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# **Referendum Required**

**Stadium Tax Fact: \$1.1 Billion Tax Increase**

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**Dean Zimmermann**

## Referendum Required – \$1.1 Billion Tax Increase

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### **\$1.1 Billion – Source**

The county resolution says:

- “...that \$1.1 billion, as estimated by the Minnesota Department of Revenue, will be raised before the tax expires”
  - Mpls contribution would be \$294 million – at least \$9.8 Million per year for 30 years
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### Minnesota State Law

297A.99, Subd. 3 (a)  
requires any local sales tax  
to be approved by a  
voter referendum

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### Why Should a Referendum be Required?

- It's the law!
  - 30 year, irreversible, \$1.1 billion dollar commitment.
  - **Mpls voters amended charter to limit taxpayer contribution to \$10 M**
  - Checks and balances.
  - Precedent and consistency
    - Referendums are required for:
      - Local school funding – building a gymnasium
      - Additional city funds – police
    - Recent house action – referendum still required
    - Would be **first** exemption under the law
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### Reasons Given for Avoiding a Referendum

- Time and delay

**Solution:** special election or fall 2005

- The proposal is too complicated

**Solution:** trust the voters!

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### Representative Gov: Uphold Referendum

- Our representatives passed a law requiring a referendum for local sales taxes - this is the law!
    - An exemption would provide a \$1.1 billion loop hole for the billionaire owner of a professional sports team
    - Highly controversial and many believe it is not the function of government
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### Voter Opinion and Input

- Major opinion poll: 71% of County and 77% of Greater MN voters believe a voter referendum should be required.
  - Suburban cities are also passing or considering resolutions asking for a referendum.
  - The county proposal was passed 4-3 with little time for public scrutiny or review by taxpayers.
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### **Taxpayer Liability**

- Taxpayer liability is almost 80% - read the fine print.
  - Compare to St. Louis – similar market and taxpayer share was only 25%. NYC will be 0%.
  - The stadium proposal provides no taxpayer protection for infrastructure cost over-runs.
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# Minneapolis Taxpayer Liability

### Stadium Costs for Mpls Taxpayers (est.)

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\$294 million: new sales tax within Mpls

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\$18 million: loss of property taxes over 30 Years

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Reduced tax capacity for any future Mpls local sales taxes

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Loss of Mpls sales tax revenue on tickets

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Vacation of 3<sup>rd</sup> Ave. N and on-ramp area

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Gift of valuable land – property within development

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### What do Minneapolis Taxpayers Get?

- NO financial rights in naming the building
  - NO suite license revenue
  - NO concessions revenue
  - NO advertising revenue
  - NO community ownership
  - NO guarantee of affordable tickets
  - NO reduced tax impact via user or ticket fees
  - NO property taxes or lease taxes
  - NO significant payback if the team is sold (quickly fades to 0%)
  - NO sales tax revenue from building materials, supplies & equipment
  - NO sales tax revenue from tickets
  - NO “other revenues derived from the ballpark.”
  - NO control over zoning or input on environmental issues
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## Three Questions

- **Question:** what can you get for \$294 million or \$9.8 million annually?
    - 133 police officers
    - OR
    - A fourth firefighter on 14 engines (\$3.2 million annually)
    - Restore Library hours to 2002 levels (\$3.7million Annually)
    - That would leave \$2.9million annually for the following.
      - Neighborhood community health clinics
      - Senior citizen programs
      - Childcare for working families
      - “Way to Grow” program for children
      - Home nursing visits
  - **Question:** stadium supporters think the referendum may not pass, is that a justification for a special exception?
  - **Question:** if a \$1.1 billion special referendum exception is approved for a stadium – how can we turn down any request, such as hiring more police, refurbishing a school or building a community center?
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### Summary

- Hurried process designed to suppress voters.
  - Mpls voters overwhelmingly support a referendum and want their \$10M charter amendment upheld!!
  - Mpls taxpayer liability is \$294 million – irreversible!
  - Please pass this resolution in the interest of Mpls taxpayers!
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