premium. DOR has expressed a concern that, as drafted, ticket sales could be structured so that a nominal portion was the taxable admission and the balance was the exempt "right to purchase" fee.

Income Tax Exemptions. The bills would specify that income of the District would be excluded from taxation under the state corporate income and franchise tax. This provision would afford the football stadium district with the same tax-exempt status provided to other local governmental units, including a local professional baseball park district and local exposition districts. Under current law, the Packers' organization is exempt from the state corporate income and franchise tax, but is subject to the federal corporate income tax. Wisconsin law provides a broader exemption for nonprofit entities than federal law, which applies primarily to religious, charitable, educational or scientific organizations.

The bills would also provide exemptions from the state individual income tax and corporate income tax for any interest earned on bonds issued by a local professional football stadium district. These exemptions currently apply to interest income on bonds issued by a local professional baseball park district and local exposition center districts.

These exemptions would first apply to tax years beginning on January 1, 2000.

Property Tax Exemption. The professional football stadium facilities would be exempt from property taxes under the current law property tax exemption for sports and entertainment facilities. This exemption applies to property consisting of or contained in a sports and entertainment home stadium, including parking lots, garages, restaurants, parks, concession facilities, entertainment facilities, transportation facilities and other functionally-related or auxiliary facilities.

Legislative Audit Bureau

Under the bills, the District would be included under the Legislative Audit Bureau's scope of authority. The Legislative Audit Bureau would be required to submit a report to the Co-chairpersons of the Joint Committee on Finance on the financial status of the District. The bills would require that the report be completed as promptly as possible following the end of each state fiscal biennium in which District bonds or notes remain outstanding that are subject to a state moral obligation pledge.

Other Provisions

District Bonds as Investments. State law limits the types of investments that may be made by certain governmental bodies and financial institutions. The bills would authorize the following persons or governmental units or funds to invest in bonds issued by a District: (a) the Board of Commissioners of Public Lands; (b) the State of Wisconsin Investment Board; (c) any county, city, village, town, school district, drainage district or technical college district and governing boards of other governmental entities; and (d) a bank, trust company, savings bank or institution, savings and loan association, credit union or investment company or a personal representative, guardian, trustee or other fiduciary.

Investment of District Funds. The bills would provide that the District could invest its monies in the local government investment pool that is managed by the State of Wisconsin Investment Board. The bills would specify that current law governing authorized investments by governmental units would not apply to the District. Instead, the bills would allow the District to invest funds in any investment that the District board considers appropriate.

SECTION 2

Proposed Lambeau Field Redevelopment Project

This section of the paper describes the proposed Lambeau Field redevelopment project and the various sources of funding for the project. In addition, information on the District finances and the financial impact that the project would have on the Green Bay Packers is provided.

Lambeau Field Redevelopment Proposal

The proposed redevelopment of Lambeau Field would increase seating capacity, widen the existing public concourse around the stadium bowl, add a second level public concourse and expand and improve restroom facilities, concession outlets and the general infrastructure associated with the stadium facility. The project would include the renovation and expansion of the number of indoor and outdoor club seats, the renovation and expansion of the private suites and the development of a stadium club reception area. The redeveloped stadium would also include additional merchandising space, including the team's NFL apparel store, the proposed relocation of the Packer Hall of Fame and an open, five-story atrium concourse. The Packers indicate that they would like to have the proposed development completed before the 2003 National Football League season. The following table provides a comparison of various components of the existing and redeveloped stadium facilities.

Replace the existing benches with seats ?

Various Facility Components
(Existing Versus Redevelopment)

Facility Component	Existing	Redevelopment
Total Seating Capacity	60,890	71,000
General Admission Seats	56,112	62,000
Suites	198	167
Club Seats	1,920	6,260
Concession Outlets	186	324
Parking Stalls	5,525	4,900

The redevelopment project involves an extensive renovation and expansion of the stadium facilities. The redeveloped stadium facility would contain 1,695,500 square feet, compared to the existing stadium facility, which contains 810,430 square feet. The following tables provide a breakdown of the square footage associated with the existing and redeveloped stadium facilities.

Comparison of Stadium Facilities
Existing Versus Redevelopment
(Square Feet)

Facility Component	Existing	Redevelopment
Stadium Bowl	229,710	301,300
Stadium Concourse, Ramps, Concessions, Rest Rooms	248,970	903,400
Stadium Suites	145,200	152,200
Team Administration/Team Facilities	117,000	127,800
Other Facility Administration	9,800	36,700
Atrium Concourse and Hall of Fame	0	51,800
Stadium Club	16,800	74,600
Press/Media, Concession Outlets	35,750	35,900
Visiting Team Facilities	7,200	11,800
Total	810,430	1,695,500

Most of the 885,070 additional square footage is associated with the widening of the existing concourse area and the addition of a second level concourse area around the entire stadium. The additional concourse also allows for additional concession areas, rest rooms and access space (stairs, ramps, elevators and escalators). Many of the changes are designed to address public safety and access concerns with the existing facility.

The proposed redevelopment project includes a heated, five-story addition to the east side of the stadium that would be designed to provide for year-round activities. This portion of the facility would account for 336,500 square feet in the redeveloped facility. Most of the existing corporate and administrative offices on the north end of the stadium would be demolished and these offices would be moved into this addition. The east side structure would also include two main entrances to the stadium, a five-story atrium concourse, the Packer Hall of Fame, a portion of the team's NFL apparel shop, the stadium club and some team facilities. The stadium club would be a large reception area with food and beverage service, which could potentially host non-game day meetings or events. The following table provides a breakdown of the proposed addition to the east side of the stadium.

East Side Addition

Facility Component	Square Footage
Concourse, Ramps, Concessions, Rest Rooms	125,120
Stadium Club	74,600
Team Administration	50,800
Atrium Concourse	26,800
Team and Building Storage and Maintenance	25,980
Packer Hall of Fame	25,000
Team NFL Apparel Store	8,200
Total	336,500

The Lambeau Field redevelopment proposal advanced by the Green Bay Packers indicates that the project would cost $295 million. The public funding for the construction costs associated with redevelopment project would be $160 million funded from the District sales and use tax revenues and $9.1 million from the state transportation fund for transportation-related infrastructure. The private funding for the project would be $92.5 million associated with a one-time user fee on season ticket holders, $20.4 million in proceeds from the Packers' stock sale and $13 million from an NFL construction loan. The following table lists the proposed funding sources and percentage of project costs funded by each source.

Are we rebuilding City & Town Streets? - G.St to City?

See Page 29

Lambeau Field Redevelopment
Sources of Funding

Source of Funds	Amount	Percent of Total
District Funds	$160,000,000	54.2%
State Infrastructure Funds	9,100,000	3.1
Packers - Facility User Fees	92,500,000	31.4
Packers - Stock Proceeds	20,400,000	6.9
Packers - NFL Loan	13,000,000	4.4
Total Sources of Funds	$295,000,000	100.0%

In total, the Packers intend to collect $116.0 million from the season ticketholder user fee. Of that amount, $92.5 million would be used as shown in the above table and the remaining $23.5 million would be available to cover any cost overruns associated with the redevelopment project. The Packers indicate that the one-time user fee for fans who hold the season tickets for the seven NFL games under the team's Green Bay Package would be $1,400 per seat. The one-time user fee would be $600 per seat for those fans who hold season tickets for the three NFL games under the team's Milwaukee Package. If these fee revenues are used in the construction or redevelopment of a stadium facility, the revenues are not shared with other NFL franchises. The NFL loan would be repaid to the NFL through revenues that would otherwise be considered the League's share of the club seat premium under the League's revenue sharing policies (see Attachment 2 for additional information on the NFL's revenue sharing policies).

The proposed use of the funds for the redevelopment project would be as follows:

Lambeau Field Redevelopment Project
Use of Funds

Project Category	Amount
Site Parking and Infrastructure	$9,100,000
Demolition to Create New Seating and Concourses	2,600,000
Bowl Seating	25,000,000 ?
Concourses, Concession Areas and Building Enclosure	76,500,000
Suites, Club Lounges and Circulation	76,650,000
Hall of Fame	5,650,000
Atrium Concourse	5,000,000
Ramps	9,000,000
Restrooms	11,000,000
Elevators and Escalators	6,750,000
Mechanical, Electrical and Plumbing Systems	67,750,000
Project Total	$295,000,000

The figures in the above table include $20 million in project contingency funds and $4.5 million in financing costs, such as bond issuance, underwriting, insurance and legal services costs. The project contingency funds, which equal 7.3% of the other project costs, are generally available to provide a contract bidding contingency and to cover unforeseen project revisions required during construction. The level of contingency funding included in the Lambeau Field redevelopment is typical for large-scale projects and is consistent with the percentage of contingency funding included in state building projects. The contingency funds and financing costs are prorated across all the project categories listed in the above table, except the $9.1 million in transportation infrastructure funding.

Stadium District Finances

Under the bills, the District would be given the authority for the following: (a) issuing revenue bonds associated with the project and paying the annual debt service associated with those bonds; (b) expending funds for the annual operation and maintenance of the proposed stadium facilities, including the east side addition; (c) expending funds on the annual administrative costs of the District's operations; (d) depositing annual sales and use tax revenues that are in excess of annual debt service and operating expenses into reserve funds for maintenance, depreciation and capital improvements; (e) when the other reserve accounts are adequately funded to meet District obligations, to retire any outstanding District bonds prior to maturity; and (f) assessing ticket or other fees associated with the admission to events at stadium facilities.

Revenue Bond Issues and Annual Debt Service. Under the Packers' proposal, the District would be responsible for issuing $160 million in revenue bonds with a final maturity in 30 years and for paying the annual debt service amounts on those bonds. Bear Stearns, the Packers' financial consultant, indicates that the estimated financing rate on the bonds would be approximately 6.2%. Bear Stearns indicates that the amortization of the $160 million in debt would be structured so that the District would make smaller debt service payments during the early years of the amortization schedule, with increasing payments in each successive year. This is done to increase the level of debt service coverage in the early years of the project. Therefore, during the construction phase of the project and during the first year of occupancy in the redeveloped stadium, the consultants assume that the District would make interest-only payments of approximately $9.7 million each year. Under the projected amortization schedule, the annual debt service would rise to $19.2 million by the 30th year, if the bonds remain outstanding until final maturity. Over the 30-year period, if the bonds remain outstanding until final maturity, the principal and interest costs on the $160 million in revenue bonds could total $395.2 million ($160 million in principal and $235.2 million in interest). However, early principal repayment could significantly reduce the interest paid on the bonds.

Operation and Maintenance of Stadium Facilities. Under the Packers' proposal, the District would also be responsible for operating and managing the stadium facility. The Packers indicate that the District may contract with local governments for the provision of some of these services. The following table indicates the projected first-year facility maintenance costs for the various components of the stadium facilities. These figures were prepared for the Packers by the Hammes Company, the project manager for the Lambeau Field redevelopment project.

Projected Allocation of District Maintenance Expenses
(Redeveloped Facility, 2003)

Component	First-Year Cost
Site and Parking	$250,170
Concourses, Concessions and Building Enclosure	1,757,150
Stadium Bowl	1,094,850
Stadium Field	812,400
Atrium Concourse	116,430
Total District Maintenance Expenses	$4,031,000

The project proposal identifies four separate categories of facility maintenance expenses associated with the redeveloped stadium facilities:

a. *Security.* Expenses would include security staff salaries and wages, law enforcement, emergency medical service, fire and traffic control.

b. *Facility Maintenance.* Expenses would include facility maintenance staff salaries and wages, janitorial services, supplies, equipment and scoreboard costs, utilities and waste and recycling costs.

c. *Grounds Maintenance.* Expenses would include grounds staff salaries and wages, utility costs associated with the grounds, field surface-related supplies (paint, fertilizer, chemicals and seed), field maintenance costs (irrigation and field equipment) and field heat and snow removal.

d. *General and Administrative.* Expenses would include stadium facility administrative staff salaries and wages, postage, supplies, insurance and accounting, legal and other professional services.

The following table indicates the estimated 2003 maintenance expenses funded from the District sales and use taxes, by category.

Projected District Maintenance Expenses by Facility Category
(Redeveloped Facility, 2003)

Category	First-Year Cost
Security	$741,000
Facility Maintenance	1,749,000
Grounds	564,000
General and Administrative	977,000
Total District Maintenance Expenses	$4,031,000

The project manager for the redevelopment proposal estimates, for planning purposes, that the $4,031,000 in first-year maintenance expenses would increase by 3.0% annually over the life of the stadium facilities. As a result, the maintenance expenses are projected to increase to $9.0 million in the 30th year. Over the 30-year period, these costs could total $173.1 million.

District Administrative Costs. Under the Packers' proposal, the District would also incur expenses associated with operating the District and its office. The project manager estimates that, for planning purposes, the District administrative costs would be $750,000 in 2001 and $500,000 annually thereafter, as follows: $185,000 in payroll costs; $126,300 in purchased services costs; $113,800 in general operating costs; $65,100 in equipment costs; and $9,800 in travel and insurance costs. Over a 30-year period, these administrative costs could total $15.3 million.

Deposits into Reserve Funds and Prepayment of Bonds. Under the bills, the District would be required to deposit the amount of annual sales and use tax revenue in excess of annual debt service, maintenance and District administration costs into a reserve fund(s) for maintenance, depreciation and capital improvements. When the District determines that the reserve funds are adequately funded, any remaining excess annual sales and use tax revenue would be applied to the early retirement of bonds. The Packers indicate that the only reserve that would use annual, excess sales and use tax revenues would be one established to provide funds for facility maintenance and District operation expenses in years after the sales and use taxes are ended. The Packers indicate that no District sales and use tax revenues would be used to fund depreciation and capital improvements, but rather that any capital improvements to the stadium facility would be funded from other sources, including other fees or charges assessed by the District for game day and other events at the stadium facility.

Funds Available for Prepayment of Bonds. When the District determines that the reserve funds are adequately funded, any remaining excess annual sales and use tax revenue would be applied to the early retirement of bonds. The Packers indicate that it is their intent that the District sales and use tax funds would be used to fund a maintenance reserve fund to cover the projected maintenance costs associated with facility over 30 years. When the maintenance reserve is adequately funded, the Packers indicate that the District would begin to prepay the principal on outstanding bonds.

Other District Fees and Charges. The District would have the authority to assess fees or charges for admission to stadium facilities and use the revenues for stadium facility purposes. While it is not currently known the type or amount of such fees, the Packers indicate that the District may assess a per ticket fee or other charge associated with events at the stadium facilities. They indicate that any revenue from these fees that is not needed in the current year could be deposited to a capital improvement fund for the stadium facility. In addition, the Packers indicate that these revenues could be used to fund any ongoing maintenance costs associated with the stadium facility that are not proposed to be covered by the sales and use tax revenues or by the Packers.

The Packers indicate that any revenues associated with any non-game day event held at the stadium facility or the rental of the stadium club reception facility would be used to cover the costs of such events.

Financial Impact on the Green Bay Packers

Background. The Packers indicate that the proposed redevelopment project is needed to provide the team with increased, annual revenues in order for the team to remain competitive with other teams in the League and remain a viable business in the League's smallest market. Currently, there are 31 teams actively competing in the National Football League. For the fiscal year that ended in March, 1999, the Packers indicate that they ranked 15th in the League in revenues, down from the 9th position in the prior year. The Packers have projected that, if they remain in the existing stadium facility, the team will be last in revenues by the 2003 season.

The Green Bay Packers' 1999 annual report (through the 1998 NFL season) indicates that the Packers had $52.4 million in reserve funds. Approximately $20.6 million of these reserves are the proceeds associated with the Packers' stock sale and are restricted by the NFL to the construction or improvement of stadium facilities. The remaining $31.8 million in reserves are associated with the annual accumulation of net operating revenues and the one-time NFL franchise fee payments the team has received due to the expansion of the number of franchises in the League. These reserves are unrestricted; however, the annual report indicates that these reserves will decrease as a result of the NFL trend toward signing bonuses and the escalating costs of such bonuses (see Attachment 3 for information on the NFL's salary cap). The annual report indicates that these signing bonuses are paid in the front end of player contracts, which results in an immediate decrease in the amount of cash reserves. As a result, the annual report indicates that the team must seek additional sources of revenue in order to remain competitive.

One of the primary factors as to why the Packers project that their rank in revenues compared to other teams will erode is because of the large number of new or renovated stadiums in the NFL that are able to generate substantial new, non-shared, stadium-related revenue for the teams that play in them. As a result, the ability of the current Lambeau Field to generate these types of revenue falls in rank as each new stadium facility opens. Since 1990, nine NFL franchises have constructed new stadiums and several others have renovated their stadiums. Seven other NFL franchises, including the new Houston franchise, are in the process of constructing new stadiums that are projected to be completed by the 2002 NFL season. Still other franchises are negotiating with the NFL, state and local governments or the stadium lessor for new and improved stadiums. Attachment 1 provides additional information on recent and proposed stadium projects.

A significant factor in the recent trend of new NFL stadiums is the fact that most non-ticket stadium revenues are not shared with other teams in the League (see Attachment 2 for information on the NFL's revenue sharing policies). These new stadiums are being constructed with a greater number of private boxes, stadium clubs containing restaurants and pubs, and with the ability to hold non-football related events, such as concerts, conventions or other meetings. All of the revenues from any of these added stadium components or events are retained by the team.

In addition, many of the new stadium facilities are or will be owned or managed by a local unit of government or by a quasi-governmental stadium or sports authority on behalf of the local unit of government, similar to the proposed Professional Football Stadium District under the bills. A wide range of terms exists regarding stadium leases with NFL teams, some of which include public subsidies associated with the operation of the stadium facilities. These operating subsidies, by covering costs that otherwise would have to be funded by the team, further increase the level of net, non-shared revenue to these teams.

While the existing stadium facility provides less operating revenues than newer stadiums, the Packers do not have any debts associated with the acquisition of their NFL franchise. Some of the League's franchises have been owned for a long time by one owner or a group of owners, while other franchise owners have recently paid large sums of money for their franchises. For example, the owner of the new Houston franchise reportedly paid over $700 million for the franchise. To the extent that recent franchise owners have to service any debt associated with the purchase of their franchise from the franchise's operating revenues, such owners would have to generate more revenues than the Packers or other long-held franchises to be on the same competitive basis. However, these owners are also likely to have personal resources outside of their football operations that may be used to enhance their teams' financial ability to compete.

Existing Stadium Revenues. During the 1998 season (fiscal year ending March, 1999), the Packers had operating revenues of $102.70 million and operating expenses of $95.71 million, for a total net operating income (before taxes, investment income, one-time franchise payments and interest expenses) of $6.99 million. If the existing stadium is retained, the Packers project that, for the 2004 season, annual operating revenues will increase to $143.95 million (a 40.2% increase over the 1998 season) while operating expenses will increase to $150.71 million (a 57.5% increase over the 1998 season). These figures would result in an estimated net loss from operations of $6.76 million. The primary factor for the increase in revenues would be a projected 40.4% increase in national television revenues, while the primary factor in the increase in operating costs would be a projected 65.6% increase in player costs. The Packers indicate that the player costs used in this projection are intended to reflect where the players' salary and signing bonus market would be through the 2004 NFL season.

Redeveloped Stadium Revenues. During the 2004 season, the second season in the redeveloped stadium, the Packers estimate that operating revenues would increase to $165.17 million, which would be $21.22 million (14.7%) over the estimated revenues for the existing stadium for the same season. The estimated operating expenses for the 2004 season in the redeveloped stadium would be $143.00 million, which would be $7.71 million less (-5.1%) than the estimated 2004 operating expenses with the existing stadium.

The primary sources for the estimated increase in revenues are the revenues that would be generated from the increased number and price of club seats and the increased price of luxury boxes ($8.8 million), the additional concession and retail space in the stadium and proposed atrium concourse ($4.5 million) and the increased number of general admission seats ($3.5 million). The decrease in annual operating costs results from a projected reduction in the team's occupancy costs associated with the stadium facility, which reflects the proposed funding of operating and maintenance costs by the District sales and use taxes and any admission fees or charges imposed by the District. The projected changes in revenues and expenditures under the redeveloped stadium would result in projected, net operating income of $22.17 million during the 2004 season, which would be $28.93 million higher than the projected net operating income for the same season with the existing stadium facilities.

Comparison of Packers' Net Operating Income
Under the Existing and Redeveloped Stadium Facilities
(In Millions)

	Existing Stadium (2004)	Redeveloped Stadium (2004)	Change	Percent Change
Operating Revenues	$143.95	$165.17	$21.22	14.7%
Operating Expenses	-150.71	-143.00	7.71	- 5.1
Net Operating Income (Loss)	-$6.76	$22.17	$28.93	N.A.

The additional net operating income associated with the redeveloped facilities would provide the Packers with flexibility to fund increases in annual operating expenses without using their reserves, which they indicate would be likely without the redevelopment project. The additional net income would provide the Packers with the option to increase player salaries and signing bonuses, if the player market requires such spending, and such spending is permitted by the League salary cap requirements. The Packers would also have the option of increasing spending on other team-related operating expenses not related to player costs, such as the purchase of equipment, the improvement of practice and training facilities and the salaries of coaches and administrative personnel. The Packers could also use these additional funds to replenish and maintain their reserves. While these reserves would then be available to meet future, unexpected player and team-related operating cost increases, the Packers would have to pay federal taxes on the additional net operating income if it is not used for current-year expenditures.

SECTION 3

Fiscal Effects of the Bills

This section provides information on the state and local fiscal effects associated with the bills. The bills could result in a fiscal effect to the state in the following ways: (a) the potential cost of meeting the state's moral obligation on bonds issued by the District; (b) stadium-related infrastructure costs that could be borne by the state; (c) lower state sales and income tax revenues than would otherwise accrue to the state due to the state sales and income tax exemptions provided under the bills; (d) increased DOR administrative costs associated with administering the District sales and use taxes; (e) increased costs to DOA associated with the possible provision of financial consulting services that its Capital Finance Office, as staff to the Building Commission, may perform for the District; and (f) increased costs to the Legislative Audit Bureau associated with the increase in the scope of its audit authority and the additional audit that may be required under the bills.

At the local level, the primary fiscal effect would be associated with the District sales and use taxes. The District, as a unit of local government, would incur debt service and other expenditures under the bills. Brown County, the City of Green Bay and other municipalities located within the District could also incur costs under the bills. Further, the City of Green Bay's revenues could be impacted if the bills result in changes being made to its current stadium lease arrangement with the Green Bay Packers.

State Fiscal Effect

Moral Obligation Pledge. Like other revenue bonds, moral obligation revenue bonds are secured by revenues generated by the enterprise or facility being financed or a dedicated stream of tax or other revenues. In addition, these bonds are secured by a pledge to commit funds from tax sources, subject to the legislative appropriation process, if project or dedicated revenues are insufficient to meet principal and interest payments. Because of this pledge, moral obligation revenue bonds may have interest costs that are lower than other revenue bonds, but higher than general obligation bonds.

The Packers have indicated that the District's share of the stadium facility redevelopment costs would be $160 million, which would be funded from bonds issued by the District. The annual debt service on these bonds would be the first draw on the District sales and use tax revenues. Bear Stearns, the financial consultant to the Packers on the redevelopment project, indicates that the amortization of the $160 million in debt would be structured so that the District would make smaller debt service payments during the early years of the amortization schedule, with increasing payments in each successive year. This would increase the level of debt service coverage in the early years of the project. Under the projected amortization schedule, the annual debt service would rise to $19.2 million by the 30th year, if the bonds remain outstanding until final maturity.

Revenues for the District would be derived from District-wide sales and use taxes, which could be imposed at a rate up to, but no more than, 0.5%. It is estimated that in 2001, 0.5% sales and use taxes in Brown County would generate $16.4 million, net of DOR administrative costs. Further, it is estimated that, while there will be year-to-year variations, on average this amount will grow by 6% annually, which equals the most recent 20-year, average, annual percentage growth in the statewide sales tax base.

One measure used in the bond market to indicate the security of a revenue obligation or bond, which can impact the marketability of a bond, is the debt service coverage ratio. The calculation of a debt service coverage ratio would specify that the annual revenues from a tax or fee supporting the bond must cover future maximum annual debt service by a set percentage at the time of the bond issue. That is, if the maximum projected annual debt service associated with outstanding bonds is $5.0 million, a coverage ratio of 1.5 times would require current tax and fee revenues of $7.5 million. Standard and Poors, a bond rating agency, indicates that most coverage ratios are in the 1.25 to 1.5 range, but can reach three times annual debt service for less stable revenue sources. However, they indicate that obligations backed by broad-based sales taxes tend to require lower coverage ratios.

The debt service coverage ratio may also provide an indication as to whether or not the state's moral obligation pledge would be needed as additional security for the bonds. Using a stringent debt service coverage ratio test, which would assume little or no growth in annual sales and use tax revenues, Bear Stearns indicates that the state's moral obligation pledge would likely be needed to attain an "A" rating from the rating agencies.

The debt service coverage ratio may also provide an indication as to whether or not the state may have to appropriate any funds in the future due to the pledge. Using estimated sales and use tax revenues of $16.4 million in 2001 and projected debt service costs associated with the District, the debt service coverage ratio would be over 1.6 times the annual debt service costs in the first year. Based on a 6% average, annual projected growth in sales and use tax revenue, the ratio would grow to over four times annual debt service in the later years. Therefore, it appears unlikely that the state would incur any future obligations associated with the pledge on $160 million in District bonds, provided that the sales and use tax rate is set at 0.5%. Further, the bills require that as part of the state's moral obligation pledge as security for District bonds, the DOA Secretary must consider whether an understanding exists with the District that provides that the state would be repaid if any funds were ever appropriated under the pledge.

Transportation Infrastructure. The bills would create a continuing appropriation from the transportation fund for the purpose of making aid payments for transportation-related infrastructure. Since no funding for stadium district aid payments is appropriated under the bills, a separate legislative action to appropriate funding would have to occur before an aid payment could be made.

The Lambeau Field redevelopment proposal does not indicate when the transportation infrastructure funding would be needed. However, the project manager indicates that it is likely that the funding would not be needed until the last six months of project construction. Under the proposed construction schedule, this would be in late 2002 or early 2003, which would be in the 2002-03 fiscal year. It is anticipated that the funding would be used in the following manner:

Transportation Infrastructure

Project Activity	Amount
Site Acquisition and Improvements	
Demolition and Remediation	$75,000
Site Utilities and Improvements	4,822,000
Transportation Sitework	3,003,150
Fixtures and Equipment	
Graphics and Signage	300,000
Parking Equipment	260,000
Waste Handling Equipment	25,000
Development Costs	
Geotechnical and Soil Analysis	61,850
Testing and Inspection	160,000
Taxes, Insurance and Bonding	293,000
Permits and Regulatory Costs	100,000
Total	$9,100,000

Sales Tax Exemptions. The bills would create sales tax exemptions for: (a) parking at the stadium at any time; (b) parking space provided on Packers' game days pursuant to a contract between a municipality or the District and the owner of the property on which the parking is provided; and (c) license fees or other rights to purchase admission to events at the stadium. These provisions would take effect on the first day of the second month beginning after publication of the act.

The exemption for parking at the stadium is estimated to result in a reduction in state sales tax revenue of approximately $50,000 in 2000-01 and in each year of the 2001-03 biennium. Based on anticipated reduced parking capacity and on a planned increase in parking fees from $15 to $25, the cost of the exemption is estimated at $70,000 annually, beginning in 2003-04, when the parking changes are expected to be fully implemented.

At this time, the fiscal effect of the second parking exemption (for parking provided on Packers' game days pursuant to a contract between a municipality or the District and the owner of the property) is unknown. However, if parking was provided under such a contract, additional revenue losses would occur.

Based on the Packers' proposal, it is estimated that the sales tax exemption for ticket license fees would result in foregone tax revenues of $5.8 million on a one-time basis. According to the Packers, the payments will be made over a three-year period from 2001 through 2003. An estimated $1.0 million of the foregone revenues would occur in 2000-01, while the remaining $4.8 million of the foregone revenues would occur in the 2001-03 biennium. The Packers indicate that the fee would not be imposed on future ticket purchases by individuals who are now on the waiting list. The estimates provided assume that the sales tax exemption for a license or right to admission would only apply to the one-time user fees.

Income Tax Exemption for District Bond Interest. Under current law, the interest received by state taxpayers from most bonds issued by local governments is taxable at the state level, and federally tax-exempt. Currently, the only bonds issued by local governments that are state tax-exempt are: (a) public housing authority or community development authority bonds issued by Wisconsin municipalities; (b) Wisconsin municipal redevelopment authority bonds; (c) local exposition district bonds; and (d) local professional baseball park district bonds.

Wouldn't these investors be mostly in the [illegible] class - that would not pay state tax

Under the bills, the interest paid on the District's bonds would be exempt from the state's individual income tax. DOR's fiscal note states that if all bonds were issued and held by Wisconsin residents, the income tax exemption would reduce revenues by approximately $650,000 in the first year (2001-02). However, it is believed that the Wisconsin investment market does not have the capacity to absorb the full amount of the bond issue. Based on information on the estimated amount of bonds issued by the Wisconsin Center District and the Southeast Wisconsin Professional Baseball Park District that were sold to Wisconsin residents, it is projected that $20 million of the Football Stadium District's bonds would be purchased by Wisconsin investors if a single $160 million bond issue were sold. It should be noted that this amount could vary significantly depending on how the bond issue is structured.

If it is assumed that most of the Wisconsin investors would be in the top two marginal income tax brackets (6.50% and 6.75% for 2001 and thereafter) and that the bonds would pay an interest rate of 6.2%, the estimated fiscal effect would be a revenue reduction of $80,000 annually in fiscal years 2001-02 through 2003-04. In later years, as some of the debt is retired, the loss of general fund revenues would decline. There would be no fiscal impact in the 1999-01 biennium since interest on the bonds would not be paid until 2001 at the earliest. Bonds purchased by out-of-state investors would have no effect on state income tax revenues.

Department of Revenue Administration. The bills would require DOR to administer the sales and use taxes on behalf of the District and would give the Department the powers necessary to levy, enforce and collect the taxes. DOR would be allowed to retain 1.5% of the sales and use tax revenues for costs associated with the administration of the taxes. All monies retained by DOR would be deposited to a new, sum certain DOR program revenue appropriation for administration of the taxes.

Based on the projected revenues from the District sales and use taxes, it is estimated that DOR would retain approximately $250,000 during the first full year they are collected. The Department indicates in its fiscal estimate that it would need $325,400 in one-time development costs and $201,400 and 2.5 positions in ongoing costs to administer the taxes. Since the bills would not appropriate any funds for these purposes, a separate action to appropriate funding would have to occur before DOR could spend these receipts. If the taxes are imposed, the Department could submit a request for the program revenue funding and positions to the Joint Committee on Finance.

Department of Administration. If the state moral obligation pledge is used for District-issued revenue bonds, the DOA Secretary would be required to make a determination on the feasibility of the projects to be funded with the bonds and the likelihood of repayment of the bonds without using the special debt service reserve funds. DOA's fiscal estimates to the bills assume that the state moral obligation pledge would be used. DOA does not indicate any costs associated with the DOA Secretary's required role related to the moral obligation pledge.

Building Commission. The Building Commission would be authorized to serve as a financial consultant to assist and coordinate in the issuance of the District's bonds. It is likely that DOA's Capital Finance Office, which provides financial consulting assistance to the Commission, would provide these services. The Building Commission would be allowed to receive monies from the District to pay for any financial consulting services provided to the District. The bills would create a program revenue appropriation to which all monies received by the Building Commission from the District for financial consulting services would be deposited for the purpose of paying for those services.

DOA's fiscal note indicates that the specific costs associated with the Building Commission's role are not known because the District could choose another organization to provide the financial consulting services. DOA's Division of Facilities Development, which staffs the Building Commission, indicates that any costs associated with the Building Commission's role would be minimal.

Legislative Audit Bureau. Under the bills, the District would be included under the Legislative Audit Bureau's scope of authority. The Legislative Audit Bureau would be required to submit a report to the Co-chairpersons of the Joint Committee on Finance on the financial status of the District if the District issues bonds backed by a state moral obligation pledge. The Legislative Audit Bureau indicates that the audit and reporting activities could be accommodated within its current operations.

Local Fiscal Implications

District Sales and Use Taxes. Under the bills, the District could impose sales and use taxes of up to, but no more than, 0.5% on the goods and services currently subject to the statewide sales and use taxes. The Lambeau Field redevelopment proposal forwarded by the Packers assumes that the District would impose 0.5% sales and use taxes. These taxes, if effective for all of calendar year 2001, would generate an estimated $16.7 million, with $16.4 million available to the District after DOR's 1.5% skim for administration, with 6% average, annual growth in the future.

The Packers indicate that their intention is that the District sales and use tax revenues, net of DOR's 1.5% administrative costs, would be used to fund only the following: (a) the annual debt service on $160 million in revenue bonds; (b) facility maintenance and operating expenses, which are estimated at $4,031,000 in the first year, with 3% annual growth; and (c) the projected District administrative expenses of $750,000 in the first year and $500,000 annually thereafter. The bills, as drafted, would allow the use of these revenues for depreciation and capital improvement reserves, but the Packers indicate that this authority would not be used.

Based on these revenue and expense assumptions, the District would generate annual revenues in excess of annual expenditures. The Packers indicate that these annual excess revenues would first be placed in a reserve fund for facility maintenance and operating expenses and District administration. When this reserve fund is adequately funded to meet the District's 30-year maintenance and operating obligations, including District administration, the District would begin to prepay the outstanding principal on the bonds. Assuming the District would receive 12 months of tax revenues in 2001 and could invest its reserve fund at 6% annually, it is estimated that these reserves would be adequately funded in mid-2010, or between nine and ten years after the taxes were imposed. If the annual excess revenues are then used to prepay the outstanding principal on the bonds, the outstanding bonds could be paid off by 2016, or after an additional six years of District sales and use tax collections.

Based on these assumptions, about $390 million in estimated tax revenues would be needed to meet the District's 30-year maintenance and administration obligations and to retire the District's revenue bonds by 2016. However, if the annual revenues from the sales and use taxes are consistently higher or lower than current projections, the tax revenues needed and the time period necessary to repay these costs would vary from the $390 million estimate. For example, if annual growth in the future was 3%, rather than 6%, an estimated $440 million in taxes would be needed and the bonds would be repaid between 20 and 21 years. The difference reflects more interest paid on the bonds and less interest earned on the maintenance reserve.

Other District Fees or Charges. The District would have the authority to assess fees or charges for admission to stadium facilities and use the revenues for stadium facility purposes. While the type or amount of such fees is not currently known, the Packers indicate that the District may assess a per ticket fee associated with events at the stadium facilities. They indicate that revenue from these fees that is not needed in the current year could be deposited to a capital improvement fund for the stadium facilities. In addition, the Packers indicate that these revenues could be used to fund any ongoing maintenance costs associated with the stadium facility that are not proposed to be covered by the sales and use tax revenues or by the Packers.

City of Green Bay, Brown County and District Municipalities. The City of Green Bay currently receives an annual lease payment for its property related to the existing Lambeau Field of $1.15 million. The City is also required to make payments to a maintenance fund and to fund certain game-related expenses. As a result, the City receives net, annual revenues of approximately $450,000 associated with the lease. While the bills do not indicate whether the City would retain ownership and leasing rights to the stadium, the City has indicated it would like to maintain its current ownership position.

city should not bewlit They should be paying something

This is very good for the city

This has to [illegible]

Brown County and any municipality in the District would have the authority to do the following:

a. Make grants or loans to the District upon terms that the county or municipality considers appropriate;

b. Expend public funds to subsidize the District;

c. Borrow money, by issuing bonds or promissory notes, for football stadium facilities or to fund grants, loans or subsidies to the District; and

d. Lease or transfer property to the District upon terms that the county or municipality considers appropriate.

It is not currently known whether Brown County or any municipality would exercise any of these powers.

Brown County or any municipality in the District would also have authority to assess fees or charges for admission to stadium facilities, with the consent of the District, and use the revenues for stadium facility purposes. The Packers indicate that this provision is included in the bills to allow, if necessary, the City of Green Bay to administer the proposed one-time user fees associated with the redevelopment project. That is, the City could assess and administer the proposed $2,000 per seat user fee and transfer the revenues to the District. The fee revenues could then be used in the construction of the stadium.

The Packers indicate that this method of collecting the user fee would allow all of the fee revenue to be applied to the stadium project. If the Packers collected the fee, the team would have to pay part of the revenue in federal income taxes. This would occur because all of the fee revenue would be included in calculating taxable income in the year when it was received, but only a portion of the team's stadium-related expenditures could be deducted immediately. The remaining project expenditures would be depreciated over time and reduce the team's future federal tax liability. However, the initial increase in federal taxes would reduce the amount of revenue that would be immediately available for the renovation project.

Although the same cash flow advantage would occur if the District collected the user fee, this would jeopardize the ability of the District to issue bonds that are exempt from federal taxation. Federal tax law limits the amount of revenue from private sources that can be received by the entity issuing tax-exempt bonds for a project.

The Packers also indicate that the authority to assess admission fees could be used to allow the county or municipalities to recover any game day expenses that they incur.

SECTION 4

Questions Related to the Bills and Renovation Project

This section of the paper provides answers to a number of questions that have been asked by legislators since the introduction of the bills. Many of these questions are related to the bills. However, others are related to the stadium renovation project in general.

Creation of a District

Who would serve on the Board of a District created in Brown County?

Two members appointed by the Governor and confirmed by the Senate.

Two members appointed by the Mayor of Green Bay and confirmed by the Common Council.

Two members appointed by the Brown County Executive and confirmed by the County Board.

One member appointed by the Village President of Ashwaubenon and confirmed by the Village Board.

Who would appoint the District board chairperson?

The Governor would appoint the board chairperson. The vice-chairperson, secretary and treasurer would be elected by the board.

When would the District be created?

The District would be created upon enactment of the legislation.

Could a District only be established in Brown County?

The bills would not prohibit the creation of a professional football stadium district in other counties in the state. A District would be created in any county that meets the population and professional football league requirements. However, Brown County is the only county in the state that currently meets those requirements.

When could the District begin to take action?

Upon appointment and qualification of four members, the District board could exercise the powers and duties provided the District board. Qualification means that the appointee meets the current law residency, felony conviction and other requirements necessary to be a board member of a local government. An appointee could take his or her seat upon appointment and take action as a board member prior to confirmation by the confirming body. If that person is later rejected by the confirming body, the person would have to relinquish his or her seat.

What is the rationale for creating a separate District?

The Packers indicate that the proposed District would bring important attributes to the financing structure, including: (a) a governance structure in which each of the governmental units (state, county and municipal) has representation; (b) this approach is similar to that used for the Southeast Wisconsin Professional Baseball Park District, the constitutionality of which has been upheld by the State Supreme Court, which should reduce the likelihood of litigation; (c) by creating a District, other local units of government would be shielded from liabilities that could arise out of stadium financing, construction, ownership or operation; and (d) it facilitates structuring financing for the stadium, since sales and use tax revenues would be received by the entity that issues the bonds, while private source revenues, such as user fees or admission fees, could be imposed by other governmental units for purposes of stadium construction without jeopardizing the tax-exempt status of the District bonds. Having a governmental unit impose such a user fee or admission fee, rather than the Packers, would mitigate federal income tax consequences for the Packers that otherwise would reduce the net proceeds available for the stadium project.

Stadium Facilities

Who currently owns Lambeau Field and the related football facilities?

The City of Green Bay owns 47 acres of land and the buildings, parking areas, landscaping, driveways and a portion of the improvements presently constructed on the site, and leases this property to the Green Bay Packers. The lease acknowledges that both the City of Green Bay and the Packers have made improvements to the site. The Packers' improvements include, but are not limited to, stadium skyboxes, stadium seats and the administration and training building that is used as corporate and team headquarters. The Packers' improvements become the property of the City of Green Bay, with the team annually conveying, during the term of the lease, or any extended lease, any ownership interest in their improvements. The amount conveyed each year equals the annual amount the Packers are able to deduct for depreciation under federal corporate income tax laws.

The current Packers' practice facilities are owned by the Packers and are located in the Village of Ashwaubenon.

Who would own Lambeau Field and the related stadium facilities under the bills?

The bills do not specify which entity or governmental unit would own the football stadium facilities during the District's existence. In connection with football stadium facilities, the District would have the authority to acquire, lease (as lessor or lessee), use, transfer or accept transfers of property. If the District is dissolved, the property of the District would be transferred to the political subdivisions (defined as cities, villages, towns or counties) that compose the District's jurisdiction, in such proportions as the DOA Secretary determines fairly and reasonably represent the contributions of each political subdivision to the development or improvement of the football stadium facilities. City should be required to "give" the facility and pay something in addition — fire water + sewer, etc fire Police — No payment in lieu of tax —

Is the cost of the proposed stadium renovation specified in the bills?

No. However, the proposal the Packers have made identifies an estimated cost of $295 million.

Do the bills specify who would be responsible for project cost overruns?

No. However, the Packers indicate that the team would assume the responsibility for any cost overruns, provided that the team has the responsibility for overseeing the project. The Packers indicate that they intend to reserve $23.5 million of the revenues received from the proposed user fee on season ticketholders for this purpose.

Who would be responsible for constructing the stadium?

The bills would provide the District the authority to acquire and construct football stadium facilities, but would require the District to contract with a professional football team, or related party, to acquire and construct football stadium facilities that are part of any facilities leased by the District to the team, or to a related party, without regard to whether the football stadium facilities are financed by the District. A related party would be defined as a corporation or business entity that is owned, controlled or operated by, or under common control with, a professional football team. The requirement to enter into such a contract would not apply if the District board determines that it is not feasible.

The Packers indicate that they intend to have the responsibility for overseeing the reconstruction and renovation of the stadium facilities.

Would stadium facility projects be subject to state prevailing wage statutes?

Public works projects constructed by the District would be subject to prevailing wage requirements. However, the District would have authority to contract with a professional football team, which would then contract for the construction of stadium facility projects. Such projects would not be subject to the prevailing wage requirements.

What type of activities could the District do to improve stadium facilities?

The District would be provided the authority to acquire, construct, equip, improve or repair stadium facilities. Stadium facility property would include spectator seating of all types, practice facilities, parking lots and structures, garages, restaurants, parks, concession facilities, entertainment facilities, facilities for the display or sale of memorabilia, transportation facilities and other functionally-related or auxiliary facilities or structures.

Would the bills require any seats to be set aside for individual game sales?

No. However, the Packers indicate that tickets for 4,000 of the additional seats would be sold on an individual game basis.

What is the relationship of private and public funding for the construction costs of other stadium projects?

The following table indicates the percentage of private and public funds associated with construction costs of recent and proposed stadium projects. Attachment 1 provides additional information about these projects.

Team	Completion Date	Approximate Project Costs (In Millions)	Private/Public Percentage
New England Patriots	2002	$353	80%/20%
Carolina Panthers	1996	240	77%/23%
Washington Redskins	1997	259	73%/27%
Detroit Lions	TBD	360	56%/44%
Green Bay Packers	2003	295	43%/57%
Houston Franchise	2002	367	31%/69%
Cleveland Browns	1999	300	29%/71%
Pittsburgh Steelers	2001	268	29%/71%
Tennessee Titans	1999	292	27%/73%
Seattle Seahawks	2002	425	27%/73%
Denver Broncos	2001	360	25%/75%
Cincinnati Bengals	2000	300	17%/83%
Baltimore Ravens	1998	224	11%/89%
Tampa Bay Buccaneers	1998	168	9%/91%
San Diego Chargers	1997	78	0%/100%
Buffalo Bills	1999	63	0%/100%

What revenue sources have been used to fund the construction costs of other stadium projects?

The following table provides information on the types of revenue used in 15 recent and proposed stadium projects (this excludes the Lambeau Field renovation). All but one of these projects contained more than one of the revenue sources listed. The private seat license and naming rights revenues generally, but not always, were part of the private contribution to the project financing. For several of the proposed projects, the use of these two revenue sources has not yet been determined. In total, private financing from these two items and/or other sources was used in 13 projects.

Revenue Source	Number of Projects
Naming Rights	8
Local Government Funds	6
State Funds	6
Private Seat Licenses	5
Hotel/Motel Tax	4
Local Sales Tax	4
Admissions Tax	3
Car Rental Tax	3
Parking Tax or Fees	3
State Sales Tax at Stadium	3
Facility Lease Payments	2
Lottery Revenues	2
Alcohol and Tobacco Taxes	1

What amounts have been paid for naming rights for NFL stadium facilities?

The following table provides information on the sale of stadium and other naming rights for NFL stadiums since 1996. According to the NFL, the revenue generated from the sale of stadium naming rights varies due to the length and complexity of each deal, as well as the market in which the facility is located.

Team	Facility	Starting Year	Per Year (Millions)	# of Years	Total Value (Millions)
Washington Redskins	FedEx Field	2000	$7.6	27	$205.2
Baltimore Ravens	PSINet Stadium	1999	5.3	20	105.5
Tampa Bay Buccaneers	Raymond James Stadium	1998	3.1	18	55.0
Detroit Lions	Ford Stadium	TBD	1.0	40	40.0
Tennessee Titans	Adelphia Coliseum	1999	2.0	15	30.0
Carolina Panthers	Ericsson Stadium	1996	2.0	10	20.0
Miami Dolphins	Pro Player Stadium	1996	2.0	10	20.0
San Diego Chargers	Qualcomm Stadium	1997	0.9	20	18.0
Indianapolis Colts	RCA Dome	1996	1.0	10	10.0
Jacksonville Jaguars	ALLTEL Stadium	1997	0.6	10	6.2
Cincinnati Bengals	Cinergy Field	1996	1.0	6	6.0
Oakland Raiders	Network Associates Coliseum	1999	1.2	5	5.8
Cleveland Browns	Cleveland Browns Stadium*	1999	0.5	10	5.0

*Gate sponsorships, rather than stadium naming rights.

Could the District retain revenues from the sale of naming rights?

The ownership of these rights is not specifically addressed by the bills. If the District owns or obtains ownership of these rights, the District could sell them or could transfer them to another party. Any revenues the District receives from the sale of these rights could be used for any purpose related to the operation of the District. The amount of revenue the District could receive from this source may be limited by federal regulations governing tax-exempt financing.

Could the District use personalized bricks or tiles as a revenue-raising tool?

Yes. The bills would allow the District to operate and manage the football stadium facilities as a revenue-generating enterprise. Any revenues the District receives from these or similar revenue-raising efforts could be used for any purpose related to the operation of the District. The amount of revenue the District could receive from this source may be limited by federal regulations governing tax-exempt financing.

Would Green Bay Packers license plates be used to fund a portion of the project costs?

No. The bills would not provide the Department of Transportation authority to issue Green Bay Packers license plates, establish a fee for such license plates or make payments to the District or the team from the funds received for the license plates.

Stadium Facility Maintenance and Revenues

Who would be responsible for operating and maintaining the football stadium facilities?

The bills do not specify who would be responsible for operating and maintaining the various types of stadium facilities, including the football stadium itself. The bills would provide the District authority to maintain, operate and manage the football stadium facilities as a revenue-generating enterprise, or engage other persons to do so.

Would the bills establish any specific requirements for the lease arrangements between the District and any stadium facility tenants?

No. However, the District would have the authority to establish specific occupancy requirements or require tenant payments in negotiating lease agreements.

Would the bills allow the District to pay for player salary costs?

No. However, the bills would allow the District to acquire, construct, equip, maintain, improve, operate and manage the football stadium facilities as a revenue-generating enterprise. If any of these costs currently being paid by the Packers would be funded by the District, the Packers would have additional net revenues available for player salaries.

Sales and Use Taxes and Other Fees

What role would the Brown County Board have in deciding whether to impose the taxes?

None. The District could adopt a resolution to impose the taxes, which could not take effect until the resolution is approved by a majority of the electors in the District's jurisdiction voting on the resolution at a referendum.

What role would the Brown County Board have in the county-wide referendum?

The Brown County Board would have the authority to specify the date of a referendum vote. The Brown County Board could set the referendum not earlier than 45 days nor later than one year after the adoption of the resolution by the District board. The referendum could be held at the spring primary or election, the September primary, the November general election or at a special election called by the County Board.

What would happen if the Brown County Board does not act to set a referendum date?

It is unclear.

Who would write the referendum question?

It is unclear.

What sales and use tax rates would be allowed?

Any rate up to 0.5%.

What would be the allowable uses of the sales and use taxes?

The District board would be required to maintain a special fund into which it could deposit only the sales and use tax revenues received from the Department of Revenue. The revenues deposited to the special fund could be used only for purposes related to football stadium facilities. The revenues could be used to fund current debt service and operating expenses for the operation of the football stadium facilities. In addition, the revenues could be used to fund reserves for maintenance costs, depreciation and capital improvements or to retire any bonds that may have been issued for purposes related to the football stadium facilities. The Packers indicate that no District sales and use tax revenues would be used to fund depreciation and capital improvements.

The bills would not specifically require that all sales and use tax revenues be deposited to this special fund, which raises the possibility that these revenues could be used for other District purposes. However, it is likely that the bonding resolution would require that all of these revenues be deposited to this fund.

When would the sales and use taxes end?

The bills would not set a specific date as to when the sales and use taxes would end. The District sales and use taxes could not be collected after the calendar quarter during which the District board certifies to DOR that the District has sufficient monies available to meet the District's obligations. The certification would be required as soon as practicable, after the following: (a) all the bonds and refunding bonds issued for purposes related to the football stadium facilities are retired; and (b) the District has sufficient funds in reserve to meet any maintenance, depreciation or capital improvement obligations that exist between the District and the professional football team using the stadium facilities.

Would the District have to dissolve when the sales and use taxes end?

No. However, the District could be dissolved by action of the District's board, subject to providing for the payment of its bonds, including interest, and the performance of its other contractual obligations.

Who could assess charges or fees associated with the use of football stadium facilities?

The District would have authority to establish and collect fees or other charges for the use of its football stadium facilities. The District could also establish and collect fees or other charges for the right to purchase admission to events at the football stadium if the proceeds from any amount that is collected are used for purposes related to the football stadium facilities.

A county or a municipality located wholly or partly within the District would also have the authority to establish and collect fees or other charges applicable only to a football stadium for the right to purchase admission to events at the stadium, if the proceeds from any amount that is collected are used for purposes related to football stadium facilities.

Bonding Authority

Do the bills specify an absolute limit on the amount of bonds that could be issued?

No. The bills would limit the amount of revenue bonds backed by the state's moral obligation to $160,000,000 in outstanding bonds at any one time. However, the District would not be statutorily limited in the amount of revenue bonds that could be issued that would not be backed by the state's moral obligation pledge. As a practical matter, the amount of revenue bonds that the District could issue would be limited by the annual amount of revenue generated from the District's sales and use taxes. The Packers indicate that they do not intend to request that the District issue more than $160 million in bonds.

What would be the state's moral obligation related to the bonds and Legislature's role regarding that obligation?

If applied to the District's bonds, the state's moral obligation would be a pledge that the Legislature recognizes its moral obligation to appropriate state funds if the sales and use tax revenues are insufficient to meet principal and interest payments. Further, the Legislature would express its expectation and aspiration that, if ever called upon to do so, it would make this appropriation. Under the bills, the pledge would be invoked if the District certifies to the DOA Secretary, the Governor and the Joint Committee on Finance that the amount in the debt service reserve fund is below the special debt service reserve fund requirement. In any case, the Joint Committee on Finance would be required to introduce a bill in either house that appropriates the certified amount to the special debt service reserve fund of the District.

Would the District be required to issue bonds backed by the state's moral obligation?

No. The District could issue bonds that are backed only by the revenues from the sales and use tax. Such bonds would likely have a higher interest rate and could require additional security features. Bonds issued by the Southeast Wisconsin Professional Baseball District did not use the state's moral obligation, although that option was available.

When could bonds be issued?

The bills would not limit the time period for issuance of revenue bonds not backed by the state's moral obligation. Revenue bonds, other than refunding bonds, backed by the state's moral obligation pledge could be issued no later than December 31, 2004.

Could the District prepay any bonds issued by the District?

Yes. The bills would allow the District board to retire bonds prior to their maturity. However, such prepayment could only occur after the current debt service and operating expenses for the operation of football stadium facilities are paid and after sufficient reserves are set aside for maintenance costs, depreciation and capital improvements to meet the obligations of the District.

What would be the cost and time period necessary to repay the principal and interest on $160 million in revenue bonds if the bills were amended to restrict the sales and use taxes to those items included in the Packers' proposal?

The Packers indicate that their intention is that the District sales and use tax revenues, net of DOR's 1.5% administrative costs, would be used to fund only the following: (a) the annual debt service on $160 million in revenue bonds; (b) facility maintenance and operating expenses, which are estimated at $4,031,000 in the first year, with 3% annual growth; and (c) the projected District administrative expenses of $750,000 in the first year and $500,000 annually thereafter. The bills, as drafted, would allow the use of these revenues for depreciation and capital improvement reserves, but the Packers indicate that this authority would not be used.

Assuming the District would receive 12 months of tax revenues in 2001 and could invest its reserve fund at 6% annually, it is estimated that reserves for future facility maintenance and operating costs would be adequately funded in mid-2010, or between nine and ten years after the taxes were imposed. If the annual revenues in excess of those needed for current debt service are then used to prepay the outstanding principal on the bonds, the outstanding bonds could be paid off by 2016, or after an additional six years of District sales and use tax collections.

Based on these assumptions, about $390 million in estimated tax revenues would be needed to meet the District's 30-year maintenance and administration obligations and to retire the District's revenue bonds by 2016. However, if the annual revenues from the sales and use taxes are consistently higher or lower than current projections, the tax revenues needed and the time period necessary to repay these costs would vary from the $390 million estimate.

What would be the cost and time period necessary to repay the principal and interest on $160 million in revenue bonds if the bills were amended to restrict the sales and use taxes to only debt service?

If the District would pre-pay the bonds with any excess annual sales and use tax revenues over the required annual debt service amounts, it is estimated that the District could repay $160 million of revenue bonds between 10 to 11 years after the taxes were imposed, based on annual debt service costs and estimated annual sales tax revenues. This assumes that the District would incur no costs or penalties associated with prepaying the bonds. Due to early repayment of principal, the interest costs associated with issuing $160 million in revenue bonds would be reduced. It is estimated that it would take $226 million in revenues to repay the $160 million of revenue bonds ($160 million in principal and $66 million in interest costs) under this scenario.

Could Brown County issue bonds to construct a stadium facility without enabling legislation?

According to Legislative Reference Bureau and Legislative Council Staff attorneys, Brown County could issue general obligation bonds to construct a stadium facility and use its current property taxation authority to repay the bonds. They indicate that the County could do so provided an agreement could be worked out between the Packers, the City of Green Bay and Brown County concerning the ownership of Lambeau Field and its related facilities. The agreement would have to be such that Brown County could demonstrate that it is spending public funds for a public purpose of the County.

Brown County's authority to issue general obligation bonds is subject to a constitutional debt limit. However, based on the County's existing level of debt, it is unlikely that the issuance of bonds for the Lambeau Field renovation project would cause the County to exceed this limit.

There are several significant differences between the powers the Brown County Board could exercise under current law and the powers the District would be given under the bills. The following material provides a brief description of some of these differences:

a. *Type of Bonds.* The bills would allow the District to issue revenue bonds supported by sales and use tax revenues. Although Brown County can impose 0.5% sales and use taxes under current law, the proceeds must be used for property tax relief. Therefore, any bonds issued by the County would have to be general obligation bonds backed by the property tax. The County could also impose 0.5% sales and use taxes to lower the overall property tax burden, but the linkage to the stadium project could not be direct.

b. *Tax-Exempt Bonds.* The bills would provide that interest earned on bonds issued by the District would be exempt from state income taxation. Under current law, the interest earned on county-issued bonds is subject to state income taxation. The interest earned on both types of bonds would be exempt from federal income taxation.

c. *Referendum Approval.* The bills would provide that the District could not impose a sales and use tax without the approval of the District electorate in a referendum. Since any county borrowing for the project would be backed by the property tax, the levy to retire the debt would be subject to statutory limits on the issuance of county debt. Although the county debt levy rate is below that allowed, a project the size of the stadium renovation would create a debt levy rate in excess of that currently allowed. Therefore, the excess debt may have to be approved by a 75% vote of the county board or through a countywide referendum. However, such approval would not be necessary if it is determined that the renovation is a regional project. Brown County could impose a 0.5% sales and use tax without a referendum.

General Authority of State and Local Government Units

Would the District have the power of eminent domain?

Yes. Since the District would be created as a governmental body, it would have eminent domain authority to acquire, by condemnation, any real estate and personal property in cases where such property cannot be acquired by gift or at an agreed price. However, the District could not use the condemnation powers associated with eminent domain to condemn property owned by the state, a municipality, public board or commission or another public utility. Therefore, the District could exercise its eminent domain authority over privately-held properties within its jurisdiction, but could not acquire any current property held by the City of Green Bay, including the City's existing interest in the football stadium facilities. The Packers indicate that there is no intention to use this power.

Could other governmental bodies assist in paying for the stadium renovation project?

Any county or municipality located wholly or partly within the District could do the following:

a. Make grants or loans to the District upon terms that the county or municipality considers appropriate;

b. Expend public funds to subsidize the District;

c. Borrow money, by issuing bonds or promissory notes, for football stadium facilities or to fund grants, loans or subsidies to the District; or

d. Lease or transfer property to the District upon terms that the county or municipality considers appropriate.

What would be the state's role under the bills?

The state's role would include the following:

a. The Governor would appoint two persons to the District board, subject to confirmation by the Senate, at least one of whom must reside within the county in which the football stadium is located. The Governor would also select the chairperson of the District board;

b. The Legislature would determine that the provision of assistance by state agencies to a District, any appropriation of funds to a District and the pledge of a state moral obligation for a District's bonds would serve a statewide public purpose;

c. The state could pledge its moral obligation for up to $160,000,000 in outstanding District-issued revenue bonds. If the state moral obligation pledge is used for District-issued revenue bonds, the DOA Secretary would be required to make a determination on the feasibility of the projects to be funded with the bonds and the likelihood of repayment of the bonds without using the special debt service reserve funds;

d. The state would be required to pledge to bondholders and persons that enter into contracts with the District that the state would not limit or alter the rights and powers of the District before the District had paid its bonds, including interest, and had performed its contracts;

e. The Building Commission would be authorized to serve as a financial consultant to assist and coordinate in the issuance of the District's bonds. The Building Commission would be allowed to receive monies from the District to pay for any financial consulting services provided to the District;

f. The provision of sales tax exemptions for parking provided at stadium facilities and the sale of licenses and rights to admission to events at stadium facilities;

g. The provision of state individual and corporate income tax exemptions for any interest earnings associated with bonds issued by the District;

h. The Department of Transportation could make aid payments to a local professional football stadium district for the development, construction, reconstruction or improvement of bridges, highways, parking lots, garages, transportation facilities or other functionally-related or auxiliary facilities or structures associated with a football stadium (the bills would not appropriate funds for this purpose);

i. DOR would administer the sales and use taxes on behalf of the District and would have the powers necessary to levy, enforce and collect the taxes. DOR would be allowed to retain 1.5% of the sales and use tax revenues for costs associated with the administration of the taxes; and

j. The District would be included under the Legislative Audit Bureau's scope of authority. The Legislative Audit Bureau would be required to submit a report to the Co-chairpersons of the Joint Committee on Finance on the financial status of the District if the District issues bonds backed by a state moral obligation pledge.

Are the proposed state sales and income tax exemptions similar to those provided for the Milwaukee Brewers' stadium facilities?

The proposed state income tax exemption on interest earnings on bonds issued by the District is identical to that provided for bonds issued by the Southeast Wisconsin Professional Baseball District. Further, the current law sales tax exemption on building materials, supplies and equipment used in the construction of a sports and entertainment facility would also apply to the Lambeau Field redevelopment proposal. However, the proposed sales tax exemptions for parking and the sale of licenses and rights to admission were not provided for the Brewers' stadium facilities.

How does the state sales tax exemption for parking charges compare to the tax treatment of parking for other types of facilities?

The bills would create sales tax exemptions for parking at the stadium and for parking space provided on football game days pursuant to a contract between a municipality or the District and the owner of the property on which the parking space is provided. Parking is one of eleven service categories that are subject to the state sales tax. In contrast to the proposed parking exemptions related to Packers' games and events, the sales tax is imposed on parking at other facilities in the state, including stadium parking facilities.

What fees would be exempt from the state sales tax under the exemption for sales of licenses and rights to admission to events at Packers' stadium facilities?

Under current law, providing admission to athletic events is a taxable service. As drafted, the exemption would apply to the one-time user fees that the Packers have discussed for general admission seating and to any similar fees that might be imposed in the future. However, it is unclear whether the provision would apply to other types of fees that might be charged in connection with admission, such as a club seat premium. DOR has expressed a concern that, as drafted, ticket sales could be structured so that a nominal portion was the taxable admission and the balance was the exempt "right to purchase" fee.

What would be the tax status of the interest earnings on bonds issued for stadium facilities?

Interest income earned on bonds issued by the District would be federal income tax-exempt for individuals and corporations. The interest income would also be state tax-exempt for individuals and corporations that are Wisconsin income tax filers.

Would the bills appropriate funds for transportation infrastructure?

No. However, the bills would create a continuing appropriation from the transportation fund for the purpose of making aid payments for transportation-related infrastructure. Therefore, a separate legislative action to appropriate funding would have to occur before an aid payment could be made. The Packers indicate that this funding would be sought in the 2001-03 biennium.

Other Questions

What is the difference between a private seat license and the one-time user fee the Packers are proposing?

A private seat license gives the purchaser the right to purchase tickets for a defined period of time. Depending on the structure of the license agreement, the right can either be transferable or non-transferable. The user fee proposed by the Packers would be a one-time charge that would have to be paid in order for a season ticketholder to continue to purchase season tickets. Payment of the fee would not create a transferable right to purchase season tickets, except that season tickets could continue to be transferred to family members as under the Packers' current policy. Once the fee is paid, a season ticketholder would have the same rights in the renovated stadium as the ticketholder has in the current stadium. The Packers indicate that they chose this type of fee, rather than a private seat license, in order to be fair to those individuals who are on the waiting list for season tickets. With personal seat licenses, a person who no longer wants to buy season tickets could sell the right to anyone, regardless of whether they had been on the waiting list. With the user fee, if a person no longer wants to buy season tickets, the Packers could offer these tickets to the next person on the waiting list.

What revenues generated by the Green Bay Packers have to be shared with other National Football League teams?

See Attachment 2 for a complete description of the NFL's revenue-sharing policies.

Can you explain the National Football League salary cap and its impact on the number of stadium projects?

See Attachment 3 for a complete description of the NFL's salary cap policy.

ATTACHMENT 1

Financing of Recent Professional Football Stadiums

This attachment provides information on how NFL stadium constructions or renovations have been financed in recent years or will be financed over the next few years.

The NFL currently consists of 32 franchises, 31 of which are actively competing. The City of Houston was recently awarded an NFL expansion franchise and will begin competing in 2002. Since 1990, nine NFL franchises have constructed new stadiums and several others have renovated their existing facilities. Seven other NFL franchises, including the new Houston franchise, are in the process of constructing new stadiums that are projected to be completed by the 2002 football season or earlier. Other franchises are currently negotiating with the NFL, state and local governments or their stadium lessor for new or improved stadium facilities.

All of the recently-constructed stadiums have received some public funding, with most receiving a majority of the stadium project funding from public sources. In general, public financing is in the form of revenue bonds issued by a unit of local government or special sports authority, with the debt service on the borrowing being financed through revenues from various local option taxes. Also, state, county and local governments have directly provided revenues to the project and funded infrastructure (transportation and utility) improvements and land for stadium projects. Often, public referendums have been held on all or portions of the public financing aspects of a stadium construction or renovation project.

In recent years, contributions for stadium projects have included revenues from the sale of one-time private seat licenses (PSL) to fans attending games within the facility and from the sale of facility naming rights. Despite public ownership of some stadium facilities, PSL and stadium naming rights revenues are generally considered part of the private contribution to a stadium project. Private seat license revenues are subject to NFL revenue sharing policies unless used for construction or major renovation of stadium facilities. Revenues from the sale of stadium naming rights are not subject to NFL revenue sharing.

When the majority of funding is provided from public sources, the facility is often owned or managed by the local government providing the funding or by a quasi-governmental sports authority on behalf of the local unit of government. The facility is then leased back to the NFL franchise. A wide range exists regarding the terms of NFL stadium leases. For example, some stadium authorities or local governments share in the stadium revenues. Others require franchises to pay rent for the facility or require franchises to be responsible for maintenance costs associated with the facility. As a result, public subsidies associated with the operation of NFL stadiums may also occur, but the level of these subsidies is difficult to determine.

The NFL recently began a loan program under which the League will issue a stadium construction loan to a franchise for up to 34% or to 50% of a franchise's private contribution to the construction project. . Smaller market teams, like the Green Bay Packers, are limited to 34% of their private contribution. Private seat license revenues can be used as part of a franchise's private contribution. However, the League will reduce the eligible loan amount to the franchise by the amount of PSL revenue that is waived from the revenue sharing requirement. Therefore, the NFL will essentially grant revenue sharing waivers on PSL revenues used for stadium construction and will provide stadium construction loans equal to 34% of the non-PSL franchise contribution toward the construction project. These loans are also considered part of a franchise's private contribution toward a project.

League construction loans are to be repaid though revenues that would otherwise be considered the League's share of the club seat premium revenue. If these revenues are insufficient to repay the loan, any incremental funds needed to meet the loan payments are to be assessed against that franchise's portion of the League's national broadcast revenues. In addition, the NFL recently instituted a League-wide assessment to create a separate fund to assist franchises that may have difficulty repaying their loans from the League's share of the club seat premium revenue.

The following tables provide general information on recent stadium construction projects and two recent renovation projects. Due to the number and different types of entities involved in a stadium project, the different types of public/private funding sources available and varying revenue and cost reporting methods, obtaining reliable specifics on these projects is difficult. This information was primarily compiled from information provided by the NFL, which makes no representations or warranties as to its accuracy. It should also be noted that the private/public financing percentage indicated in each table equals the percentage of principal project costs provided by private and public sources. The percentage does not take into account any interest costs associated with long-term bond issues used to finance a project. Therefore, if a public entity issues long-term bonds to finance a project, the total amount of public funds provided for a project is understated by the amount of interest paid over the life of those bonds.

Carolina Panthers	
Facility Name	Ericsson Stadium
Facility Owner	Carolinas Stadium Corporation
Completion Date	1996
Estimated Project Costs	$240 million
Private/Public Percentage	77%/23%
Private Financing	$185 million
Private Seat Licenses	Franchise used $159 million as part of private contribution for project construction
Sale of Naming Rights	Yes
Public Financing	Included $55 million in land and infrastructure improvements from the City of Charlotte and Mecklenburg County
Type of Additional Tax	None
Public Referendum	None held
Responsibility for Cost Overruns	Franchise

San Diego Chargers	
Facility Name	Qual Comm Stadium
Facility Owner	City of San Diego
Completion Date	1997
Estimated Project Costs (Renovation)	$78 million for stadium renovation and off-site training facility
Private/Public Percentage	0%/100%
Private Financing	$0
Private Seat Licenses	None
Sale of Naming Rights	The City used $18 million from the sale of naming rights in project construction
Public Financing	$78 million as follows: (a) $60 million in revenue bonds with debt service backed by revenues from facility lease payments from the Chargers, the San Diego Padres of Major League Baseball and San Diego State University; and (b) $18 million from the sale of facility naming rights by the City of San Diego
Type of Additional Tax	None
Public Referendum	None held
Responsibility for Cost Overruns	City of San Diego

Washington Redskins	
Facility Name	Fed Ex Field
Facility Owner	Washington Redskins
Completion Date	1997
Estimated Project Costs	$259 million
Private/Public Percentage	73%/27%
Private Financing	$189 million in equity and team-financed debt
Private Seat Licenses	None
Sale of Naming Rights	Yes
Public Financing	$58 million from State of Maryland for infrastructure improvements and $12 million from Prince George's County for infrastructure improvements
Type of Additional Tax	None
Public Referendum	None held
Responsibility for Cost Overruns	Franchise

Tampa Bay Buccaneers	
Facility Name	Raymond James Stadium
Facility Owner	Tampa Sports Authority
Completion Date	1998
Estimated Project Costs	$168 million
Private/Public Percentage	9%/91%
Private Financing	$15 million
Private Seat Licenses	None
Sale of Naming Rights	Yes
Public Financing	$153 million in bonds issued by the Tampa Sports Authority, with debt service backed by a Hillsborough County sales tax increase, $2.0 million annually associated with a rebate of state sales tax revenue associated with the facility and revenues from lease payments from the Buccaneers
Type of Additional Tax	11% of the revenues associated with a 0.5% county-wide sales tax
Public Referendum	Passed
Responsibility for Cost Overruns	Stadium was constructed based on a guaranteed maximum price contract

Baltimore Ravens	
Facility Name	PSINet Stadium
Facility Owner	Maryland Stadium Authority
Completion Date	1998
Estimated Project Costs	$224 million
Private/Public Percentage	11%/89%
Private Financing	$24 million
Private Seat Licenses	Franchise sold $62.0 million in private seat licenses, but revenue was not used in stadium financing
Sale of Naming Rights	Yes
Public Financing	$100 million in sports lottery revenues and $100 million in bonds issued by the Maryland Stadium Authority, with debt service backed by revenues from annual, net sports lottery proceeds
Type of Additional Tax	None
Public Referendum	None held
Responsibility for Cost Overruns	Maryland Stadium Authority

Buffalo Bills	
Facility Name	Ralph Wilson Field (formerly Rich Stadium)
Facility Owner	Erie County, New York
Completion Date	1999
Estimated Project Costs (Renovation)	$63.3 million project to renovate luxury suites, club seats and stadium concourse
Private/Public Percentage	0%/100%
Private Financing	$0
Private Seat Licenses	None
Sale of Naming Rights	None
Public Financing	$63.3 million in bonds, with annual debt service paid from state general funds
Type of Taxes	None
Public Referendum	None held
Responsibility for Cost Overruns	Public entities most likely responsible

Cleveland Browns	
Facility Name	Cleveland Browns Stadium
Facility Owner	City of Cleveland
Completion Date	1999
Estimated Project Costs	$300 million
Private/Public Percentage	29%/71%
Private Financing	$88 million, including $78 million from the franchise and $10 million from the local business community
Private Seat Licenses	Franchise used $24 million in revenues as part of the private contribution for project construction
Sale of Naming Rights	Yes
Public Financing	$212 million as follows: (a) $138 million in City-issued certificates of participation (similar to bonds), backed by local taxes, and $32 million in other City revenues; (b) $6 million from the City Utilities Department revenues; (c) $33 million in state-appropriated funds; and (d) $3 million in regional transportation authority revenues
Type of Taxes	An 8% parking tax on all parking facilities in the city, a 2% admission tax to all city sports or entertainment facilities, a 2% car rental tax and an extension of the existing city alcohol and tobacco taxes
Public Referendum	Referendum to extend the tobacco and alcohol taxes passed
Responsibility for Cost Overruns	City of Cleveland

Tennessee Titans	
Facility Name	Adelphia Stadium
Facility Owner	City of Nashville
Completion Date	1999
Estimated Project Costs	$292 million
Private/Public Percentage	27%/73%
Private Financing	$78 million
Private Seat Licenses	Franchise used $70 million in revenues as part of the private contribution for project construction
Sale of Naming Rights	Yes
Public Financing	$214 million as follows: (a) $80 million in County issued bonds, with debt service backed by $4 million in annual City of Nashville water department revenues and by one-fourth of the City of Nashville's 4% hotel/motel tax revenues; (b) $67 million in funding from the City of Nashville; and (c) $55 million in state-issued bonds, with debt service backed by state sales tax revenues collected at the stadium, and $12 million in state funds for infrastructure development
Type of Taxes	1% City of Nashville hotel/motel tax, a portion of city water utility assessments and the portion of the state sales tax associated with stadium sales
Public Referendum	Passed
Responsibility for Cost Overruns	Public entities

Cincinnati Bengals	
Facility Name	Paul Brown Stadium
Facility Owner	Hamilton County
Completion Date	2000
Estimated Project Costs	$300 million
Private/Public Percentage	17%/83%
Private Financing	$50 million
Private Seat Licenses	Franchise used approximately $28 million in revenues as part of the private contribution for project construction
Sale of Naming Rights	None
Public Financing	$250 million as follows: (a) approximately $195 million in Hamilton County-issued revenue bonds, with debt service backed by an increase in the county sales tax; and (b) approximately $55 million in state funding
Type of Taxes	0.5% increase in the county sales tax in Hamilton County
Public Referendum	Passed
Responsibility for Cost Overruns	Hamilton County

Denver Broncos	
Facility Name	To be determined
Facility Owner	Denver Metropolitan Stadium District
Completion Date	2001
Estimated Project Costs	$360 million
Private/Public Percentage	25%/75%
Private Financing	$90 million
Private Seat Licenses	None
Sale of Naming Rights	To be determined
Public Financing	$270 million in Stadium District-issued revenue bonds, with debt service backed by a six-county sales tax
Type of Taxes	Extended one-tenth of one cent sales tax in a six-county area that was initially enacted to fund the construction of the Colorado Rockies baseball facility
Public Referendum	Passed
Responsibility for Cost Overruns	25% paid by franchise and 75% by the Stadium District

Pittsburgh Steelers	
Facility Name	To be determined
Facility Owner	Public Auditorium Authority
Completion Date	2001
Estimated Project Costs	$268 million
Private/Public Percentage	29%/71%
Private Financing	$77 million
Private Seat Licenses	Franchise used $34 million in revenues as part of the private contribution for project construction
Sale of Naming Rights	To be determined
Public Financing	$191 million as follows: (a) $78 million in revenue bonds, with debt service backed by county sales tax revenues; (b) $88 million in state funds; (c) $6 million in federal and state funds for infrastructure improvements; (d) $15 million from the Pittsburgh Investment Capital program; and (e) $4 million in interest earned during construction
Type of Taxes	A 1% county sales tax to fund the construction of a professional football stadium, baseball park and convention center renovation
Public Referendum	Yes, referendum failed and alternate financing plan developed
Responsibility for Cost Overruns	Franchise

Seattle Seahawks	
Facility Name	To be determined
Facility Owner	King County
Completion Date	2002
Estimated Project Costs	Approximately $425 million ($400 million for stadium facility and $25 million for county exhibition facility)
Private/Public Percentage	27%/73%
Private Financing	$114 million
Private Seat Licenses	To be determined
Sale of Naming Rights	To be determined
Public Financing	$311 million as follows: (a) $260 million in state-issued general obligation bonds, with debt service backed by hotel/motel tax revenues, a facilities admission tax, parking taxes, lottery revenues and state sales tax credits; (b) $27 million in deferred state sales tax on construction materials; and (c) $24 million in lottery revenues and sales tax credits accumulated before needed to service debt
Type of Taxes	Extension of a 2% King County hotel/motel tax, a 10% admission tax to the facility and parking fees at the facility
Public Referendum	Passed
Responsibility for Cost Overruns	Franchise

New England Patriots	
Facility Name	To be determined
Facility Owner	New England Patriots
Completion Date	2002
Estimated Project Costs	Approximately $353 million
Private/Public Percentage	80%/20%
Private Financing	$283 million
Private Seat Licenses	To be determined
Sale of Naming Rights	To be determined
Public Financing	$70 million from the state for infrastructure improvements
Type of Taxes	None
Public Referendum	None held; however, Town of Foxboro, MA, approved aspects of stadium deal
Responsibility for Cost Overruns	Franchise

Houston Franchise	
Facility Name	To be determined
Facility Owner	Houston/Harris County Sports Authority
Completion Date	2002
Estimated Project Costs	Approximately $367 million
Private/Public Percentage	31%/69%
Private Financing	$115 million
Private Seat Licenses	To be determined
Sale of Naming Rights	To be determined
Public Financing	$252 million as follows: (a) $195 million in Houston/Harris County Sports Authority bonds, with debt service backed by hotel/motel tax, car rental tax and parking and admissions tax
Type of Taxes	A 2% increase in the hotel/motel tax and car rental taxes and the addition of a parking and admissions tax
Public Referendum	Passed
Responsibility for Cost Overruns	Stadium to be constructed on a guaranteed maximum price contract

Detroit Lions	
Facility Name	Ford Field
Facility Owner	Detroit/Wayne County Stadium Authority
Completion Date	To be determined
Estimated Project Costs	$360 million
Private/Public Percentage	56%/44%
Private Financing	$200 million
Private Seat Licenses	None
Sale of Naming Rights	Yes
Public Financing	$160 million as follows: (a) $40 million in Detroit/Wayne County Stadium Authority bonds, with debt service backed by hotel/motel taxes and car rental fee; (b) $20 million from Wayne County from the sale of surplus land; (c) $50 million in funding from Wayne County; (d) $15 million from the City of Detroit; and (e) $35 million in debt backed by parking fee revenues
Type of Taxes	A 1% increase in the hotel/motel tax and a 2% increase in the car rental fee
Public Referendum	Passed
Responsibility for Cost Overruns	Most likely the franchise is responsible

ATTACHMENT 2

National Football League's Revenue Sharing Policies

This attachment provides information on the National Football League's revenue sharing policies. The revenues available to an NFL franchise fall into two categories: shared revenues and non-shared revenues.

Shared Revenues

Shared revenues generally consist of national television and radio broadcast contract revenues, game ticket revenues, other league revenues associated with various NFL entities and non-recurring franchise fee revenues.

National broadcast revenues are generated from the sale of NFL broadcast rights to national television and national radio networks. Receipts from the national television contracts with the ABC, CBS, ESPN and FOX networks make up most of these revenues. These revenues are shared equally among the NFL franchises after the League deducts an annual assessment to cover League administrative costs. The Green Bay Packers, Incorporated, 1999 annual report indicates that the Packers received $59.8 million as their share of the League's national broadcast contract revenues.

Each NFL franchise receives 66% of the ticket revenues from home games and 34% of ticket revenues from road games. In 1999, the Packers reported $12.4 million as their share of ticket revenue from home games and $8.3 million as their share in ticket revenue from road games. The ticket revenues associated with club seats are also shared on a 66% home team share and 34% visiting team share basis. However, the premium amount, or the amount paid for a club seat that exceeds the highest general admission ticket price in the stadium, is not shared with the visiting team. Rather, each team pays 34% of these revenues to a League revenue pool along with 34% of any private seat license (PSL) revenues not used for stadium construction or improvements. According to the NFL, the League distributes these revenues to the ten or 12 teams in the League that are lowest in net revenues. The League indicates that these teams tend to have low net revenues due to lack of premium seating revenues or stadium lease deals that require the teams to make significant lease or operating payments. The Packers currently do not receive a League payment from this revenue pool. In 1999, the Packers reported approximately $4.4 million in private suite and club seat revenues.

In addition, revenues from the post-season NFL games are collected by the NFL and the net revenues after expenses are distributed equally to each franchise.

Other shared revenues include revenues generated by NFL Properties, NFL Enterprises and NFL Films. NFL Properties licenses team apparel and other products sold by retail vendors. NFL Properties revenues are generated from vendor fees assessed on retail outlets that sell NFL-licensed products. These revenues are shared equally among the NFL franchises, after NFL Properties deducts an annual assessment to cover administrative costs. In 1999, the Packers reported approximately $4.2 million in revenues associated with their share of NFL Properties revenue.

NFL Enterprises administers the NFL's electronic and internet-based commerce products. NFL Films, a subsidiary of NFL Enterprises, administers the sale or leasing of rights to NFL film products. The revenues from internet-based products and NFL films are shared equally among the NFL franchises, after NFL Enterprises deducts an annual assessment to cover administrative costs.

NFL expansion franchise fees are considered non-recurring shared revenue. Expansion franchise fees are assessed on new franchises entering the NFL. In 1999, the NFL added the Cleveland Browns franchise and in 2002 a Houston franchise will begin competing. In granting these NFL franchises, the League assessed the franchise owners a franchise fee. These revenues are shared equally among the NFL franchises. In 1999, the Packers received $16.8 million in franchise fee revenues associated with the addition of the Cleveland franchise to the NFL. Over the next few years, the Packers will receive approximately $23 million associated with the Houston franchise.

Non-Shared Revenues

Non-shared revenues consist primarily of non-ticket revenues generated at the stadium facility. The Packers retain 100% of the revenues associated with the luxury suite premiums. Revenues from the sale of the local, preseason television broadcasts and the local radio broadcast rights throughout the season are not shared with other NFL franchises. These local broadcast revenues totaled nearly $2.0 million in 1999. Further, marketing revenues from the stadium advertising signage or the sale of stadium naming rights are not shared. The Packers have not sold any naming rights to their stadium. Finally, revenues from the stadium concession stands, apparel shops, like the Packer Pro Shop, and parking are not shared. However, the concessions during Packer games are operated by local, non-profit organizations, which receive a portion of revenues from the sale of products within the stadium. In 1999, the Packers generated approximately $11.5 million in marketing, concession and other revenues.

Private seat license revenues must be shared, unless the funds are used for the construction or major renovation of a franchise's stadium facilities and the franchise receives a waiver of the revenue sharing requirement from the League. The Packers have yet to assess any one-time or annual PSL fee, although their Lambeau Field redevelopment proposal includes a one-time user fee.

A significant factor in the recent trend of new NFL stadium construction is the fact that most non-ticket stadium revenues are not shared. The new NFL stadiums are being constructed with a greater number private suites, stadium clubs containing restaurants or pubs, and with the ability to hold non-football related events, such as concerts, conventions or other meetings. The revenues from any of these added stadium components or events would not have to be shared with other franchises in the League.

NFL Construction Loans

In recent years, the NFL began a loan program under which the League will issue a stadium construction loan to a franchise for up to 34% to 50% of a franchise's private contribution to the construction project. Smaller market teams, like the Packers, are limited to 34% of their private contribution. Private seat license revenues can be used as part of a franchise's private contribution. However, the League will reduce the eligible loan amount to the franchise by the amount of PSL revenue that is waived from the revenue sharing requirement. Therefore, the NFL will essentially grant revenue sharing waivers on PSL revenues used for stadium construction and will provide stadium construction loans equal to 34% of the non-PSL franchise contribution toward the construction project.

League construction loans are to be repaid though revenues that would otherwise be considered the League's share of the club seat premium revenue. If these revenues are insufficient to repay the loan, any incremental funds needed to meet the loan payments are to be assessed against that franchise's portion of the League's national broadcast revenues. In addition, the NFL recently instituted a League-wide assessment to create a separate fund to assist franchises that may have difficulty repaying their loans from the League's share of the club seat premium revenue.

ATTACHMENT 3

National Football League's Salary Cap Policy

This attachment provides general information on the National Football League's salary cap policy and its effect on the number of newly-constructed stadiums around the League.

The NFL salary cap is the amount that each NFL team is allowed to spend on player contracts and player benefits mandated under the League's collective bargaining agreement with the NFL Players Association (NFLPA). The NFL adopted its salary cap provisions in 1993 and the cap first applied to the 1994 season. The current salary cap provisions for the NFL are in place through the 2002 season (or 2003 if an allowable extension year is agreed upon), which coincides with the current labor contract between the NFL and the NFLPA. Any changes to the current policy require NFLPA approval. A team's salary cap on total player salaries is determined by a formula that is generally based on League ticket revenues and revenues from the sale of national radio and television broadcast rights. Such revenues are the primary sources of shared revenue under the NFL's revenue sharing policies. As part of the League's collective bargaining agreement with the NFLPA, there is also a minimum percentage of the salary cap amount that teams are required to pay players from these revenues.

Prior to each NFL season, League and player auditors determine the League's overall salary cap and each team's salary cap. The salary cap for each year is effective on the opening day of play for that season. During an NFL season, each team is only allowed to have 53 active players under contract at any given time. In addition, at any one time, each team may have five practice squad players signed to $60,000 per year contracts. However, that team may also be paying injured players and players who are no longer with the team, but who are still receiving compensation under the terms of their contract. At the same time, releasing players contractually may reduce a team's compensation obligations during a season by the amount of base salary not yet paid to such players and any unearned incentives in such players' contracts. Individual player compensation amounts that are subject to League salary cap policies, and any adjustments for players no longer with a team or reserves, are totaled to determine a team's salary cap amount, which cannot exceed that team's salary cap limit established by the League.

No team is permitted to exceed the salary cap. In the event a team makes a player transaction that leads to the salary cap being breached, the team is required to make whatever subsequent player transactions that would be necessary to bring the team under its salary cap amount for that team. The League has authority to take a variety of actions, including fines, against teams that violate the salary cap limit in a given year.

Teams also set aside amounts within their salary cap for certain types of players. For example, while not required, it is general practice for teams to keep a reserve amount, within the salary cap limit, to cover the addition of players due to injury or the release of other players. Further, within the salary cap is a rookie salary pool that establishes the maximum salary cap amounts that teams can spend on rookies, including draft picks. Each team's rookie salary pool is a salary cap amount that takes into account the number and placement in the NFL player draft order of each team's picks.

This attachment discusses three primary areas of annual, NFL player compensation and how the League treats each type of compensation for salary cap limit purposes: (a) base salary compensation; (b) incentive-based compensation; and (c) contract signing bonus compensation. Individual player contracts may contain one or more of these types of compensation. However, not all of these types of player compensation are treated equally under the League's salary cap rules.

Base Salary Component

A player's annual, base salary amount counts 100% towards the League salary cap. For example, if a player signs a three-year contract that pays a base salary of $800,000 in the first year, that first year amount counts toward the annual salary cap for that year. The League requires teams to pay a minimum base salary amount that increases depending on a player's tenure with the League. That is, a team is required to pay a higher base salary amount to a ten-year veteran than to a two-year veteran.

Incentive-Based Compensation

Incentive-based contracts are made-up of two categories: likely-to-be-earned incentives and not-likely-to-be-earned incentives. Likely-to-be-earned incentives are those incentive goals that are considered by the League to be attainable after taking into consideration a player's performance during the prior season. For example, a contract incentive that would pay a player who rushed for 1,000 yards in the past season a bonus for rushing for 500 yards in the current season would be considered a likely-to-be-earned incentive. Likely-to-be-earned incentives are treated the same as base salary for salary cap purposes. Not-likely-to-be-earned incentives are generally those incentives that would not be valued as likely-to-be-earned based on the player's performance during the previous season. These incentives only count against a team's salary cap if the incentive is attained.

Prior to each season, League officials review each player contract entered into by a team to determine into which category each of the incentive portions of the contract are to be placed. At the end of each season, League officials reconcile incentive-based contracts against the League's salary cap. A team receives a credit against the current-year salary cap for every incentive considered to be a likely-to-be-earned incentive that is not attained. Conversely, each incentive amount that is earned by a player that was earlier categorized as a not-likely-to-be-earned incentive is assessed against that team's current-year salary cap. If the reconciled amounts on incentive contracts exceed the current-year salary cap amount for that team, the amount in excess of the current-year salary cap is assessed against that team's subsequent-year salary cap.

Contract Signing Bonuses

A recent trend under NFL salary cap rules has been an increase in the payment of substantial contract signing bonuses, which are treated differently for annual salary cap purposes. Contract signing bonuses are generally up-front, guaranteed monies provided to players who sign long-term contracts. The bonus money is likely paid in the year the contract is signed. However, deferred bonus payments that are made over more than one season have also occurred.

While signing bonuses can make up a significant portion of a player's compensation in the early years of a contract, NFL salary cap policies allow the signing bonuses to be prorated over the life of the contract or through the 2005 NFL season (three years beyond the current collective bargaining agreement), whichever comes first. The following table indicates how the salary cap limit would apply to a player who signed a five-year, $25 million contract in 1999 that has an escalating base salary and includes a $10 million signing bonus.

Treatment of Contract Signing Bonuses Under the NFL Salary Cap ($ in Millions)

Season	Base Salary	Prorated Signing Bonus	Salary Cap Amount
1999	$2.0	$2.0	$4.0
2000	2.0	2.0	4.0
2001	2.5	2.0	4.5
2002	3.5	2.0	5.5
2003	5.0	2.0	7.0
Total	$15.0	$10.0	$25.0

Two specific requirements can alter how the signing bonuses are counted against the League salary cap limit. First, if a player is released by the team, the remaining, yet to be prorated, amount of that player's signing bonus is counted against that team's salary cap limit in that season, or the subsequent season, depending on the date the player is released. Second, in order to prevent teams from paying low base salaries and high signing bonuses in order to circumvent League salary cap limits, the League instituted a rule requiring that a player's base salary in each of the first three years of a contract must equal, or exceed, the prorated amount of that player's signing bonus. Using the example shown in the above table, under this rule, the contract could not have contained a base salary during the 1999 through 2001 seasons that was less than $2.0 million per year.

Despite these additional requirements, some contend that, with signing bonuses, NFL teams have found a way to partially circumvent the NFL salary cap limits. Others have noted that consistently paying high, guaranteed, signing bonuses to a number of players for several years has proven costly and can result in long-term salary cap problems for a team.

The recent trend toward large signing bonuses seems to indicate that the actual payroll cost for a team in a given year can significantly exceed the salary cap limit. For example, the player contract shown in the earlier table would have cost that team $12.0 million in the first year of the contract, despite the fact the salary cap amount associated with the contract in the first year would have been only $4.0 million. It is argued that, despite the salary cap limitations, the trend toward and the allowance of large signing bonuses provides a competitive advantage in signing players to wealthy franchises that have the resources to pay them. Consequently, the ability of a franchise to generate revenues that are not shared with the League is seen as being increasingly important in remaining competitive in the player market.

Recognizing the advantages of increased revenue, several franchise owners have recently claimed that high revenue-producing stadiums are needed in order for their teams to remain competitive in the player market. Most new NFL stadiums are being constructed with a greater number of club seats and private boxes, stadium clubs containing restaurants or pubs, and with the ability to hold non-football related events, such as concerts, conventions or other meetings. The revenues from any of these added stadium components or events would not have to be shared with other franchises in the League and would, therefore, be available to help a franchise better compete in the player market.