



# SUBCOMMITTEE ON GENERAL GOVERNMENT

Interim Meeting

Louisiana Stadium and Exposition District

CHAIRMAN

REPRESENTATIVE BRETT GEYMANN



## LOUISIANA STADIUM AND EXPOSITION DISTRICT

LA Stadium and Exposition District was created through Constitutional authority in 1966 to be a political and corporate body and political subdivision of the state composed of all territory in the Parishes of Orleans and Jefferson.

The purpose of the District is to plan, finance, construct, develop, maintain, and operate facilities located in the District to accommodate the holding of sports events, athletic contests, and other events of public interest.

The District may levy and collect taxes upon the occupancy of hotel rooms within the District.



## LOUISIANA STADIUM AND EXPOSITION DISTRICT

The LSED Board is comprised of nine members appointed by the governor. It is responsible for the following:

### Operating Responsibility

Louisiana Superdome  
New Orleans Arena

### Capital Improvement Responsibility

Zephyr Field  
John J. Alario Sr. Event Center  
Tournament Players Club Louisiana  
New Orleans Saints Training Facility



## LOUISIANA STADIUM AND EXPOSITION DISTRICT

LSED derives its revenue from the facilities it manages and from sales taxes on hotel room rentals in Orleans and Jefferson Parishes.

Major expenses include facility operations, debt service, and inducement payments to the Saints and Hornets.

LSED has a projected budget deficit for FY 09-10 of \$28.5 million. The next 3 pages will provide budget details of LSED revenues and expenditures, facility revenues and expenses, and contractual obligations to the Saints and Hornets.



LSED BUDGET FISCAL YEAR 2009-10  
(LSED REVENUES AND EXPENSES)

LSED REVENUES:

Hotel Occupancy Tax Collections	\$31,000,000
New Orleans Sports Franchise Fund	\$6,180,000
HB 393 Fair Grounds Slot Revenue	\$2,000,000
<u>Sports Facility Asst. Fund (Players Tax)</u>	<u>\$1,600,000</u>

LSED REVENUES \$40,780,000

LSED EXPENSES:

Debt Service	\$18,235,229
Management Fee	\$1,500,000
Risk Mgt. Premiums – Superdome & Arena	\$4,794,000
Renewal & Replacement Fund – Arena	\$500,000
LSED Administrative Services	\$1,400,000
Capital Repairs	\$400,000
<u>LA Economic Development Loan</u>	<u>\$2,500,000</u>

LSED EXPENSES \$29,329,229

NET LSED REVENUE \$11,450,771



LSED BUDGET FISCAL YEAR 2009-10  
(FACILITY REVENUES AND EXPENSES)

FACILITY REVENUE:

Superdome Operating Revenue	\$17,325,550
<u>New Orleans Arena Operating Rev</u>	<u>\$6,959,837</u>

FACILITY REVENUE \$24,285,387

FACILITY EXPENSES:

Louisiana Superdome - Operations	\$14,688,000
<u>New Orleans Arena - Operations</u>	<u>\$4,006,458</u>

FACILITY EXPENSES \$18,694,458

NET FACILITY REVENUE \$5,590,929

PLUS NET LSED REVENUE \$11,450,771

OPERATING SURPLUS \$17,041,700



**LSED BUDGET FISCAL YEAR 2009-10  
(SAINTS/HORNETS OBLIGATIONS)**

<b>OPERATING SURPLUS</b>	<b>\$17,041,700</b>
<b>LESS:</b>	
<b>Team-Related State Contractual Obligations</b>	
<b>SAINTS</b>	
Saints Inducement Payments	\$23,500,000
Marketing Fund	\$1,000,000
Saints Staffing	\$1,237,350
Saints Game-Day Entitlements	\$9,600,000
Saints Credits/Offsets	<u>(\$1,200,000)</u>
	<b>\$34,137,350</b>
<b>HORNETS</b>	
Hornets Inducement Payments	\$7,166,000
Marketing Fund	\$1,000,000
Saints Staffing	\$1,349,837
Saints Game-Day Entitlements	<u>\$1,944,000</u>
	<b>\$11,459,837</b>
<b>TOTAL SAINTS/HORNETS OBLIGATIONS</b>	<b>\$45,597,187</b>
<b><u>OPERATING DEFICIT</u></b>	<b><u>(\$28,555,487)</u></b>



# LOUISIANA STADIUM AND EXPOSITION DISTRICT

## LSED DEFICITS

The LSED has incurred a deficit every year since the state began paying the Saints annual inducements.

These deficits have been covered by loans from the Economic Development Fund, debt restructuring, and supplemental general fund appropriations.

In 2007 and 2008 the LSED used \$26 million in borrowed “working capital” to cover operating deficits.



## LOUISIANA STADIUM AND EXPOSITION DISTRICT

### LSED DEFICITS

The deficits are the result of two major factors:

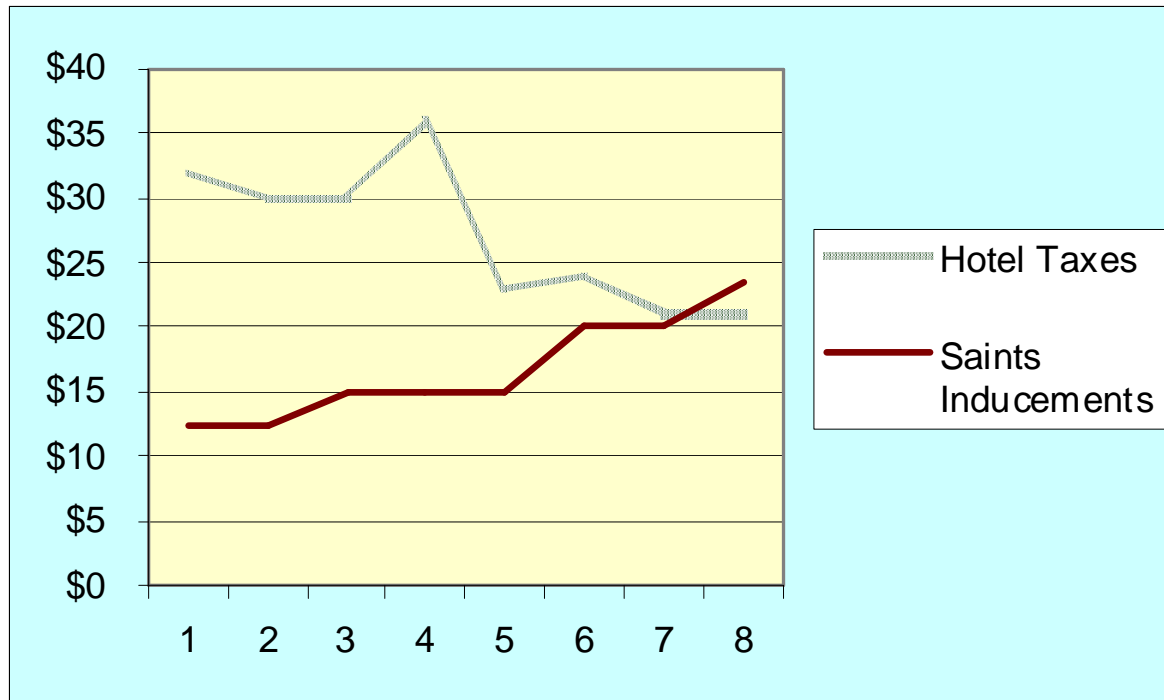
- hotel taxes, which were projected to grow by 7% per year, have declined since 2001;
- inducement payments to the Saints have increased from \$12.5 million to \$23.5 million.

Higher interest on debt restructuring has contributed to recent deficits.



# LOUISIANA STADIUM AND EXPOSITION DISTRICT

## TAXES vs INDUCEMENTS (in millions)





## THE SAINTS CONTRACT

In 2001, the state negotiated a contract with the Saints that provided long-term financial incentives.

Total incentives to the Saints will cost the state **\$265 million** for the duration of the agreement (2002 through 2011) - \$78 million in original lease entitlements and \$187 million in additional cash inducements.

Inducement schedule:

\$12.5 million for FY 2002 and 2003, \$15 million in 2004 through 2006, \$20 million in 2007 and 2008, and \$23.5 million in 2009 through 2011.



## THE SAINTS VALUE/RANK

According to a 2008 Forbes article, the Saints are the 22<sup>nd</sup> (out of 32) most valuable NFL team with a value of \$937 million.

Tom Benson bought the Saints in 1985 for \$70 million.

The Saints also rank 20th in annual operating income at \$21.5 million (ahead of the San Diego Chargers, the Pittsburgh Steelers, and the San Francisco 49ers).



## NEGOTIATIONS WITH SAINTS

The state of Louisiana is currently negotiating with Tom Benson to keep the Saints in Louisiana. Considerations are being made to raise alternative sources of revenue through tickets, parking, concessions, etc.

Interim discussions on this issue have included the possibility of the state making payments to assets that the state own (which could provide additional revenue to the Saints). Currently, the state makes cash payments to keep the Saints in Louisiana. It may be more beneficial to the state to make these payments toward something that accumulates equity. At the end of the current agreement, the state will have contributed \$187 million to Tom Benson to have the Saints remain in Louisiana.



## ECONOMIC IMPACT OF THE SAINTS

There are differing opinions on the economic impact that a national football team has on a city.

The Bureau of Governmental Research (a private, nonprofit, research organization) published a report on the payments to the Saints and the economic impact.

This report concluded that Louisiana's investment in the Saints is the largest in the country, and the report raises questions about the economic impact of sports teams. It also concludes that the fiscal return on an investment in the Saints should be considered against the projected return from other potential investments that could be made with the same funds.