

FINAL REPORT OF THE MINNESOTA STADIUMS TASK FORCE

January 25, 2002
St. Paul, Minnesota

The Task Force and Its Mission

The Stadium Task Force was created by the Governor and the Legislature to study and make recommendations regarding the asserted needs of the Minnesota Twins, the Minnesota Vikings and the University of Minnesota football team for new stadiums.

Although the issue of a new baseball stadium previously had been studied a number of times by the Legislature, the Metropolitan Sports Facilities Commission ("MSFC") and private groups, the needs of baseball and football had not been considered together. In addition, despite the fact that the Vikings began raising the issue of a new stadium for football several years ago, there had not been a sustained legislative discussion of what to do, if anything, for professional football.

The Task Force had eighteen members: six appointed by the Governor, six by the House and six by the Senate. Our membership included elected and appointed public officials and individuals from the private sector. Some of us had extensive experience with previous stadium discussions and some were newcomers.

During our hearings, we listened to representatives of the sports teams, legislators, the MSFC, local governments, architects, contractors, financiers, present and former players, other Minnesotans who wanted their voices heard and from fans who have always shown their loyalties to teams and athletes with the word "Minnesota" on their uniforms. We had the opportunity to learn from and build on the work of many others, such as the MSFC, New Ballpark, Inc. and Minnesotans for Major League Baseball.

Though our recommendations are not unanimous, we worked toward a consensus on the disputed issues and avoided relying on narrow majorities of task force members to reach conclusions.

Recommendations and Rationale

- 1. We recommend that the Governor and the Legislature should take action during the 2002 legislative session on proposals for a new stadium for professional baseball and a stadium to be shared by the Minnesota Vikings and the University of Minnesota Gophers football team.**

We recognize that the 2002 Legislature and the Governor have several critical responsibilities, including balancing the operating budget, passing a capital budget, and redistricting.

Nonetheless, the Task Force recommends that action in 2002 is important for the Twins and the future of professional baseball in Minnesota because there is a real possibility that the Twins could be eliminated through the contraction of the number of major league baseball teams. We note that the lease for the Minnesota Twins has expired and is currently on a one year extension for the 2002 season.

Like Minnesotans generally, none of the Task Force members were pleased with the pressure tactics and crisis atmosphere caused by Major League Baseball. Regretfully, we have had to conclude realistically that the 2002 baseball season could be the last one for the Minnesota Twins unless Minnesota acts to facilitate the construction of a new stadium this year.

The situation for the Vikings and the Gophers is just as important, though to some it may appear less urgent. Some witnesses noted that the Vikings' lease at the Metrodome extends until 2011. Nonetheless, the Task Force

recommends that Minnesota act this year on football too. The National Football League has a program for assisting in the financing of new stadiums and the program is scheduled to end this year. The Task Force sees a significant funding opportunity that may not be available in the future. The Vikings also assert that without a new stadium, they will need new revenue streams to remain competitive in Minnesota. We also learned about the revenue shortfalls being incurred by the Gopher athletic programs. A facility shared by the Gophers and the Vikings would produce revenue increases for both organizations.

Metrodome Renovation or A New Football Stadium

The MSFC has suggested that renovating the Metrodome would be more cost effective than building a new stadium. This approach has advantages. The MSFC described a plan for such a renovation which it estimated would cost substantially less than building a new stadium. In addition, there is already an infrastructure supporting Metrodome operations.

On balance, the Task Force concluded that a new football stadium was a superior solution. There was doubt that a renovation could be completed without disrupting at least one football season. We do not have an alternative venue for football if renovation did conflict with a season. The Vikings also raised reasonable concerns that cost estimates for renovation were too low. A renovated Metrodome would still lack many of the fan amenities characteristic of newer stadiums. Perhaps most important to the Task Force was the fact that the Vikings are strongly opposed to renovating the Metrodome as an alternative to a new stadium. The MSFC could not finance its major renovation plan without substantial Vikings participation and a new, longer term lease. The Vikings made it clear they would not contribute to a renovation and would not extend their lease at the Metrodome. For these reasons, the Task Force concluded that renovation of the Metrodome was not feasible and that a new stadium shared by the Vikings and the Gophers football team was a superior solution.

2. The Governor and the Legislature should adopt legislation providing for state participation in financing, but not funding, new stadiums. This financing should occur only if financing from other sources such as private investors and local governments is inadequate.

As we discuss below, the Task Force prefers that financing for new stadiums come from team owners or other private investors or from local governments if private investment is insufficient. If these other sources of financing are inadequate, only then should the state participate in the financing, provided that there is a substantial contribution made by the team owners. We recognize that full private financing of stadiums is rare. In Minnesota, local governments have been essential participants in previous stadium financing arrangements. Only after an appropriate financial commitment from the team owners and other private sources, and from the local unit(s) of government should there be any expectation of a possible financial commitment from the state. Furthermore, any participation by the state should be financed through user fees, taxes imposed on professional sports related activities and/or items, or through other sources that demonstrate a relationship between the source of state funding and those that economically benefit from, or participate in the operations of professional sports teams in the state.

In recognition of how controversial the issue of government, particularly state government, involvement in stadium funding has been, we have these observations to support our recommendation:

- a. Some of the economic benefits claimed for sports stadiums are hard to justify. We were persuaded that the income taxes the state receives from visiting players was one economic benefit that could be quantified. As player salaries have increased, the direct benefit to the state of having our own professional teams has increased. In addition, the revenue spent in Minnesota by teams who benefit from revenue sharing is derived in part from economic activity in other states such as media payments and, therefore, is likely a net economic benefit to Minnesota. The Task Force was impressed, too, by the benefits many of the State's communities received from the charitable giving of the teams and the players.
- b. The facilities run by the Amateur Sports Facilities Commission and financed with public funds have provided opportunities for Minnesota athletes to excel, and brought outstanding athletes here from all over the world.

- c. The Mighty Ducks and Mighty Kicks programs have provided state funds to help build hockey rinks and soccer fields throughout Minnesota.
- d. Over the years, Minnesotans have spent millions of dollars to provide facilities for collegiate athletics on the campuses of the University of Minnesota system and the Minnesota State Colleges and Universities (MnSCU) system.
- e. Public financing helped build Metropolitan Stadium, the Met Sports Center and the Metrodome for professional and amateur football, baseball, basketball, soccer, hockey and other events and activities.
- f. Public financing from state and local sources was crucial to the continued viability of Target Center and the construction of the Xcel Energy Center. Portions of the public financing were premised on the use of the facilities by amateur sports teams.

Finally, there are intangible benefits to having professional teams in Minnesota that cannot be overlooked. The Task Force has found that professional and college sports are part of the identity of many Minnesotans. In addition, the Task Force has found that these teams add something that is impossible to accurately measure, but that is important to countless Minnesotans. The Task Force has found that, to a considerable degree, pro and college sports play a part in the cultural vitality of Minnesota for many, not only in the Twin Cities but across the state and throughout the region.

The Task Force has determined that in teams such as the Minnesota Twins and Minnesota Vikings, and in the generations of Minnesotans to whom a love of and a loyalty to the home team has been handed down, the state has something worth saving.

3. We recommend that state participation in financing stadiums be drawn from limited revenue sources, not from the general fund.

The Task Force spent considerable time discussing revenue streams that may meet the parameters mentioned above, which could be widely considered as paid by those most directly benefitting from the use of the facility. The Task Force believes that the following revenue streams deserve closer examination by state policymakers and are potential revenue sources to finance state participation.

- a. Sports Memorabilia. Imposing a statewide sports memorabilia tax applied to all professional and collegiate sports, including clothing. This memorabilia tax would be in addition to the existing sales tax on memorabilia and would include a new statewide tax on clothing items with sports insignia.
 - b. Player Income Tax. Estimate the ongoing revenues from income taxes paid by the visiting players of professional sports teams that use the facility and use those revenues to support the state's investment in the construction of a new facility or facilities.
 - c. Media Access Charge. Businesses and individuals who use the sports facilities to broadcast or report on games and events that take place within the facility should be charged for access to the facility or facilities.
 - d. Sales Tax on Facility Food and Beverages. Impose an additional tax on the sale of food and beverages at the sports facility, this would be in addition to the state sales tax of 6.5% and any local option sales tax that may be in place.
- 3 -
- e. Ticket Tax. Impose an admission tax on the tickets sold to attendees at all events at the facility, both game and non-game events. This is in addition to the state sales tax of 6.5% and any local option sales tax that may be in place.
 - f. Naming Rights. The Task Force believes that the value associated with naming rights of the facility should be considered as a potential source for public financing, but that the landlord may want to reserve the right to

contract with the team to negotiate with interested parties on the landlord's behalf, recognizing that the value of the naming rights may be greater if negotiated as part of a more comprehensive sponsorship package. If naming rights are utilized for stadium construction, the franchise ownership and the landlord should negotiate an agreement on naming rights revenues.

- g. Personal Seat Licensing. The sale of personal seat licenses (PSLs) have been used as a financing source in other facilities and result from the sale of the right to buy a season ticket. If PSLs are utilized, the amount directed to stadium construction should be negotiated between the franchise ownership and the landlord.
- h. State Loans to Local Units of Government. The Task Force recommends consideration of low- or zero-interest loans to local units of government.
- i. Gaming Revenues. The Task Force urges the Legislature and the Governor to consider gaming related revenue streams as an option to support public financing of new professional sports facility.
- j. Metrodome Assets. Should the Metrodome be left with no principal tenants, it is expected that the facility would be sold or demolished and the land redeveloped. The revenue from the sale of the Metrodome land and other assets of the Metropolitan Sports Facility Commission could be considered for a state contribution to the costs of a new facility.
- k. Sales Tax Exemption. The Task Force also recommends consideration of a sales tax exemption on any materials used in the construction of the new facility or facilities. While these proceeds would otherwise be deposited in the general fund, they are receipts that would not be available to the state but for the project. To the extent that public funds are used to finance some portion of the construction, imposing a sales tax could lead to the state paying more interest to finance the sales tax.
- l. Car Rental Charge. The Task Force recommends that the state impose a charge on car rentals in the metropolitan area. We recognize this charge does not fit neatly into the user or beneficiary category. Nonetheless, it has been used to finance stadiums in others states and is a reasonable option.

4. Our recommendations include several other financial considerations that should be addressed by the legislature and the Governor.

The state should consider granting a local unit(s) of government the authority to establish local option taxes to finance the local government contribution. To the extent a community already has local tax authority, the State should consider expanding the existing authority to allow proceeds to be used for facility financing.

The Task Force also recognizes there is a state interest in using these sports facilities for either collegiate or amateur athletics. The Task Force recommends consideration of some state funding should the lease for any facility include provisions for collegiate or amateur athletic use.

The Task Force also recommends that any state financing be done in the least costly way possible, without sacrificing the goal of limiting the impact to the direct beneficiaries of the facilities. For example, if the state intends to issue debt to finance its share of the project cost, the state should explore strategies to ensure that as much of the state participation as possible can be done through the issuance of tax-exempt bonds.

However, the Task Force also recognizes that several of the revenue streams identified will be problematic as the primary source of revenues for debt service payments, primarily because there will not be a history of collections prior to issuing the debt. This may result in a reduced amount of debt that can be issued using these revenue sources as the payment for the debt service, given the requirement to have sufficient coverage on the debt, or a "cushion" of having expected revenues exceed debt service payments by some margin. The Task Force recommends that these limitations not be "fixed" by issuing general obligation bonds that could pose risk to the general taxpayers of the state.

The Task Force also recognizes the efforts of the state on the Streamlined Sales Tax Project, which is aimed at addressing sellers' concerns about the multiplicity of tax laws and the burden created in trying to comply with tax laws across states that are not uniform. Recognizing that increasing uniformity may ultimately allow the state to capture tax revenues lost on Internet sales, currently estimated at hundreds of millions of dollars annually, the Task Force urges careful consideration of the recommendation put forward in this report. It may be advisable to impose a gross receipts tax on the facility revenues, for example, rather than relying on specific extensions of the sales tax. The Task Force recommends that the Minnesota Department of Revenue be asked to comment more specifically on the revenue options identified in this report and recommend strategies for implementation to minimize any adverse impact on the Streamlined Sales Tax Project.

The Task Force also supports the further consideration of citizen ownership of the professional baseball franchise through the issuance of equity stock. While accomplishing a slightly different goal, the Task Force also believes the sense of public support accomplished through the issuance of commemorative stock, not defined as ownership under Minnesota law or the Securities and Exchange Commission Rules, would justify some consideration for a limited portion of the financing for either or both of the baseball or football facilities.

The Task Force also expressed concern that the state not be considered as a party responsible for financing any cost overruns in the project budget. The Task Force recommends that the responsibility for cost overruns and construction management be clearly delineated in the lease between the franchise and the facility landlord, but under no circumstances should the state be considered as a financing source for cost overruns. A construction management team should be in place prior to the letting of any bids for the facilities.

5. The Task Force does not recommend a particular site for either a baseball or football stadium.

The Task Force recommendations are site neutral. The Task Force anticipates that the state will identify parameters for determining state participation and the location of the facility or facilities will be determined through a negotiated agreement between the franchise (tenant) and the local unit(s) of government (landlord).

6. The Task Force recommends that any state financing not be released until the team has negotiated a lease with a landlord, which may be a local unit of government. State financing, if any, would be released only if the lease between the team and the landlord includes:

- a. a listing of all revenue streams generated from use of the building with a specification of what revenues are available to cover team operations, which accrue to the building landlord and which are available to the state (such as naming rights);
- b. clarification of the operations and management responsibilities between the team and the landlord;
- c. delineation of the responsibility for repair and replacement in the facility, including an annual inspection by the landlord and a representative of the state;
- d. provisions within the lease that some portion of the tickets for professional sports games are accessible and affordable;
- e. protection of the public interest in the event of a default by the team or a disruption in the season due to a player strike;
- f. a lease term that is at least as long as the term of any public financing that may be in place at the state or local level, not to exceed 30 years;
- g. terms specifying responsibilities for construction management and cost overruns between the landlord and the team;
- h. statement of public ownership of the facility, and clarification of ownership of the furnishing and equipment

within the facility;

- i. terms which outline the security offered by the team and the respective league on the lease;
- j. binding commitments of financing sufficient, when taken in conjunction with the state financing, to ensure that the project is fully funded prior to the release of the state funds;
- k. documentation on the final design and construction specifications; and,
- l. in the event of state financing, terms that outline the use of the facility for amateur and collegiate athletics.

7. We recognize that Major League Baseball's business structure needs to be reformed.

Many studies have shown that Major League Baseball teams in markets with relatively little revenue from local media will continue to struggle financially. The Twins will continue to have few resources for building a competitive team even with a new stadium unless Major League Baseball implements significant reforms. The major necessary reforms are more equal revenue sharing, particularly from local media revenue, and some form of payroll equalization formula to reduce the disparity between high payroll and low payroll teams. The National Football League's salary cap and revenue sharing have helped to create teams whose success does not depend on the size of the local media market or the owner's bankroll.

The Task Force supports the further consideration of a shared appreciation agreement between the owners of the professional baseball franchise and the public entity owning the facility. Upon the sale of the professional baseball franchise, or its relocation out of the State of Minnesota, during the term of the lease agreement, the franchise would pay a percentage of the appreciated value of the franchise to the public entity.

8. We recommend that public participation in financing facilities for professional sports be designed to ensure that professional sports events are accessible to and beneficial for a broad community of Minnesotans.

Any professional sports facilities with public financing should include specific provisions for maintaining the accessibility and affordability of some portion of tickets to professional sports events held in the facilities. The potential for use of the facilities by high school and other amateur sports teams should also be protected. In addition, facilities that benefit from public financing participation should be designed to be integrated into the host city and its neighborhood. An architecturally significant design could become an attraction in itself, as well as enhancing the physical environment of a community and economic development opportunities.

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APPENDIX C

Summary of Revenue Sources

Prepared by: Paul Wilson, Fiscal Analyst
Minnesota House of Representatives

Mary Jane Hedstrom, Fiscal Analyst
Minnesota State Senate

January 31, 2002

Table 1. Sales Tax on Food and Alcohol at the Metrodome 2001 Season (\$1,000s)						
	Twins	Vikings	Gophers	Other	Total	Comments
Food (6.5%)	\$481	\$169	\$45	\$119	\$814	Vikings and Gophers numbers have been consistent for last few years, but the Twins numbers were only about half as large in 2000, owing to lower attendance.
Alcohol (9%)	\$286	\$257	\$32	\$27	\$602	
Total	\$767	\$426	\$77	\$146	\$1,416	

Source: Metropolitan Sports Facilities Commission.

Notes: (1) The table does not include the tax on food or beverages sold in suites. (2) Estimates are most recent available data for existing facilities. Revenue in future years would depend upon stadium venues, configuration, attendance and prices.

Table 2. 10 Percent Ticket Tax 2001 Season (Total sales and tax in \$1,000s)						
	Twins	Vikings	Gophers	Other	Total	Comments
Paid Attendance	1,928,009	640,910	256,972	525,405	3,351,296	*Complementary tickets are included in sales and are subject to tax. Average ticket prices include the face value of those tickets. (Complementary ticket totals: Twins 145,083 tickets; Vikings 12,002; Gophers 8,343). Note that a 6.5% state sales tax was collected, in addition to this 10% ticket tax.
Average Price (including tax)	\$11.15	\$53.67	\$20.92	\$24.17	\$22.07	
Average Price (before tax)	\$9.65	\$46.07	\$17.96	\$20.75	\$18.99	
Total Ticket Sales* (before tax)	\$18,600	\$29,527	\$4,615	\$10,901	\$63,643	
Tax (10%)	\$1,860	\$2,953	\$461	\$1,080	\$6,364	

Source: Metropolitan Sports Facilities Commission. *Note:* Estimates are most recent available data for existing facilities. Revenue in future years would depend upon stadium configuration, attendance and prices.

**Table 3. 6.5% Gross Receipts Tax on Clothing and
Other Sports Memorabilia Licensed by Professional and College Sports
Estimate for 2003
(\$1,000s)**

Taxable Items	MLB	NFL	NBA & NHL	College	Total	Comments
Clothing	\$1,500	\$2,700	\$3,100	\$1,700	\$9,000	This cannot be structured as a sales tax because it would conflict with the Streamlined Sales Tax agreement. Estimate is for a 6.5% gross receipts tax (at retail) or a tax equal to 13% of wholesale. Tax rate could be set at any rate desired. Statewide tax base.
Other Items	\$1,000	\$1,900	\$1,900	\$1,100	\$5,900	
Clothing and other items	\$2,500	\$4,600	\$5,000	\$2,800	\$14,900	

Source: Preliminary revenue estimate by Tax Research Division, Department of Revenue, based on national data from the Sporting Goods Manufacturing Association (www.sgma.com).

Notes: 1. Table only includes revenue from taxing memorabilia for the four listed professional leagues. If other sports or leagues (such as NASCAR or WWF) were included, revenue would be higher. 2. The estimate for “collegiate sports memorabilia” is very preliminary because the breadth of that tax base has not been clearly defined.

**Table 4. Existing Income Tax Paid by Players from Visiting Teams
Estimate for 2001
(\$1,000s)**

MLB	Between \$1,100 and \$1,300	Future revenue would depend on salary levels in professional sports.
NFL	Between \$ 250 and \$ 350	
Total	Between \$1,350 and \$1,650	

Source: Preliminary revenue estimate by Tax Research Division, Department of Revenue.

**Table 5. Lottery Games with a Sports Theme
Estimate for 2001
(\$1,000s)**

Gross income per game	\$1,500	The per-game revenue would be multiplied by the number of games dedicated to stadium finance each year. It may be possible to capture all \$1.5 million per game for stadium finance.
Net income per game (after dedication to other funds)	\$ 612	

Source: Minnesota State Lottery. *Notes:* 1. Gross income is after deducting prizes, retailer commissions, and operating expenses. Net income is after deducting dedicated revenue: \$480,000 of in-lieu sales tax (dedicated to the Natural Resources Fund and Game and Fish Fund) and another \$408,000 dedicated to the Environment and Natural Resources Fund. 2. The State Lottery assumes that these games will replace other games with no increase in total lottery revenue, resulting in net revenue loss to the funds listed above.

Table 6. Tax on Rental Vehicles in the Metro Area (Rentals of less than 30 days) Estimate for 2003 (\$1,000s)		
2% rental tax (metro area only)	\$3,400	Comments: A percentage tax would need to be a gross receipts tax rather than a sales tax, under the Streamlined Sales Tax agreement.

Source: Preliminary revenue estimate by Tax Research Division, Department of Revenue.

Table 7. Sales Tax Exemption for Stadium Construction Materials		
Hypothetical Cost of Stadium	Value of Sales Tax Exemption (\$1,000s)	Comments
\$300 million	\$10,100	Construction materials are assumed equal to 52 percent of actual construction costs, so exemption from state sales tax would cut costs by $(6.5\%) \times (52\%) \times (\text{construction costs})$. This is a one-time cost (see note 3).
\$500 million	\$16,900	If host city has a local sales tax, the state exemption would mean exemption from local tax as well.

Source: Preliminary revenue estimate by Tax Research Division, Department of Revenue.

Notes: 1. The actual stadium cost is unknown, so two hypothetical costs are shown. 2. "Construction costs" here exclude the cost of land, architectural fees and other soft costs. 3. Typically, construction materials exemptions are administered as refunds payable during construction so the state revenue impact occurs over several fiscal years. If desired for budget reasons, legislation could provide for a lump-sum refund of sales tax to be paid in one fiscal year when construction is complete.

OTHER REVENUES

Media Access Charge – A rent based on gross receipts is similar to the rent that most shopping malls charge their tenants. The amount of rent could be set at the percentage necessary to raise a set amount of revenue and/or it could be set consistent with rent charged to vendors and other parties that use the stadium to further their business activities. *Source:* Patricia Lien, Senate Counsel and Research.

Fees for use of the broadcast facilities at a stadium, at rates of \$10,000 per game for television/cable and \$5,000 per game for radio broadcast, would raise an estimated \$2.16 million per year from Major League Baseball and \$215,000 per year from National Football League broadcasts assuming that these fees are in addition to any existing fees. (If they replace existing fees, then the new revenue yield would be less).

Source: Preliminary revenue estimate by Tax Research Division, Department of Revenue.

Naming Rights – As this report says, naming rights are a matter for negotiation. Recently in the United States, naming rights for new professional sports stadiums typically have yielded \$2 million to \$2.5 million per year for terms of ten to thirty years. The range is between \$900,000 and \$4 million per year.

Personal Seat Licensing – Details are needed before an estimate can be prepared for revenues from personal seat licenses. Personal seat license provisions in 1997 legislation (to finance a major league baseball stadium) were estimated to raise \$500,000 in one-time revenue.

Gaming Revenues – Estimates for sports lottery games are shown on the tables. The revenue potential from new types of legal gaming cannot be estimated without more specific information.

Unofficial Minutes of the Stadiums Task Force

MEETING: Monday, January 28, 2002
1:00 P.M. to 5:30 P.M.
Room 10, State Office Building, St. Paul

Present: Dean Barkley, Karla Blomberg, Kevin Goodno, William Haddeland, Mary Liz Holberg, Al Juhnke, Steve Kelley, Cal Larson, Harvey Mackay, Barb Muesing, Tom Osthoff, Sandra Pappas, Jim Robinson, Roy Terwilliger, and Pam Wheelock.

Excused: Dorothy Bridges (proxy to William Haddeland), Larry Buegler (proxy to Pam Wheelock), and James Lawrence (proxy to Kevin Goodno).

For purposes of verifying text and results on action, these minutes are linked to the video record of the meeting which may be viewed at the "archives" entry at: <http://www.house.leg.state.mn.us/taskforces/stadium.htm> .

- 00:01:15 Chairman Goodno called the meeting to order.
- 00:01:30 Senator Kelley provided an overview of the report of the Drafting Committee.
- 00:18:45 **ACTION:** Senator Kelley moved the draft of the report of the Drafting Committee, with the exception of sections titled "proposed for discussion. [See final resolution of motion at 04:09:30.]
- 00:25:15 **ACTION: Amendment 1:** Mr. Haddeland moved to delete duplicative language at page 14, lines 12 & 13, which related to affordability and accessibility of events at proposed new facilities. **Passed** by voice vote.
- 00:26:00 **ACTION: Motion 1:** Senator Kelley moved to adopt the language at page 10, lines 3-6, which related to a local option sales tax.
- 00:32:40 **Amendment 2:** Commissioner Wheelock accepted a friendly amendment by Senator Kelley and moved to modify page 10, lines 4-5 to read "local options taxes" and "local tax authority." **Passed** by a voice vote.
- 00:34:10 Senator Kelley renewed his motion to adopt the language at page 10, lines 3-6, as amended. **Passed** by a voice vote.
- 00:36:00 **ACTION: Motion 2:** Senator Kelley moved to adopt the language at page 10, lines 7-10, which related to state financing of a portion of a facility if the lease included provisions for uses involving collegiate or amateur athletics. **Passed** by voice vote.
- 00:41:40 **ACTION: Motion 3:** Senator Kelley moved to adopt the language at page 10, lines 11-16, which related to a preference of tax-exempt bonds. He accepted a friendly amendment by Commissioner Wheelock to insert the word "of" after the word ""goal" on line 12.
- 00:43:10 Senator Kelley renewed his motion to adopt the language at page 10, lines 11-16. **Passed** by voice vote.
- 00:43:15 **ACTION: Motion 4:** Senator Kelley moved to adopt the language at page 11, lines 1-9, which related to coverage factors of certain proposed revenue streams. **Passed** by voice vote.
- 00:46:40 **ACTION: Motion 5:** Senator Kelley moved to adopt the language from page 11, line 10 through Page 12, line 2, which related to the Streamlined Sales Tax Project. **Passed** by voice vote.
- 00:48:40 **ACTION: Motion 6:** Senator Kelley moved to adopt the language at page 12, lines 3-8, which related to two issues: public ownership of equity stock and commemorative stock. At the suggestion of Chairman Goodno, Senator Kelley agreed to split this motion.
- 00:50:00 **ACTION: Motion 7:** Senator Kelley moved to adopt the language at page 12, lines 3-4, which related to

public ownership of equity stock.

- 00:53:15 **Amendment 3:** Senator Pappas moved to amend the language to “citizen ownership of the professional baseball franchise through the issuance of equity stock.” **Passed** by voice vote.
- 00:53:40 Senator Kelley renewed his motion to adopt the language at page 12, lines 3-4, as amended. **Passed** by voice vote.
- 00:54:00 **ACTION: Motion 8:** Senator Kelley moved to adopt the language at page 12, lines 4-8, which related to commemorative shares of non-equity stock.
- 00:55:00 Senator Kelley accepted a friendly amendment from Representative Holberg, who was concerned that the potential revenue stream from commemorative stock would apply only to the Twins because of the language in Amendment 3. The phrase “. . . for either or both of the baseball or football facilities.” was added at the end of page 12, line 10.
- 00:56:00 Senator Kelley accepted a friendly amendment from Chairman Goodno, who was concerned that the commemorative stock could raise tax issues under Minnesota law. The phrase “Minnesota law or” was added after the word “under” on page 12, line 6.
- 00:57:20 Senator Kelley renewed his motion to adopt the language at page 12, lines 4-8, as amended. **Passed** by voice vote.
- 00:57:30 **ACTION: Amendment 4:** Chairman Goodno moved to adjust the grammar on the word “believes” on page 13, line 7. **Passed** without exception. [This was voided by deletion of that sentence at 03:37:00.]
- 00:58:30 **ACTION: Motion 9:** Senator Kelley moved to adopt the language from page 15, line 9 to page 16, line 4. which related to reforms in Major League Baseball.
- 00:59:00 **Amendment 5:** Representative Juhnke moved to amend the section.
- 01:14:14 Commissioner Wheelock moves to split Amendment 5.
- 01:20:00 **Amendment 5, Part A:** Representative Juhnke moved to amend the caption of Recommendation 7 at page 15, lines 9-11 to read “We recognize that Major League Baseball’s business structure needs to be reformed,” and to replace the words “a salary cap” with the phrase “some form of payroll equalization formula to reduce the disparity between high payroll and low payroll teams” at page 15, line 17. **Passed** by voice vote.
- 01:28:00 **Amendment 5, Part B:** Representative Juhnke moved to delete the sentence on page 16, lines 2-4 which would have required that Major League Baseball implement reforms before public dollars would be released for a baseball stadium.
- Passed** by **ROLL CALL VOTE 1** by a 10-8 margin.
- YEA: Blomberg, Bridges, Haddeland, Juhnke, Larson, Mackay, Osthoff, Pappas, Robinson, Terwilliger.
- NAY: Barkley, Buegler, Goodno, Holberg, Kelley, Lawrence, Muesing, Wheelock.
- 01:29:00 Senator Kelley renewed his motion to adopt the language from page 15, line 9 forward, as amended.

Passed by **ROLL CALL VOTE 2** by a 12-6 margin.

YEA: Blomberg, Bridges, Haddeland, Juhnke, Kelley, Larson, Mackay, Muesing, Osthoff, Pappas, Robinson, Terwilliger.

NAY: Barkley, Buegler, Goodno, Holberg, Lawrence, Wheelock.

01:31:00 **ACTION: Amendment 6:** Senator Kelley moved to insert “legislators,” after “teams,” at page 1, line 14. **Passed** by voice vote.

01:38:15 **ACTION: Amendment 7:** Director Barkley moved to amend the language at page 2, line 7, by inserting “after completing work on the operating budget, capital budget, and redistricting” after the word “that.”

01:39:20 **Motion 10:** Mr. Haddeland moved to table the amendment.

The tabling motion **failed** on **ROLL CALL VOTE 3** by a 5-11-2 margin.

YEA: Blomberg, Bridges, Haddeland, Juhnke, Terwilliger.

NAY: Barkley, Buegler, Goodno, Holberg, Kelley, Lawrence, Mackay, Muesing, Pappas, Robinson, Wheelock.

ABS: Larson, Osthoff.

01:44:18 Director Barkley accepted a friendly amendment from Senator Kelley to insert “subject to” and delete “after” in the proposed amendment.

01:57:00 Director Barkley withdrew Amendment 7.

01:57:30 **ACTION: Amendment 8:** Commissioner Wheelock offered an oral amendment to page 2, lines 7-10.

01:58:15 Commissioner Wheelock withdrew Amendment 8.

02:13:00 **ACTION: Amendment 9:** Senator Kelley moved to delete “Action” at page 2, line 11 and insert “We recognize that the 2002 Legislature and the Governor have several critical responsibilities, including balancing the operating budget, passing a capital budget, and redistricting. Nonetheless, the Task Force recommends that action . . .”. **Passed** by voice vote.

02:15:30 **ACTION: Amendment 10:** Ms. Blomberg moved to amend the language at page 4, line 11 by deleting “stadiums only” and inserting “stadiums. The financing should occur only . . .”. **Passed** by voice vote.

02:18:30 **ACTION: Amendment 11:** Representative Holberg moved to delete the sentence beginning on page 8, line 19 and ending on page 9, line 2 which related to two specific potential gaming-related revenue streams. **Passed** by voice vote.

02:20:20 **ACTION: Amendment 12:** Senator Terwilliger moved to delete the sentence beginning on page 8, line 9 and to insert “If naming rights are utilized for stadium construction, the franchise ownership and the state should negotiate an equitable sharing agreement on naming rights revenues.”

02:22:00 Senator Terwilliger accepted a friendly amendment from Representative Osthoff to delete “equitable sharing” from Amendment 12.

02:28:00 Senator Terwilliger accepted a friendly amendment from Representative Osthoff to replace “state” with “landlord” in Amendment 12 and on page 8, line 6 and page 8, line 7.

02:32:40 Amendment 12 **passed** by a division of 10-8.

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02:33:00 **ACTION: Amendment 13:** Director Barkley moved to amend page 7, line 12 by inserting the phrase “the incremental increase in ongoing revenues in the first tax year after completion of the facility/facilities” after “Estimate . . .”.

02:51:15 **Defeated** by **ROLL CALL VOTE 4** by a 8-9-1 margin.

YEA: Barkley, Buegler, Goodno, Holberg, Kelley, Muesing, Pappas, Wheelock.

NAY: Blomberg, Bridges, Haddeland, Juhnke, Larson, Mackay, Osthoff, Robinson, Terwilliger.

ABS: Lawrence.

02:52:28 **ACTION: Amendment 14:** Chairman Goodno moved to delete “visiting” from page 7, line 13. This would have applied the income taxes for all “players of professional sports teams that use the facility” “to support the state’s investment in the construction of a new facility or facilities.”

02:53:30 Commissioner Wheelock offered a friendly amendment to delete the language at page 9, lines 15-18, which would have eliminated the rental charge for all car rentals at the airport.

02:54:30 Chairman Goodno withdrew Amendment 14.

02:55:00 **ACTION: Amendment 15:** Commissioner Wheelock moved to delete the language at page 9, lines 15-18, which would have eliminated the rental charge for all car rentals at the airport. The amendment was **defeated** on a voice vote.

03:02:21 **ACTION: Amendment 16:** Senator Kelley moved to delete “Airport” from page 9, line 15 and to replace “at the airport” with “in the metropolitan area,” to make the car rental charge proposal consonant with federal law. **Passed** by voice vote.

03:09:00 **ACTION: Amendment 17:** Chairman Goodno moved to delete “visiting” from page 7, line 13. This would have applied the income taxes for all “players of professional sports teams that use the facility” “to support the state’s investment in the construction of a new facility or facilities.” The amendment was **defeated** by a voice vote.

03:09:25 **ACTION: Amendment 18:** Chairman Goodno moved to insert the following language after page 7, line 15. “Player income tax surcharge. Impose a surcharge on the income taxes paid by the players of professional sports teams that use the facility and use those revenues to support the construction of a new facility or facilities.” **Passed** on a voice vote. [The vote was later reversed at 03:55:00.]

03:12:00 **ACTION: Amendment 19:** Senator Terwilliger moved to insert the following language at the end of line 14 on page 8: “If PSLs are utilized, the amount directed to stadium construction should be negotiated between the franchise ownership and the landlord.” **Passed** by a voice vote.

03:13:00 **ACTION: Amendment 20:** Commissioner Wheelock moved to replace the phrase “all professional sports, including clothing. . . .” with the phrase “memorabilia of either the Twins, Vikings, and Gophers. . . .” at page 7, line 9 and to replace the phrase “and would include a new statewide tax on clothing items with sports insignia. . . .” with the phrase “. . . . Consideration should be given to a gross premium tax on clothing with sports insignia sold at the facility/facilities. . . .” on lines 10-11 on page 8.

03:24:00 Commissioner Wheelock accepted a friendly amendment from Chairman Goodno to replace “the Twins, Vikings, and Gophers” in the first part of her amendment with “Major League Baseball, the National Football League, or collegiate football.” Commissioner Wheelock accepted a friendly amendment from Chairman Goodno to replace insert the phrase “for “Major League Baseball, the National Football League, or collegiate football” at the end of the second part of her amendment.

03:28:00 Commissioner Wheelock renewed her motion, as amended. The amendment was **defeated** by a voice vote.

03:28:30 **ACTION: Amendment 21:** Mr. Robinson moved to insert “and collegiate” after “professional” on page 7, line 9, in order to expand the sports memorabilia tax to merchandise bearing collegiate sports memorabilia. **Passed** by voice vote.

03:29:15 **ACTION: Amendment 22:** Ms. Blomberg moved to delete the sentence on page 12, lines 10-13, which would

have sought to provide guidance to the Legislature on allocating construction management and responsibility for cost overruns between franchise owners and landlords. **Passed** by voice vote.

- 03:31:00 **ACTION: Amendment 23:** Mr. Robinson moved to add the following sentence at the end of page 12, line 17. "A construction management team should be in place prior to the letting of any bids for the facilities." **Passed** by voice vote.
- 03:32:30 **ACTION: Amendment 24:** Mr. Robinson moved to add the following language at the end of page 13, line 10: "... only if building and operating it does not add to the debt service of the University and does not take away from the money given to the University by the State."
- 03:36:45 Mr. Robinson withdrew Amendment 24.
- 03:37:00 **ACTION: Amendment 25:** Representative Holberg moved to delete the sentence at page 13, lines 6-10, which would have implied a preference for a site for a football facility immediately after the prior three sentences expressed a preference for a site-neutral recommendation. **Passed** by voice vote.
- 03:37:40 **ACTION: Amendment 26:** Mr. Robinson, with a nod to Commissioner Wheelock, moved to insert the following language at the end of page 3, line 11. "However, the Task Force recommends a shared facility between the Gophers and Vikings only to the extent that it does not increase any financial obligations on the behalf of the University of Minnesota, specifically through increased debt service or use of the State's appropriation to the University of Minnesota." The amendment was **defeated** by voice vote.
- 03:43:00 **ACTION: Amendment 27:** Director Barkley moved to insert the phrase "and the respective league" after "team" on page 14, line 14. **Passed** by voice vote.
- 03:44:20 **ACTION: Amendment 28:** Chairman Goodno moved to delete the stray "0" at the end of page 14, line 7. **Passed** without exception.
- 03:44:30 **ACTION: Amendment 29:** Chairman Goodno, with a nod to Ms. Blomberg, moved to insert a new recommendation on lease items as a new "item I" after page 14, line 18. "I. In the event of state financing, terms that outline the use of the facility for amateur and collegiate athletics." **Passed** by voice vote.
- 03:45:45 **ACTION: Amendment 30:** Senator Pappas, after incorporating friendly amendments from Representative Osthoff and Senator Kelley, moved to insert the phrase "and economic development opportunities" after "community" on page 16, line 15. **Passed** by voice vote.
- 03:48:00 **ACTION: Amendment 31:** Mr. Haddeland, after incorporating a friendly amendment from Chairman Goodno, moved to insert the following language after page 16, line 4. "The Task Force supports the further consideration of a Shared Appreciation agreement between the owners of the professional baseball franchise and the public entity owning the facility. Upon the sale of the professional baseball franchise, or its relocation out of the State of Minnesota, during the term of the lease agreement, the franchise would pay a percentage of the appreciated value of the franchise to the public entity." **Passed** by voice vote.
- 03:55:00 **ACTION: Motion 11:** Upon consultation with tax counsel, Chairman Goodno moved to withdraw Amendment 18, which would have placed an income tax surcharge on all players of professional sports in a manner which tax counsel deemed to be infeasible. The motion **passed** by voice vote.

- 03:56:00 **ACTION: Motion 12:** Senator Kelley moved the adoption of the report of the Drafting Committee, as amended by the day's proceedings. This omitted the "proposed for discussion" language at page 15, lines 1-8 which related to defining the public percentage of specific dollar amounts to be spent on proposed baseball and football facilities.

04:09:30 The motion **passed** on **ROLL CALL VOTE 5** by a 16-1-1 margin.

YEA: Barkley, Blomberg, Bridges, Buegler, Goodno, Haddeland, Juhnke, Haddeland, Kelley, Mackay, Muesing, Osthoff, Pappas, Robinson, Terwilliger, and Wheelock.

NAY: Holberg.

ABS: Larson.

04:14:30 Chairman Goodno adjourned the final meeting of the Task Force.