

LOCAL

# Vikings, charities, lawmakers eye growing gambling revenue earmarked for U.S. Bank Stadium debt

Vikings, charities, lawmakers debate what to do with robust pulltab revenue.

By Rochelle Olson (<http://www.startribune.com/rochelle-olson/10645556/>) Star Tribune

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A windfall of charitable gambling revenue is touching off a new debate at the State Capitol over what to do with all the extra money.

The Vikings want to use it to speed repayment of the public debt on the \$1.1 billion U.S. Bank Stadium, for which it covered half the cost. But charities across the state that run the electronic pulltab operations generating all the money say they are entitled to a larger share.

Recent estimates indicate there will be almost \$250 million in the account to pay off the debt by 2023. That number could grow with the forecast at the end of the month, creating a tempting pot of cash that lawmakers may choose to tap for other purposes.

The Vikings want to block that move.

"We've been strongly advocating that the state leaders use the money for its intended purpose, which is to pay down the bonds on U.S. Bank Stadium," Vikings vice president Lester Bagley said Wednesday.

Sen. Julie Rosen, R-Vernon Center, who chairs the Senate Finance Committee, plans to sponsor a measure to put the reserve money in a "stadium payoff fund" and use it to pay off the public debt faster. If the state waits until 2023 to call the stadium bonds, Rosen said, the fund could be used to pay down the debt and pay off the public portion of the stadium 10 years early.

But Allen Lund, executive director of Allied Charities of Minnesota, whose members run pulltab operations throughout the state and receive a share of the revenue, wants to see those charities get a larger share.

"It's time to lighten the load on charities," Lund said.

The reserve account's strength comes from surprisingly robust growth in electronic pulltabs, legalized in 2012 to provide a revenue source to cover annual payments on the \$498 million in bonds issued to cover the public's share of U.S. Bank Stadium. The building's main tenant, the Minnesota Vikings, covered the remainder of the stadium's \$1.1 billion cost.

There's no guarantee the revenue will continue to flow, and an economic downturn could depress the run on e-pulltabs. But for now the stadium reserve fund seems more than robust.

In 2019, gambling revenue increased by 17%, the ninth consecutive year of growth.

In Minnesota, both paper and electronic pulltabs make up 94% of total gambling sales of \$2.3 billion annually.

The details of the stadium deal, which took months to negotiate, included diverting charitable gambling revenue to pay the state's share of the stadium debt. Initially, the pulltab revenue fell far short of projections, causing state leaders to find other financial patches. But electronic pulltab sales took off, and now state budget leaders are forecasting a stash of nearly \$250 million in the stadium reserve fund in three years. That's an eye-popping and tempting target for many, including Lund.



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He said he was "frustrated" that the stadium fund was growing "on the backs of charities," that they were getting a shrinking piece of a growing pie and that at some point they were going to say "enough is enough."

In fiscal-year 2012, Lund said, charities received 6 cents on every dollar of gambling revenue; by fiscal-year 2019, that had shrunk to 3.6 cents on the dollar.

The stadium bonds could be refinanced before 2023, freeing up some cash and lowering debt payments. But that wouldn't provide as much savings as a refinance in three years.

Rosen, who was pivotal in putting together the stadium deal, said the public cost of U.S. Bank Stadium — including interest — would drop by at least \$200 million, or about 22%, if the Legislature holds off.

That's similar to what has happened at Target Field, where a ballpark sales tax levied by Hennepin County appears ready to pay off the county's \$350 million share of the \$555 million ballpark by 2026 — 11 years early.

Rosen said she has already spoken with the Vikings and intends to discuss the plan with Gov. Tim Walz next week.

State Management and Budget Commissioner Myron Frans said he's a strong advocate of healthy reserve accounts and would be wary of tapping it for a program or project that would have future costs.

Although the fund is sound now, the country and the state's economic future is uncertain, he said.

"A recession, an economic downturn can have a dramatic impact" on revenue, Frans said. "That's another reason to not take any action."

But he acknowledged it's hard for policymakers to see the money and not touch it.

"That is a constant pressure," he said, adding: "One of the reasons we've had surplus after surplus is we don't overspend."

Rosen said that waiting until 2023 would ultimately free up more money for projects from roads and bridges to early childhood education. "Let it mature," she said, "and we can have a big payoff."

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