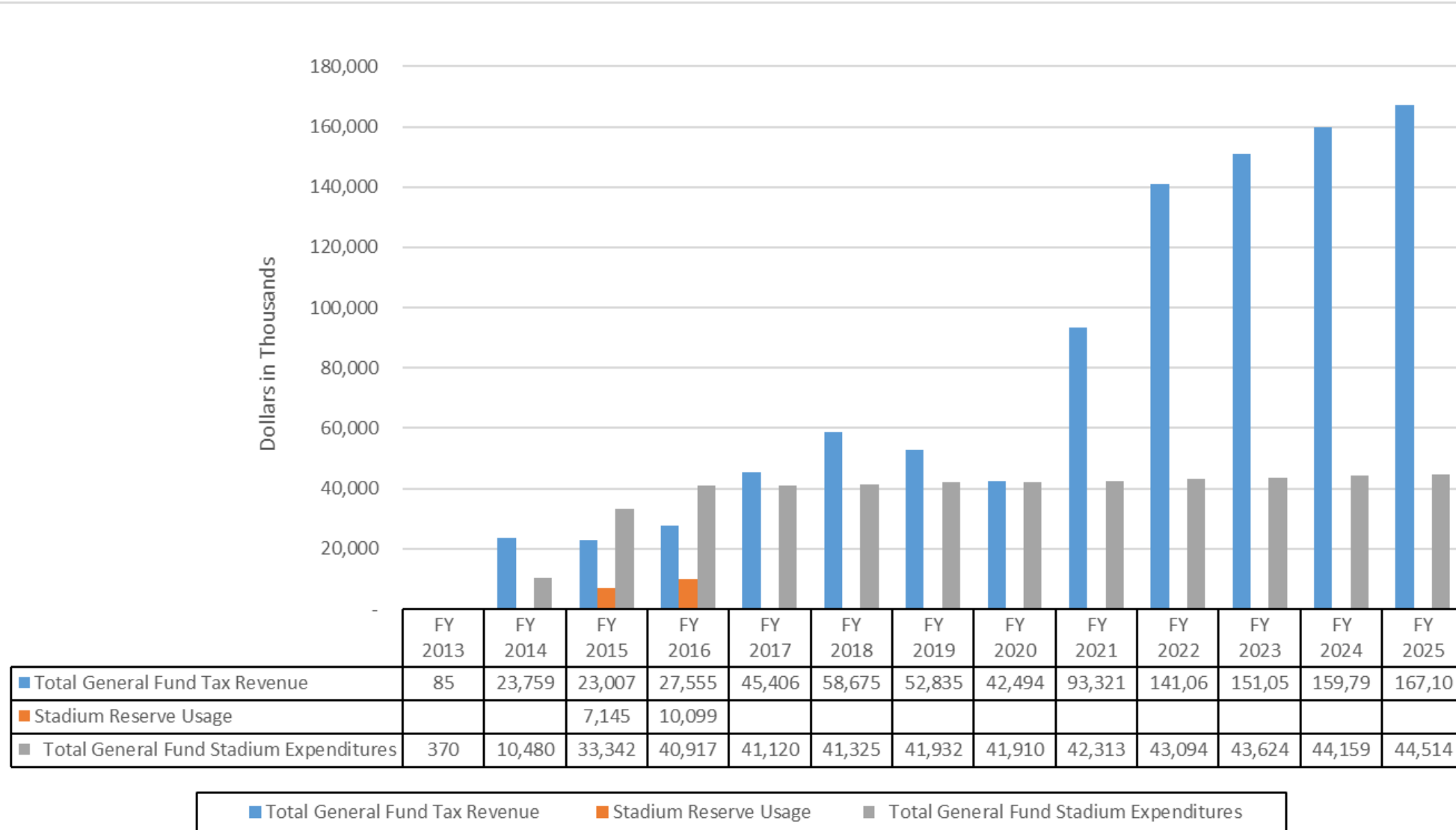
STADIUM RESERVE - 2021 November Forecast					
	Cigarette Floor Stocks Reserve Deposit	Revenues Minus Total Expenditures (if positive, this is a contribution to the reserve)	Use of Reserve	MMB Prior Period Adjustment	Balance
FY 2013		\$ (285)			\$ -
FY 2014	\$ 26,500	\$ 13,280			\$ 39,780
FY 2015		\$ (10,336)	\$ 7,145		\$ 32,634
FY 2016		\$ (13,362)	\$ 10,099		\$ 22,535
FY 2017		\$ 4,286			\$ 26,821
FY 2018		\$ 17,350			\$ 44,172
FY 2019		\$ 10,903			\$ 55,075
FY 2020		\$ 584		\$ 42	\$ 55,701
FY 2021		\$ 51,008		\$ 1	\$ 106,710
FY 2022		\$ 97,970			\$ 204,679
FY 2023		\$ 107,429			\$ 312,108
FY 2024		\$ 115,638			\$ 427,746
FY 2025		\$ 122,587			\$ 550,332



Examples of Stadium Reserve Calculation						
	Column A		Column B		Column C	
					[(Column A + Column B) = Column C (plus any Reserve Balance from Prior Year)]	
<b>FY 2016</b>						
<b>Actual</b>	General Fund Revenues	\$	General Fund Expenditures	\$	General Fund Stadium Reserve Balance	\$
	Designated Lawful Gambling Taxes for Reserve Calculation	19,389	State Debt Service	21,072	Reserve Balance Carried Forward from Prior Year	32,634
	Corporate Tax Revenue	20,000	City Debt Service	9,083	Reserve Usage (negative)/ Reserve Contribution (positive)	-13,363
	Sales Tax Exemption - Stadium Construction Materials	-11,834	State Payment for Operating Expenses	6,000		
	Retain Mpls Local Sales Tax Revenue for Operating Expenses		State Payment for Capital Reserve	1,500		
	Retain Mpls Local Sale Tax Revenue for Capital Reserve Expenses		St. Paul Sports Facilities Grant	2,700		
			Problem Gambling Appropriations (1% Revenue)	563		
	Total Available Revenue	27,555	Total Expenditures	40,918	New General Fund Stadium Reserve Balance	22,534
			Difference between Revenue and Expenditures	-13,363		
<b>FY 2017</b>						
<b>Actual</b>	General Fund Revenues	\$	General Fund Expenditures	\$	General Fund Stadium Reserve Balance	\$
	Designated Lawful Gambling Taxes for Reserve Calculation	26,989	State & City Debt Service	30,158	Previous Year Reserve Balance Carried Forward	22,535
	Corporate Tax Revenue	20,000	MMB Adjustment	-95	Reserve Usage (negative)/ Reserve Contribution (positive)	4,286
	Sales Tax Exemption - Stadium Construction Materials	-1,583	State Payment for Operating Expenses	6,174		
	Retain Mpls Local Sales Tax Revenue for Operating Expenses		State Payment for Capital Reserve	1,544		
	Retain Mpls Local Sale Tax Revenue for Capital Reserve Expenses		St. Paul Sports Facilities Grant	2,700		
			Problem Gambling Appropriations (1% Revenue)	639		
	Total Available Revenue	45,406	Total Expenditures	41,120	New General Fund Stadium Reserve Balance	26,821
			Difference between Revenue and Expenditures	4,286		
<b>FY 2021</b>						
<b>Forecast</b>	General Fund Revenues	\$	General Fund Expenditures	\$	General Fund Stadium Reserve Balance	\$
	Designated Lawful Gambling Taxes for Reserve Calculation	82,782	State & City Debt Service	30,157	Previous Year Reserve Balance Carried Forward	55,700
	Corporate Tax Revenue		MMB Adjustment		Reserve Usage (negative)/ Reserve Contribution (positive)	51,008
	Sales Tax Exemption - Stadium Construction Materials		State Payment for Operating Expenses	6,607		
	Retain Mpls Local Sales Tax Revenue for Operating Expenses	6,409	State Payment for Capital Reserve	1,652		
	Retain Mpls Local Sales Tax Revenue for Operating Expenses	3,304	St. Paul Sports Facilities Grant	2,700		
	Retain Mpls Local Sale Tax Revenue for Capital Reserve Expenses	826	Problem Gambling Appropriations (1% Revenue)	1,197		
	Total Available Revenue	93,321	Total Expenditures	42,313	New General Fund Stadium Reserve Balance	106,708
			Difference between Revenue and Expenditures	51,008		

# Graph: Total Tax Revenues, Expenditures and Reserve Usage

MMB November 2021 Forecast



# Metropolitan Sports Facility Authority

## 6. Minnesota Sports Facility Funding (MSFA) based on the 2021 February Forecast

- Starting in FY 2016, as described in the expenditure section, the MSFA receives an annual open and standing appropriation from the general fund for operations and a capital reserve. These annual appropriations are adjusted for inflation.
- Increased city sales tax increases are captured based on a formula in statute. For the benefit of the MSFA, these increases are statutorily transferred to the MSFA. The annual amount forecasted to be transferred to the MSFA is shown in the table on this page.
- MSFA is also authorized to receive revenue from commemorative bricks to be displayed at the stadium. Funds raised from bricks are appropriated to MMB and transferred to the MSFA. To date, commemorative brick revenue generated \$1.6 million in FY 2016, \$270,000 in FY 2017 and \$118,000 in FY 2018.

LOCAL	
Local Sales Tax Revenue (dollars in 000's)	
Metropolitan Sports Facility Authority (MSFA) authorized in MS 297A.994, subd.4, paragraph (5)	
FY 2013	
FY 2014	\$ 813
FY 2015	\$ 1,361
FY 2016	\$ 1,686
FY 2017	\$ 1,860
FY 2018	\$ 1,855
FY 2019	\$ 2,238
FY 2020	\$ 2,118
FY 2021	\$ -
FY 2022	\$ -
FY 2023	\$ -
FY 2024	\$ 1,642
FY 2025	\$ 1,852
YTD Total Revenue	\$ 15,425

# Other Tax Law Changes Enacted Following Stadium Construction

## 7. Tax Law Changes Related to Stadium (after construction of the stadium)

First Special Session, Laws of 2017, Chapter 1 Law Changes

- Exemption from sales tax for admissions, suite licenses and stadium builder licenses if (1) the lessee may use the private suite, private skybox, or private seat by mutual arrangement with the lessor days when there is no amusement or athletic event; (2) the sales price for admission is separately stated; and (3) the price is equal to the greater of the highest price general admission ticket for the closest seat not in the suite, skybox or box seat. The estimated general fund revenue reduction is about \$6.0 million per year. This has no impact on stadium reserve calculations.
- Expands the sales tax exemption on for Super Bowl Admissions to include admissions to related events and non residential parking services. The 2018 Minnesota Department of Revenue Tax Expenditure Budget reported this exemption to reduce revenue to the General Fund by about \$9 million in FY 2018. This exemption has no impact on stadium reserve calculations.
- The MSFA is authorized to reimburse the NFL up to \$1.6 million for state and local sales taxes paid on purchases of tangible personal property, non residential parking and lodging by the MN Super Bowl Host committee, the NFL or its affiliates, or their employees or independent contractors. The MSFA's 2017-2018 financial report shows a payment of \$1.6 million was made to reimburse the NFL for sales tax paid. This payment had no impact on stadium reserve calculations.

## Discussion

- The stadium is not directly funded (or dedicated) with lawful gambling or corporate taxes but it is funded with general fund statutory appropriations.
- The first nine years (FY 2013 to FY 2021) of stadium funding has come mainly from the state.
- Starting FY 2021, stadium funding will be less reliant on state revenue sources as the state starts receiving local sales tax revenue from the city.
- The size of the stadium reserve in the general fund will continue to grow and the need for this reserve could be reviewed.

## Related Publications by Minnesota State Agencies

U.S. Bank Stadium Reserve Account, Office of the Legislative Auditor, November 2019

<https://www.auditor.leg.state.mn.us/fad/pdf/fad1910.pdf>

MMB Bond Sale of U.S. Bank Stadium, January 2014

[general-fund-appropriation-refunding-bonds-archive / Minnesota Management and Budget \(MMB\) \(mn.gov\)](#)

Stadium Reserve Balance, Minnesota Management & Budget, Budget and Economic Forecast, November 2021 Forecast, p. 93

<https://mn.gov/mmb-stat/000/az/forecast/2021/budget-and-economic-forecast/november-2021-forecast.pdf>

## Previous Publications by Minnesota House Fiscal Analysis

Money Matters - Minnesota Vikings Stadium: A Summary of Actions by the 2012 Legislature, July 2012

<https://www.house.leg.state.mn.us/Fiscal/Download/468>

Stadium Update, December 2013

<https://www.house.leg.state.mn.us/Fiscal/Download/507>