



How is America Financing Football Stadiums? How has Minnesota financed other sports facilities?

New, modern stadiums are a significant investment – for the communities that host them and the teams that play in them. The public benefit can be great – a positive effect on the economy and development; the contribution of pro sports to state and local tax revenues; having a public facility for a wide range of community events and entertainment; the positive worldwide attention focused on Minnesota when the state hosts premier events; and the intangible benefits of being a “major league” city.

However, the level of investment required is great as well.

Minnesota has plenty of experience with sports facilities – there are two newer venues in the Xcel Energy Center and Target Center, and new projects have been initiated for the University of Minnesota and the Minnesota Twins.

Now, we're looking at what's next for the Metrodome, to ensure that the citizens of the state keep the benefits of having an NFL team and of a multi-use, climate-controlled public stadium.

The Metrodome was financed by a combination of local and regional sales taxes, bonding and private investment. Total cost of construction and additional infrastructure was approximately \$110 million. In today's dollars, that total would be closer to \$383 million.

What about more recent Minnesota projects? While designed with less than 1/3 the seating capacity of an NFL stadium, our basketball and hockey arenas provide a useful starting point in how the public and the teams can partner to create a great place for the community.

The **Target Center** opened in 1990 as a venue for the Minnesota Timberwolves at a cost of \$103 million. Assuming an annual inflation rate of five percent, the Target Center would cost approximately \$236 million today. **The stadium was financed 80 percent by the Timberwolves ownership and 20 percent by the Metropolitan Community Development Authority (MCDA) and the City of Minneapolis** via TIF funds and bonds. In 1995, the MCDA and the City purchased the arena on behalf of the public to prevent the team from leaving the state.

The **Xcel Energy Center** opened in 2000 as the home of the new Minnesota Wild NHL franchise and has quickly become a sought-after venue for a wide range of concerts and events. The arena was developed for about \$175 million, which would be \$246 million in today's dollars assuming an annual inflation rate of five percent. Of that total, 26 percent of the cost was borne by the public and 74 percent was privately financed. The public component -- \$65 million – was provided by the City of St. Paul, with the state providing an interest-free loan to be repaid via the Wild's annual rent. The Wild's lease with the Xcel Energy Center is for 25 years.

As you can see, the funding proposals were radically different – using creative and sometimes different funding sources on the public side to create a nearly 50-50 public-private split in Dallas, to an 85 percent public-funded stadium in Indianapolis. While there is little consistency in how other states have financed stadiums in the past five years, these examples provide a few ideas.

Here is a sampling of the rest:

Stadium/Team	Year Opened	Total Project Cost	Private Funding ⁽¹⁾		Public Funding		
			Total Private	% of Total	Total Public	% of Total	Primary Sources
New Cowboys Stadium Dallas Cowboys	2009	\$932.0	\$487.0	52%	\$445.0 ⁽²⁾	48%	<ul style="list-style-type: none"> • 0.5% City sales tax increase • 2.0% City hotel tax increase • 5.0% City car rental tax increase • 10% admissions tax • 3% parking tax • \$25 million County contribution
Lucas Oil Stadium Indianapolis Colts	2008	\$675.0	\$100.0	15%	\$575.0	85%	<ul style="list-style-type: none"> • 3% Marion County hotel tax increase • 2% County car rental tax increase • 1% County restaurant tax increase • 1% County admissions tax increase • 1% increases in restaurant taxes in 6 other surrounding counties • Sales of Colts license plates
University of Phoenix Stadium Arizona Cardinals	2006	\$471.4	\$150.4 ⁽³⁾	32%	\$321.0	68%	<ul style="list-style-type: none"> • 3.25% car rental tax • 1.0% hotel tax • State sales tax recapture • Rebate of NFL-related income taxes
Lincoln Financial Field Philadelphia Eagles	2003	\$518.0	\$330.0	64%	\$188.0 ⁽⁴⁾	36%	<ul style="list-style-type: none"> • State grant • City land acquisition
Soldier Field (renovation) Chicago Bears	2003	\$587.0	\$200.0	34%	\$387.0	66%	<ul style="list-style-type: none"> • Allocation of existing city hotel/motel tax revenue

(1) Private funding includes team contributions, NFL G-3 loans, proceeds of seat license sales and other private investment, including pledged revenue, as detailed in the footnotes.

(2) The City of Arlington's contribution was capped at \$325 million. \$20 million of this total will be repaid through Cowboys' rent payments, effectively reducing the City's contribution to \$305 million. The public funding total also includes a \$25 million County contribution and \$115 million from a 10% admission tax and 3% parking tax. In determining the public/private funding split, the admissions and parking tax were considered to be a part of the Cowboys' contribution toward stadium funding. However, because they are taxes, for purposes of this analysis they have been considered to be public funding sources. If these taxes were assumed to be private contributions, the result would be 65% private funding and 35% public funding.

(3) Includes \$5.0 million from the Fiesta Bowl.

(4) The Eagles receive a stadium operating subsidy, which is not included in the public funding contribution.

Note: All dollar figures are in millions.

Stadium/Team	Year Opened	Total Project Cost	Private Funding		Public Funding		
			Total Private	% of Total	Total Public	% of Total	Primary Sources
Lambeau Field (renovation) Green Bay Packers	2003	\$295.2	\$126.1 ⁽⁵⁾	43%	\$169.1	57%	<ul style="list-style-type: none"> • 0.5% County sales tax increase • State infrastructure contribution
Gillette Stadium New England Patriots	2002	\$412.0	\$340.0	83%	\$72.0	17%	<ul style="list-style-type: none"> • State infrastructure contribution
Ford Field Detroit Lions	2002	\$440.0	\$330.0	75%	\$110.0	25%	<ul style="list-style-type: none"> • Downtown Development Authority contribution • County contribution
Reliant Stadium Houston Texans	2002	\$474.0	\$185.0 ⁽⁶⁾	39%	\$289.0	61%	<ul style="list-style-type: none"> • 2% increase in County hotel/motel tax • 5% increase in County auto rental tax • 10% parking tax • \$1.00 per ticket surcharge • Sales tax rebate on in-stadium spending
Qwest Field Seattle Seahawks	2002	\$461.3	\$161.0	35%	\$300.3	65%	<ul style="list-style-type: none"> • State lottery proceeds • Allocation of County sales taxes generated by stadium • Allocation of existing County hotel/motel tax revenue • 10% admissions tax • Parking tax
Heinz Field Pittsburgh Steelers	2001	\$280.8	\$109.2	39%	\$171.6	61%	<ul style="list-style-type: none"> • Regional Asset tax • Hotel/motel tax • State and federal infrastructure funding • State grant • Ticket surcharges
Invesco Field at Mile High Denver Broncos	2001	\$400.8	\$111.8	28%	\$289.0	72%	<ul style="list-style-type: none"> • 0.1% multi-county sales tax increase • Interest earnings • Public naming rights revenue

(5) Includes proceeds from a sale of Packers stock.

(6) Includes estimated value of rent payments made by the Houston Livestock Show and Rodeo that are allocated toward stadium funding.

Note: All dollar figures are in millions.

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The cost of NFL stadiums has led to a wider range of funding methods and different levels of partnership between the public and private interests around the country. Stadiums are never the top priority for the public, but they and the teams that play in them are an important part of our community life. In the case of the Metrodome, we Minnesotans have been lucky. In use more than 300 days in a normal year, the Metrodome hosts professional and major college events less than a third of that total. The rest of the events represent activities in which all Minnesotans participate.

Perhaps it's fortunate that we're not the only state facing these challenges.

How have other communities financed their sports stadiums? Ten stadiums have been built as homes to NFL teams in the past five years. Of those, **the new stadiums currently being built to host the Dallas Cowboys and Indianapolis Colts will feature retractable roofs** comparable to the kind of facility and cost expected to meet the needs of the Vikings and the state.

The proposed financing for the **new Cowboys' stadium**, scheduled to open in 2009, is:

- Total Project Cost: \$932 million
- Private Funding: \$487 million (52%)
 - NFL G-3 loans
 - Proceeds from seat license sales
 - Private investment, pledged revenue, other
- Public Funding: \$445 million (48%)
 - 0.5% city sales tax increase
 - 2.0% city hotel tax increase
 - 10% admissions tax
 - 3% parking tax
 - \$25 million contribution from the county

The proposed financing for **Indianapolis' Lucas Oil Stadium**, scheduled in 2008, is:

- Total Project Cost: \$675 million
- Private Funding: \$100 million (15%)
- Public Funding: \$575 million (85%)
 - 3% county hotel tax increase
 - 2% county car rental tax increase
 - 1% county restaurant tax increase
 - 1% county admissions tax increase
 - 1% restaurant tax increases in six surrounding counties
 - Sales of Colts license plates