



State of Wisconsin
2015 - 2016 LEGISLATURE

LRB-1502/1
MES&RAC:kjf:rs

DOA:.....Wimmer, BB0462 - Create a sports and entertainment special purpose district for a professional basketball home arena; fold in Bradley Center

FOR 2015-2017 BUDGET -- NOT READY FOR INTRODUCTION

AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

LOCAL GOVERNMENT

This bill creates a sports and entertainment district (district) with powers and duties to facilitate the construction of a basketball arena, as well as other sports and entertainment facilities, in a county with a population of more than 500,000 that has a first class city (collectively, local units) in which a professional basketball team's home arena is currently located. Generally, the district is governed by a board of nine members nominated by the governor, and with the advice and consent of the senate appointed, for staggered seven-year terms. Also under the bill, the county executive and mayor of a local unit may each appoint one additional member to the board if the local unit provides funding to the district.

Board members must be Wisconsin residents, have executive and managerial experience, and may not be elective office holders or candidates for elective office. The district may not incur debt or impose taxes and may operate and manage the basketball arena and other facilities. The bill permits the Bradley Center Sports and Entertainment Corporation, which currently owns the Bradley Center, to transfer ownership of the Bradley Center to the district, along with all outstanding debt on the Bradley Center.

The bill authorizes the state to issue or contract \$220,000,000 in appropriation obligations to be used as a grant to assist a district in the construction of sports and

entertainment facilities, including the acquisition or lease of property. Under the bill, the state may only provide such a grant if the district has secured additional funding for the project in an amount at least equal to \$300,000,000.

The bill also requires that any lease for the use of sports and entertainment facilities that is entered into between the district board and a professional basketball team must include a provision stating that, if the team breaks or otherwise fails to fulfill its obligations under the lease, the team will pay the state an amount that is sufficient to pay off the appropriation obligations.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 16.527 (1) (c) of the statutes is created to read:

16.527 (1) (c) The legislature finds and determines that sports and entertainment facilities encourage economic development and tourism in this state by reducing unemployment and by bringing needed capital into the state for the benefit and welfare of people throughout the state. It is therefore in the public interest and will serve a public purpose, and it is the public policy of this state, to assist a sports and entertainment district in the construction of sports and entertainment facilities under subch. VI of ch. 229.

SECTION 2. 16.527 (3) (d) of the statutes is created to read:

16.527 (3) (d) 1. Subject to the limitations under subds. 2. to 4., the department may contract appropriation obligations of the state under this section for the purpose of assisting a sports and entertainment district under subch. VI of ch. 229 in the construction of sports and entertainment facilities, including the acquisition or lease of property. The assistance shall be in the form of a grant to the sports and entertainment district.

2. The sum of appropriation obligations issued under this section for the purpose under subd. 1. may not exceed \$220,000,000, excluding any amounts representing accreted interest or original issue discount.

3. No appropriation obligations may be issued under this section for the purpose under subd. 1. unless the department determines that the sports and entertainment district has secured additional funding for the project in an amount at least equal to \$300,000,000.

4. If the department issues appropriation obligations under this section for the purpose under subd. 1. and if, for any reason, the facility that is constructed with funds from the grant is not used principally for professional basketball, the state shall retain an ownership interest in the facility equal to the amount of the state's grant.

SECTION 3. 20.505 (1) (bv) of the statutes is created to read:

20.505 (1) (bv) *Appropriation obligations repayment; sports and entertainment facilities.* The amounts in the schedule to pay debt service costs due in the current fiscal year on appropriation obligations issued under s. 16.527 (3) (d), to make payments of the state under agreements and ancillary arrangements entered into under s. 16.527 (4) (e), to make deposits into reserve funds, and to pay related issuance or administrative expenses.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

SECTION 4. 20.505 (1) (in) of the statutes is created to read:

20.505 (1) (in) *Appropriation obligation proceeds; sports and entertainment facilities.* All moneys received from the sale of appropriation obligations that are issued under s. 16.527 (3) (d), and any earnings on such moneys and on any other

moneys held for the purpose of this paragraph, to assist a sports and entertainment district under subch. VI of ch. 229 in the construction of sports and entertainment facilities, including the acquisition or lease of property, and to provide for reserves and for expenses of issuance and administration of the appropriation obligations, and to pay interest on the appropriation obligations, the redemption price of refunded appropriation obligations and any related obligations incurred under agreements entered into under s. 16.527 (4) (e), as determined by the department of administration. Estimated disbursements under this paragraph shall not be included in the schedule under s. 20.005.

SECTION 5. 66.0301 (1) (a) of the statutes is amended to read:

66.0301 (1) (a) Except as provided in pars. (b) and (c), in this section “municipality” means the state or any department or agency thereof, or any city, village, town, county, school district, public library system, public inland lake protection and rehabilitation district, sanitary district, farm drainage district, metropolitan sewerage district, sewer utility district, solid waste management system created under s. 59.70 (2), local exposition district created under subch. II of ch. 229, local professional baseball park district created under subch. III of ch. 229, local professional football stadium district created under subch. IV of ch. 229, local cultural arts district created under subch. V of ch. 229, local sports and entertainment district created under subch. VI of ch. 229, long-term care district under s. 46.2895, water utility district, mosquito control district, municipal electric company, county or city transit commission, commission created by contract under this section, taxation district, regional planning commission, housing authority created under s. 66.1201, redevelopment authority created under s. 66.1333,

community development authority created under s. 66.1335, or city-county health department.

SECTION 6. 66.0603 (1g) (a) of the statutes is renumbered 66.0603 (1g) (a) (intro.) and amended to read:

66.0603 (1g) (a) (intro.) In this section, “governing board” has the meaning given under s. 34.01 (1) but does not include ~~a local cultural arts district board created under subch. V of ch. 229.~~ any of the following:

SECTION 7. 66.0603 (1g) (a) 1. of the statutes is created to read:

66.0603 (1g) (a) 1. A local cultural arts district board created under subch. V of ch. 229.

SECTION 8. 66.0603 (1g) (a) 2. of the statutes is created to read:

66.0603 (1g) (a) 2. A local sports and entertainment district board created under subch. VI of ch. 229.

SECTION 9. 71.05 (1) (c) 6m. of the statutes is created to read:

71.05 (1) (c) 6m. The state under s. 16.527 (3) (d) to assist a local sports and entertainment district created under subch. VI of ch. 229.

SECTION 10. 71.05 (1) (c) 6p. of the statutes is created to read:

71.05 (1) (c) 6p. A local unit under one of the provisions specified in s. 229.863 (3) to assist a local sports and entertainment district created under subch. VI of ch. 229.

SECTION 11. 71.26 (1) (bm) of the statutes is amended to read:

71.26 (1) (bm) *Certain local districts.* Income of a local exposition district created under subch. II of ch. 229, a local professional baseball park district created under subch. III of ch. 229, a local professional football stadium district created under subch. IV of ch. 229, ~~or~~ a local cultural arts district created under subch. V of

ch. 229, or a local sports and entertainment district created under subch. VI of ch. 229.

SECTION 12. 71.26 (1m) (n) of the statutes is created to read:

71.26 **(1m)** (n) 1. Those issued by the state under s. 16.527 (3) (d) to assist a local sports and entertainment district created under subch. VI of ch. 229.

2. Those issued under one of the provisions specified in s. 229.863 (3) by a local unit, as defined in s. 229.858 (4), to assist a local sports and entertainment district created under subch. VI of ch. 229.

SECTION 13. 71.36 (1m) (b) 7. of the statutes is created to read:

71.36 **(1m)** (b) 7. Interest on obligations issued under s. 16.527 (3) (d).

SECTION 14. 71.36 (1m) (b) 8. of the statutes is created to read:

71.36 **(1m)** (b) 8. Interest on obligations issued by a local unit under one of the provisions specified in s. 229.863 (3) to assist a local sports and entertainment district created under subch. VI of ch. 229.

SECTION 15. 71.45 (1t) (n) of the statutes is created to read:

71.45 **(1t)** (n) 1. Those issued by the state under s. 16.527 (3) (d) to assist a local sports and entertainment district created under subch. VI of ch. 229.

2. Those issued under one of the provisions specified in s. 229.863 (3) by a local unit, as defined in s. 229.858 (4), to assist a local sports and entertainment district created under subch. VI of ch. 229.

SECTION 16. Subchapter VI (title) of chapter 229 [precedes 229.857] of the statutes is created to read:

CHAPTER 229

SUBCHAPTER VI

LOCAL SPORTS AND
ENTERTAINMENT DISTRICTS

SECTION 17. 229.857 of the statutes is created to read:

229.857 Legislative declaration. (1) The legislature determines that the provision of assistance by state agencies to a district under this subchapter and any appropriation of funds to a district under this subchapter serve a statewide public purpose by assisting the development of sports and entertainment facilities in the state for providing recreation, by encouraging economic development and tourism, by reducing unemployment, and by bringing needed capital into the state for the benefit and welfare of people throughout the state.

(2) The legislature determines that a district serves a public purpose in political subdivisions in which it is located by providing recreation, by encouraging economic development and tourism, by reducing unemployment, and by bringing needed capital into the district's jurisdiction for the benefit of people in the district's jurisdiction.

SECTION 18. 229.858 of the statutes is created to read:

229.858 Definitions. In this subchapter:

(1) "Basketball arena" means an arena that is an arena that is principally used as the home arena of a professional basketball team, described in s. 229.860, at the time that a district is created.

(2) "District" means a special purpose district created under this subchapter.

(3) "District board" means the governing board of a district.

(4) "Local unit" means a county or city that is described in s. 229.860.

(5) "Sports and entertainment facilities" means property, tangible or intangible, owned in whole or in substantial part, operated, or leased by a district

that is principally used for professional basketball, including spectator seating, practice facilities, parking lots and structures, garages, restaurants, concession facilities, entertainment facilities, facilities for the display or sale of memorabilia, transportation facilities, and other functionally related or auxiliary facilities or structures.

SECTION 19. 229.859 of the statutes is created to read:

229.859 Creation and organization. (1) There is created, for each jurisdiction under s. 229.860, a special purpose district that is a local governmental unit, that is a body corporate and politic, that is separate and distinct from, and independent of, the state, and separate and distinct from, and independent of, the local units within its jurisdiction, that has the powers under s. 229.861 and the name of which includes “Sports and Entertainment District”.

(2) (a) A district is governed by its district board. Subject to pars. (g) and (h), the district board shall consist of 9 members appointed by the governor. A person appointed under this paragraph may take his or her seat immediately upon appointment and qualification, subject to confirmation or rejection by the senate. Persons appointed and confirmed under this paragraph shall serve staggered 7-year terms. The governor shall designate one member as chairperson of the district board.

(b) Members of the district board shall be Wisconsin residents and shall have executive and managerial experience. No member may hold elective public office or be a candidate for elective public office.

(c) A member of the district board who is appointed by the governor shall hold his or her position on the board until the member’s successor is appointed by the governor and confirmed by the senate.

(d) A majority of the current membership of the district board constitutes a quorum to do business. The district may take action based on the affirmative vote of a majority of those members of the district board who are present at a meeting of the district board.

(e) No member of the district board may receive compensation for performing his or her duties. A member of the district board shall be reimbursed for his or her actual and necessary expenses incurred in the performance of his or her duties.

(f) Upon the appointment and qualification of a majority of the members of a district board, the district board may exercise the powers and duties of a district board under this subchapter.

(g) The county executive of a county described in s. 229.860 which provides funding to construct, equip, or improve sports and entertainment facilities under s. 229.863 shall appoint a member to the district board, subject to confirmation or rejection by a majority of the members-elect of the county board. A person appointed and confirmed under this paragraph shall serve a 7-year term, except that the initial term of the first member appointed under this paragraph shall be 5 years.

(h) The mayor of a city described in s. 229.860 which provides funding to construct, equip, or improve sports and entertainment facilities under s. 229.863 shall appoint a member to the district board, subject to confirmation or rejection by a majority of the members-elect of the common council. A person appointed and confirmed under this paragraph shall serve a 7-year term, except that the initial term of the first member appointed under this paragraph shall be 6 years.

(i) A member appointed under par. (g) or (h) is subject to the requirements under par. (b). Upon appointment and confirmation of such a member, the appointing authority shall certify the member to the secretary of administration.

(3) The district board shall name the district, and the name shall include “Sports and Entertainment District”.

SECTION 20. 229.860 of the statutes is created to read:

229.860 Jurisdiction. A district’s jurisdiction is any county with a population of more than 500,000 and a 1st class city that is located wholly or predominantly in that county, provided that the city includes the principal site of a basketball arena that is home to a professional basketball team, that is a member of a league of professional basketball teams that have home arenas in at least 10 states, and that is approved by that league for use as a home arena for that basketball team. Once created, the district’s jurisdiction remains fixed even if population figures for the county decline below the minimum described in this section.

SECTION 21. 229.861 of the statutes is created to read:

229.861 Powers of a district. A district has all of the powers necessary or convenient to carry out the purposes and provisions of this subchapter, except that it may not issue bonds or levy or impose a tax. In addition to all other powers granted by this subchapter, a district may do all of the following:

(1) Adopt bylaws to govern the district’s activities, subject to this subchapter.

(2) Sue and be sued in its own name, plead, and be impleaded.

(3) Maintain an office.

(4) In connection with sports and entertainment facilities:

(a) Acquire, construct, equip, maintain, improve, operate, and manage the sports and entertainment facilities as a revenue-generating enterprise, or engage other persons to do these things.

(b) Acquire; lease, as lessor or lessee; use; transfer; or accept transfers of property, and assume debt payments and outstanding obligations for the property acquired or accepted.

(c) Improve, maintain, and repair property.

(d) Enter into contracts, subject to such standards as may be established by the district board. The district board may award any such contract for any combination or division of work it designates and may consider any factors in awarding a contract, including price, time for completion of work, and qualifications and past performance of a contractor.

(e) Sell or otherwise dispose of unneeded or unwanted property.

(5) Employ personnel, and fix and regulate their compensation; and provide, either directly or subject to an agreement under s. 66.0301 as a participant in a benefit plan of another governmental entity, any employee benefits, including an employee pension plan.

(6) Purchase insurance, establish and administer a plan of self-insurance or, subject to an agreement with another governmental entity under s. 66.0301, participate in a governmental plan of insurance or self-insurance.

(7) Mortgage, pledge, or otherwise encumber the district's property or funds.

(8) Maintain funds and invest the funds in any investment that the district board considers appropriate.

(9) Promote, advertise, and publicize its sports and entertainment facilities and related activities.

(10) Set standards governing the use of, and the conduct within, its sports and entertainment facilities in order to promote public safety and convenience and to maintain order.

(11) Accept gifts, loans, and other aid.

(12) Adopt and alter an official seal.

SECTION 22. 229.862 of the statutes is created to read:

229.862 Special fund revenues. (1) The district board shall maintain a special fund into which it deposits all funds received under s. 16.527 (3) (d). Moneys in the special fund may be expended only for the construction of sports and entertainment facilities, including the acquisition or lease of property.

(2) The district may not deposit any other moneys into the special fund, except that the district shall credit all earnings on the revenues in the special fund to the special fund.

(3) No money in the special fund may be expended for the purpose of operating or maintaining sports and entertainment facilities or a basketball arena.

SECTION 23. 229.863 of the statutes is created to read:

229.863 Powers granted to local units. (1) In addition to any powers that it may otherwise have, a local unit may do any of the following:

(1) Make grants or loans to a district upon terms that the local unit considers appropriate.

(2) Expend public funds to subsidize a district.

(3) Borrow money under ch. 24 and ss. 66.0621, 67.04, and 67.12 (12) for sports and entertainment facilities or to fund grants, loans, or subsidies to a district.

(4) Lease or transfer property to a district upon terms that the local unit considers appropriate.

SECTION 24. 229.864 of the statutes is created to read:

229.864 Dissolution of a district, lease obligations. (1) A district may not dissolve and wind up its affairs unless obligations issued under s. 16.527 (3) (d) have been retired.

(2) If the district board enters into a lease with a professional basketball team described in s. 229.860 for the use of sports and entertainment facilities, the lease shall include a provision that states that if the team breaks or otherwise fails to fulfill its obligations under the lease, the professional basketball team shall pay the state an amount sufficient to retire the obligations issued under s. 16.527 (3) (d).

SECTION 25. 229.865 of the statutes is created to read:

229.865 Trust funds. All moneys received under this subchapter, whether from the state, from a local unit, or from any other source, are trust funds to be held and applied solely as provided in this subchapter. Any officer with whom, or any bank or trust company with which, those moneys are deposited shall act as trustee of those moneys and shall hold and apply the moneys for the purposes of this subchapter.

SECTION 26. 229.866 of the statutes is created to read:

229.866 Budgets; rates and charges; audit. A district shall adopt a calendar year as its fiscal year for accounting purposes. The district board shall annually prepare a budget for the district. Rates and other charges received by the district shall be used for the general expenses and capital expenditures of the district. A district shall maintain an accounting system in accordance with generally accepted accounting principles and shall have its financial statements audited annually by an independent certified public accountant.

SECTION 27. 232.05 (3) of the statutes is amended to read:

232.05 (3) The corporation may not:

(a) Sell, exchange, or otherwise divest itself of the Bradley center to a sports and entertainment district under subch. VI of ch. 229.

(b) Dissolve and wind up its affairs, ~~unless the legislature enacts a law ordering dissolution or except as provided in s. 232.07~~ upon the sale, exchange, or other divestiture of the Bradley center.

SECTION 9129. Nonstatutory provisions; Local Government.

(1) LOCAL SPORTS AND ENTERTAINMENT DISTRICT.

(a) *Appointment of district board members.* Not later than 90 days after the effective date of this paragraph, the governor shall notify the senate of his or her initial appointments to the district board under section 229.859 of the statutes, as created by this act, and not later than 30 days after the governor notifies the senate of the appointments, the senate shall confirm or reject the governor's appointees.

(b) *Staggering of terms.* Notwithstanding the 7-year terms specified under section 229.859 of the statutes, as created by this act, the initial appointees of the governor under paragraph (a) shall have terms that expire as follows:

1. The terms of 3 members, as determined by the governor, shall expire on July 1, 2020.
2. The terms of 3 members, as determined by the governor, shall expire on July 1, 2021.
3. The terms of 3 members, as determined by the governor, shall expire on July 1, 2022.

(END)