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NFL's Bills to Get \$600 Million From New York in Hochul Stadium Deal.

- **Team, NFL would spend \$550 million for \$1.4 billion venue**
- **State share, part of governor's budget, needs legislature's OK**

New York state taxpayers would spend \$600 million to help build a new stadium for the Buffalo Bills with a capacity of least 60,000 people as part of a proposal by Governor Kathy Hochul.

Under an agreement with Erie County announced Monday, the Bills and the National Football League will contribute \$550 million to the \$1.4 billion stadium and the county will chip in \$250 million. In return, the Bills agreed to stay in Buffalo for 30 years.

"New Yorkers can rest assured that their investment will be recouped by the economic activity the team generates," Hochul, who hails from Buffalo and is running for election this year to her first full term, said in a news release.

The governor will advance the proposal in the state budget, which is due April 1 and must be approved by the legislature. The Bills generate \$27 million annually in direct income and sales taxes for New York, Erie County and Buffalo, and that revenue will grow to more than \$1.6 billion over the 30-year lease, according to the statement.

The project would be funded through a mix of new and existing capital appropriations, according to Matt Janiszewski, a spokesman for Hochul. Erie County plans to use \$75 million from its current-year budget surplus to fund its contribution and issue municipal bonds for the rest of its commitment, County Executive Mark Poloncarz at a news conference.

"I want to thank Governor Kathy Hochul for her strong negotiations," Poloncarz said. "She's a true blue Buffalonian. She understands the importance of the Buffalo Bills and she negotiated a fair deal for the people of New York state."

Spokespeople for Assembly Speaker Carl Heastie and Senate Majority Leader Andrea Stewart-Cousins didn't immediately respond to a request for comment.

Small Market

The Bills, who play in the NFL's second-smallest television market after the Green Bay Packers, have played since 1973 in their current home, Highmark Stadium in Orchard Park, and the new stadium will be there as well. The team, which played in four consecutive Super Bowls in the early 1990s and never won, is the only NFL franchise that plays its home games in the state.

The team's billionaire owners, Kim and Terry Pegula, had threatened to move the team without sufficient public funding for a new stadium.

Highmark Stadium in Orchard Park, New York. Photographer: Timothy T Ludwig/Getty Images

The Pegulas bought the Bills after the death of original owner Ralph Wilson in 2014. Terry Pegula founded natural gas producer East Resources. He sold the company off in multiple parts starting in 2010. His net worth is \$8 billion, according to the Bloomberg Billionaires Index. He also owns the Buffalo Sabres of the National Hockey League.

The combined amount of public funding provided the state and county for the new stadium will eclipse the \$750 million that the NFL's Las Vegas Raiders received from Clark County, Nevada to build the \$2 billion Allegiant Stadium.

Cost Controls

Erie County will transfer ownership of the current stadium and adjoining practice facilities and office space to the state, which will own the new stadium and lease it to the Bills. The state and county can go to court to enforce non-relocation terms. The Bills will be responsible for all cost overruns associated with construction that aren't caused by state or county government, Poloncarz.

The county won't have any obligation to fund future operating or capital expenses, he said. The new stadium will likely open in 2026, Poloncarz said.

Economists who have studied public sports subsidies have found that the impact of new stadiums on the local economy is small. The benefits are exaggerated, they say, because consumers who spend money on sports would likely spend their money on other forms of local entertainment.

Public Benefit

However, Victor Matheson, an economics professor at College of the Holy Cross in Worcester, Massachusetts argues the benefits may justify covering part of the costs for some cities, noting that stadiums and sports franchises can be a source of civic pride and global publicity.

"A city such as Green Bay, Barcelona, or Manchester may get more national or international media mentions from their successful sports franchises than from all other sources combined," he wrote in a 2018 paper.

Indeed, apart from the Bills, Buffalo is best known nationally as a rust-belt city with snowy winters. The team distinguished itself by making it into the NFL's top tier in recent years, getting as far as the AFC Championship in January 2021 and the divisional playoffs in January 2022.

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