Bond Case Briefs

Municipal Finance Law Since 1971

Las Vegas Sets Bond Sale for the New Raiders' Stadium.

- **Facility scheduled to open in time for 2020 football season**
- **Tax-exemption for stadium finance barely survived tax reform**

Remember how Congress was going to outlaw using tax-exempt finance for professional sports stadiums last year?

It didn't happen. And now welcome what will undoubtedly be the new emblem of the genre, Clark County, Nevada's $647.95 million general obligation stadium improvement bonds.

The debt is being sold to help pay for the county's share of the new $1.8 billion, 65,000-seat football stadium being built south of the Las Vegas Strip for the National Football League's Raiders, who current play in Oakland, California. The Raiders and the NFL are kicking in the rest. The team agreed to a 30-year lease.

The stadium, now piles of dirt being pushed around by big equipment, is scheduled to open in time for the 2020 season.

Sale of the bonds was approved by the county on Tuesday, and the preliminary official statement was posted shortly thereafter.

Many stadium deals represent a big roll of the dice by municipalities on a single, somewhat speculative project designed to boost economic development with the help of their taxpayers. There's usually a pathetically optimistic feasibility study attached outlining hopeful game-day attendance and ticket prices. This is not that.

For one thing, these bonds, while technically general obligations, are also secured by hotel-room taxes. So you are paying for this stadium if you visit Las Vegas. And many, many people do.

Las Vegas is basically the King Kong of municipalities in the tourism and entertainment business. Almost every page of the bond-offering document is a testament to the city's awesome financial puissance.

Let's take just one example. On page 29, there's a table showing hotel room inventory: 148,896, which is sort of insane. Occupancy rate: 88.6 percent in 2017. Nationally, in 2017, that rate was 65.9 percent.

So, in other words, don't expect fancy yields on these stadium bonds. They are rated Aa1 by Moody's and AA+ by S&P Global Ratings, both of whose reports prominently mention words like "solid," "strong" and "very strong."

And that these are tax-exempt is going to drive the people in Congress who hate the municipal market into a frenzy.

Bloomberg

By Joe Mysak

April 5, 2018, 6:18 AM PDT

Copyright © 2026 Bond Case Briefs | bondcasebriefs.com