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Contact: Laurel Patrick, (608) 267-7303

Growing the Economy: Governor Scott Walker Announces “Pay Their Way” Plan for Milwaukee Bucks Arena

Madison – Governor Scott Walker today announced a first-of-its-kind “Pay Their Way” plan to grow the economy and protect state taxpayers from the loss of current and future tax revenue generated by the Milwaukee Bucks.

“This solution allows for the state to make an investment in economic development in Milwaukee, while protecting Wisconsin taxpayers from risk,” Governor Walker said. “This ‘Pay Their Way’ plan will help to turn a great potential loss in revenue into the potential for great gain.”

Under the “Pay Their Way” plan, a Sports and Entertainment District would be created to provide bonding authority to pay back a \$220 million grant for a new sports arena. The grant will be in the form of an appropriation bond issuance, paid back by projected growth in income taxes from the Bucks, as well as visiting teams, due to salary increases and new TV contracts. No current base revenues would be used to pay for the bonds, and once the bonds are paid off, the tax growth would return to the state.

Without a new arena, the Bucks would likely leave Wisconsin in 2017, costing the state nearly \$10 million per year in income tax collections alone. In addition, if no action is taken on the current Bradley Center, the state is still on the hook for as much as \$100 million in maintenance and debt service costs, but without an anchor tenant to drive sales and bring business to the arena and local area.

If the Bucks are sold, the revenue from that sale would first go to pay back these appropriation bonds.

How the “Pay Their Way” plan works:

- The \$220 million would only be released after all other funding for the arena has been secured (\$300 million).
- The growth in income tax revenue due to future contracts and estimated pay increases would be used to pay back the bonds. No existing base revenues collected from the Bucks or visiting teams would be used. This protects the state taxpayers and keeps an economic development tool and job-creating engine in Wisconsin.
- The district would be governed by a nine-member board appointed by the Governor and confirmed by the Senate. Members would serve staggered, 7-year terms. Members shall be residents of the state and have executive and managerial experience. No member may hold elective office or be a candidate for office.

- If Milwaukee County provides funding for the arena, the county executive shall appoint a board member subject to confirmation by the county board.
- If the city provides funding for the arena, the mayor of Milwaukee shall appoint a board member subject to confirmation by the city council.
- The district may not issue bonds, levy, or impose a tax.
- The district can raise revenue through the operation of the arena and will assume any outstanding Bradley Center Authority debt.

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