

**SENATE
STATE OF MINNESOTA
NINETY-THIRD SESSION**

S.F. No. 2098

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DATE
02/27/2023

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Introduction and first reading
Referred to Finance

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to state finances; providing for a process to refund the state stadium bonds;
1.3 reducing capital improvement expenses for the city of Minneapolis; repealing the
1.4 stadium general reserve account; making conforming changes; appropriating
1.5 money; amending Minnesota Statutes 2022, sections 16A.726; 297A.994,
1.6 subdivision 4; 473J.13, subdivisions 2, 4.

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

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

1.9 **16A.726 SPORTS FACILITIES TRANSFERS; APPROPRIATIONS.**

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

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

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

2.1 **EFFECTIVE DATE.** This section is effective July 1, 2023. This section does not affect
2.2 amounts retained for recapture of state advances through June 30, 2023.

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

2.4 Subd. 4. **General fund allocations.** The commissioner must retain and deposit to the
2.5 general fund the following amounts, as required by subdivision 3, clause (3):

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

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

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

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

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

3.10 ~~(5)~~ (4) to capture increases in taxes imposed under the special law, for the benefit of the
 3.11 Minnesota Sports Facilities Authority, beginning in calendar year 2013 and for each calendar
 3.12 year thereafter through 2046, there shall be deposited to the general fund in proportionate
 3.13 periodic payments in the following year, an amount equal to the following:

3.14 (i) 50 percent of the difference, if any, by which the amount of the net annual taxes for
 3.15 the previous year exceeds the sum of the net actual taxes in calendar year 2011 plus
 3.16 \$1,000,000, inflated at two percent per year since 2011, minus

3.17 (ii) 25 percent of the difference, if any, by which the amount of the net annual taxes for
 3.18 the preceding year exceeds the sum of the net actual taxes in calendar year 2011 plus
 3.19 \$3,000,000, inflated at two percent per year since 2011.

3.20 **EFFECTIVE DATE.** This section is effective July 1, 2023. This section does not affect
 3.21 amounts retained for recapture of state advances through June 30, 2023.

3.22 Sec. 3. Minnesota Statutes 2022, section 473J.13, subdivision 2, is amended to read:

3.23 Subd. 2. **Operating expenses.** (a) The authority must pay or cause to be paid all operating
 3.24 expenses of the stadium. The authority must require in the lease or use agreement with the
 3.25 NFL team that the NFL team pay the authority, beginning January 1, 2016, or other date as
 3.26 mutually agreed upon by the parties, toward operating costs of the stadium, \$8,500,000
 3.27 each year, increased by a three percent annual inflation rate.

3.28 (b) Beginning January 1, 2016, or other date as mutually agreed upon by the parties,
 3.29 and continuing through 2020, the state shall pay the authority operating expenses, \$6,000,000
 3.30 each year, increased by an annual adjustment factor. ~~The payment of \$6,000,000 per year~~
 3.31 ~~beginning in 2016 is a payment by the state, which shall be repaid to the state, using funds~~
 3.32 ~~as provided under section 297A.994, subdivision 4, clause (4).~~ After 2020, the state shall

4.1 assume this payment, using funds generated in accordance with the city of Minneapolis as
4.2 specified under section 297A.994, subdivision 4, clause (3).

4.3 (c) The authority may establish an operating reserve to cover operating expense shortfalls
4.4 and may accept funds from any source for deposit in the operating reserve. The establishment
4.5 or funding of an authority operating reserve must not decrease the amounts required to be
4.6 paid to the authority toward operating costs under this subdivision unless agreed to by the
4.7 authority.

4.8 (d) The authority will be responsible for operating cost overruns.

4.9 (e) After the joint selection of the third-party manager or program manager, the authority
4.10 may agree with a program manager or other third-party manager of the stadium on a fixed
4.11 cost operating, management, or employment agreement with operating cost protections
4.12 under which the program manager or third-party manager assumes responsibility for stadium
4.13 operating costs and shortfalls. The agreement with the manager must require the manager
4.14 to prepare an initial and ongoing operating plan and operating budgets for approval by the
4.15 authority in consultation with the NFL team. The manager must agree to operate the stadium
4.16 in accordance with the approved operating plan and operating budget.

4.17 **EFFECTIVE DATE.** This section is effective July 1, 2023. This section does not affect
4.18 amounts retained for recapture of state advances through June 30, 2023.

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

4.20 Subd. 4. **Capital improvements.** (a) The authority shall establish a capital reserve fund.
4.21 The authority shall be responsible for making, or for causing others to make, all capital
4.22 repairs, replacements, and improvements for the stadium and stadium infrastructure. The
4.23 authority shall maintain, or cause others to maintain, the stadium and stadium infrastructure
4.24 in a safe, clean, attractive, and first-class manner so as to cause them to remain in a condition
4.25 comparable to that of other comparable NFL facilities of similar design and age. The authority
4.26 shall make, or cause others to make, all necessary or appropriate repairs, renewals, and
4.27 replacements, whether structural or nonstructural, interior or exterior, ordinary or
4.28 extraordinary, foreseen or unforeseen, in a prompt and timely manner. In addition, the
4.29 authority, with approval of the NFL team, may enter into an agreement with a program
4.30 manager to perform some or all of the responsibilities of the authority in this subdivision
4.31 and to assume and accept financial liability for the cost of performing the responsibilities.

5.1 (b) The NFL team must contribute \$1,500,000 each year, beginning in 2016 or as
5.2 otherwise determined for the term of the lease or use agreement to the capital reserve fund,
5.3 increased by a three percent annual inflation rate.

5.4 (c) The state shall contribute \$1,500,000 each year, beginning in 2016 or as otherwise
5.5 determined for the term of the lease to the capital reserve fund. The contributions of the
5.6 state are subject to increase by an annual adjustment factor. ~~The contribution under this~~
5.7 ~~paragraph by the state from 2016 through 2020 shall be repaid to the state using funds in~~
5.8 ~~accordance with section 297A.994, subdivision 4, clause (4).~~

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

5.15 (e) The NFL team has authority to determine the design of a retractable roof feature for
5.16 the stadium. The NFL team must cooperate with the authority in designing the feature to
5.17 minimize any additional operating cost. The design must not result in a material marginal
5.18 increase in the operating or capital costs of the stadium, considering current collections and
5.19 reserves.

5.20 **EFFECTIVE DATE.** This section is effective July 1, 2023. This section does not affect
5.21 amounts retained for recapture of state advances through June 30, 2023.

5.22 **Sec. 5. DEBT PAYOFF AND CONDITIONAL APPROPRIATION.**

5.23 If the commissioner of management and budget elects to apply an amount from the
5.24 general reserve account established in Minnesota Statutes, section 297E.021, subdivision
5.25 4, to prepayment of debt issued under Minnesota Statutes, section 16A.965, during fiscal
5.26 year 2023, and if the amount available in the general reserve account is not sufficient to
5.27 prepay the debt in full, including any accrued interest and associated financing costs, then
5.28 an amount from the general fund is appropriated to the commissioner in fiscal year 2023
5.29 that, when added to the amount available in the general reserve account, is sufficient to
5.30 allow the commissioner to prepay the debt in full.

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

6.1 **Sec. 6. CONDITIONAL REPEALER.**

6.2 When bonds authorized under Minnesota Statutes, section 16A.965, are no longer
6.3 outstanding, the commissioner of management and budget must notify the revisor of statutes
6.4 within 30 days of the final payment, and Minnesota Statutes, sections 16A.965 and 297E.021,
6.5 are repealed the day following the notification.

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