

Browns offer ‘up-front cash’ to protect taxpayers if state issues \$600M bonds for Brook Park stadium

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Cleveland.com

COLUMBUS, Ohio—The Cleveland Browns are offering state lawmakers new financial assurances in their quest for \$600 million in state aid for a new covered stadium in Brook Park.

To help quell skepticism about the team’s request for lawmakers to provide the money via state-issued bonds, the Browns are now proposing to provide \$38,250,000 in “up-front” cash that would be tapped if revenue from the stadium project and surrounding development doesn’t cover the bond costs. That amount is expected to grow through interest to nearly \$150 million by 2054.

Ted Tywang, Haslam Sports Group chief administrative officer and general counsel, laid out the plan Tuesday afternoon to the Ohio House of Representatives Arts, Athletics, and Tourism Committee.

[Under the Browns’ plan](#), the Brook Park stadium’s anticipated \$2.4 billion price tag would be paid for with \$1.2 billion from team owners Jimmy and Dee Haslam, \$600 million from the state, and \$600 million from local governments.

Tywang’s [presentation](#) indicates that the Browns are doubling down on their hopes to secure the \$600 million from the state via bonds, even as Gov. Mike DeWine is pushing an alternative plan to provide the money by doubling the state’s sports-gambling tax.

Under the Browns' plan, the state-issued bonds would be repaid with state income, sales, and commercial activities tax revenue from the proposed stadium and the [proposed \\$1 billion mixed-use development](#) surrounding it.

Over the 30-year life of those bonds, the Browns estimate that the project will generate \$2.9 billion in state tax revenue -- enough to cover the cost of the bonds and put the excess in state coffers.

But [some experts have questioned](#) whether the team's projections are overly optimistic and if the stadium and surrounding development can generate revenue fast enough to pay off the bonds.

DeWine [has also balked at the idea](#), saying that thanks to ballooning bond interest rates, issuing \$600 million in bonds could ultimately cost the state about a billion dollars.

Tywang, in testimony Tuesday, said revenue from the project would have to be off by more than 40% than expected for the state to start contributing money to cover bond payments. Even so, he said, the team is offering the upfront money as a "cushion" as an extra way to protect taxpayers, adding that he didn't know of any other stadium project where a team has offered such collateral.

"This unique up-front payment structure would further hedge State risk and would be the most conservative state funding construct of any major sports-related development in the country," Tywang stated in written testimony submitted before the hearing.

The Browns would also pay for any cost overruns, he said.

Tywang pointed out another issue that state lawmakers would need to address: [Under current law](#), state funds can only be used to cover up to 15% of the initial estimated construction cost of an Ohio sports facility. Tywang's testimony says lawmakers would need to approve an "enabling statute" to change that limit before bonds could be issued to cover 25% of the estimated cost of a new Browns stadium.

The Browns' push for stadium bonds comes as [DeWine's budget proposal](#) calls for raising the state's tax on sports gambling companies' gross Ohio revenues from 20% to 40%. That would raise an estimated \$288 million more over the next two fiscal years for stadium projects (including the Browns, but also for other teams) and youth sports.

However, state lawmakers' initial response to DeWine's stadium-funding plan [has been skepticism, if not outright opposition](#).

It still remains to be seen which stadium funding proposal, if any, lawmakers will keep as they hammer out a final budget plan in the next few months. However, state Rep. Melanie Miller, an Ashland Republican and a Brook Park native, said after Tuesday's hearing that the committee will consider submitting the bond proposal as a budget amendment to the Ohio House Finance Committee, which is expected to make its first round of revisions to the budget bill next week.

For the \$600 million from local governments, the Browns are asking Cuyahoga County to issue its own bonds, which would be backed largely by county tourism taxes and the city of Brook Park. However, [Cuyahoga County Executive Chris Ronayne has pledged not to provide any county money](#) for plans that move the Browns out of Cleveland.

Tywang said after Tuesday's hearing that the situation regarding local funding is "fluid."

During the hearing, Tywang showed committee members a slideshow showing renderings of the proposed new stadium and surrounding development. Tywang touted the project as one of the largest economic-development projects in state history, saying it would create 6,000 construction jobs and 5,000 full-time jobs when work is completed.