

Cleveland Browns rebut state criticism of Brook Park stadium plan

By **Jeremy Pelzer**
Cleveland.com

COLUMBUS, Ohio—The Cleveland Browns are going on offense against [a blistering state memo](#) tearing into the team's financial plan for a new covered stadium in suburban Brook Park with help from \$600 million in proposed state bonds.

The [memo released Monday from state budget director Kim Murnieks](#) asserts that the state doesn't have the capacity to issue \$600 million in bonds, given its other priorities, and questions the Browns' assurances that the debt can be repaid with state tax revenue generated from the stadium and surrounding mixed-use development.

An [unsigned reply memo from the Haslam Sports Group](#), which owns the Browns, rebutted many of Murnieks' assertions point by point, claiming that some of her criticisms – including that the state of Ohio would own the new stadium -- were flat out inaccurate.

The release of Murnieks' memo, dated March 26, comes as the Ohio Senate is preparing to take up consideration of the bond proposal, which the Ohio House added to the state's enormous two-year budget plan at the Browns' request.

The House [added the bond plan](#) in place of [an alternative plan proposed by Murnieks' boss, Gov. Mike DeWine](#), to double the state's tax rate on sports-betting companies to create a permanent fund for pro sports stadium projects around Ohio.

The House proposal largely mirrors that of the Browns. The state would take on \$600 million in debt to help finance the \$2.4 billion stadium, with the Haslams covering \$1.2 billion and any cost overruns. The Browns want Cuyahoga County to chip in \$600 million as well, to be repaid with local tourism taxes. The team says new state tax revenue generated by the stadium and development would more than cover the state's debt.

Here's more on the criticisms Murnieks made in her memo, and what the Browns' argument is in response.

Overall size of the project

Murnieks indicated that the Browns' promises about the total size of the Brook Park development have decreased over time, from \$3.8 billion in June 2024, to \$3.4 billion now, with team owners Jimmy and Dee Haslam only "committing" to the \$2.4 billion stadium project itself -- but not the estimated \$1 billion mixed-use development portion.

Browns' response: The team memo stated the total projected cost of the project is between \$3.2 billion and \$3.4 billion, including the \$2.4 billion stadium and between \$800 million and \$1 billion for the mixed-use development (which is anticipated to [include two upscale hotels, 1,100 apartments, and retail and office space](#)). The Haslam Sports Group and its developer partner, Lincoln Property Company, "both have track records of executing projects and following through and are committed to completing all phases of the development project," the memo stated.

The cost of state bonds

According to Murnieks, the total estimated cost of issuing \$600 million in state bonds for a new Browns stadium would be \$1.21 billion.

The Browns, meanwhile, estimate the total cost of the bonds would be \$998 million.

The reason Murnieks' estimate is significantly higher is she expects that, due to the "size and nature" of the proposed Browns stadium project, the IRS will not allow the state bonds to be tax-exempt. As a result, she wrote, the state would have to pay \$200 million more than if the bonds were tax-exempt.

Browns' response: The team's memo said Murnieks' assertion was "not accurate" and that the bonds "are expected to qualify for tax-exempt status."

The memo stated that facilities for several other Ohio pro sports teams -- including the Cincinnati Bengals, Cincinnati Reds, Cincinnati FC, Cleveland Guardians, Cleveland Cavaliers and Columbus Crew -- were financed with tax-exempt bonds under the same criteria as the proposed Browns bonds. The Haslams also own the Crew.

Can the state afford Browns bonds?

Murnieks wrote that the state of Ohio "does not have the capacity" to issue \$600 million in bonds for a Browns stadium, while at the same time issuing additional bonds for other state priorities.

Under the Ohio Constitution, the state can only issue bonds equal to 5% of its general-revenue funds and Ohio Lottery proceeds.

Murnieks stated that state officials are also looking to issue bonds to raise \$250 million for a proposed new mental-health hospital in Dayton, about \$500 million to replace Ohio juvenile prison facilities, \$200 million-plus for the state's H2Ohio water-quality program, and "major ongoing needs" regarding state prisons and the state parks system.

In addition, Ohio voters will decide in next week's primary election whether to approve a 10-year renewal of a state infrastructure bond program that Murnieks stated will cost about \$50 million per year.

Browns' response: The team memo stated that the state can make an additional \$800 million in bond payments per year until hitting the \$2.1 billion constitutional debt limit. The Browns stadium bonds, the memo asserted, would only cost the state about \$40 million per year.

That would leave "sufficient ...revenues to support an issuance of \$600M in the contemplated stadium bonds while also taking care of other critical State priorities," the memo stated.

The memo stated that, based on team projections, the tax revenue from the stadium project would not only pay off the bonds, but would also end up with the state keeping a total of \$1.3 billion.

Tax revenue projections

Murnieks raised several concerns with the Browns' proposal to pay off the bonds with state taxes from income, sales, and commercial activities generated from the stadium project.

She wrote the Browns' plan "inappropriately overstates" projected sales and income tax revenue and accused the team of "over-inflating (the) positive impacts of the Brook Park development."

Specifically, Murnieks stated the Browns' sales-tax revenue projections wrongly include purchasing building materials to construct the new stadium. She also noted that Ohio doesn't charge sales tax on parking or ticket sales.

As for income tax revenue, Murnieks said the project would only result in the creation of 1,514 new full-time jobs at most – far less than the 5,000 new full-time jobs

the Browns said would be created. That's because most of the "new" jobs promised by the team already exist, she wrote.

Most of the new jobs the stadium project would create would be retail jobs, Murnieks asserted, and "would not generate income tax revenue sufficient to meet the debt service obligations on the project bonds."

Murnieks also asserted that the Browns' prediction that the stadium project would create 6,000 temporary construction jobs was "wildly overblown." She noted that the massive Intel computer-chip complex being built outside Columbus is about 10 times larger than the Browns' planned stadium project but is expected to create a total of 7,000 construction jobs.

Browns' response: The team memo stated that its bond plan only anticipates \$7.4 million in sales tax revenue from furniture, fixtures and equipment. Even if no sales tax is charged on those purchases, the memo added, that would not be enough money to affect the ability to pay off the bonds. The Browns' plan also doesn't factor in any sales-tax revenue from parking or event admissions, the memo continued.

As for Murnieks' estimate that the stadium project would create, at most, about 1,500 new jobs, the Browns' memo stated that estimate appears to assume that no new major employers will relocate to the stadium development site, and that there are examples of other stadium projects bringing in those types of employers.

The memo stated that 18% of the stadium project's anticipated \$3 billion economic impact would come from income tax collected from Cleveland Browns players, opposing players, and non-player Browns personnel. Even if that income-tax revenue isn't included, the memo stated, the state would still get a return of \$784 million on their \$600 million in bonds.

The Browns stated they calculated their estimate of 6,098 new construction jobs using a computer software system called IMPLAN. The Intel project, the memo stated, differs from the stadium project because it involves the installation of more equipment.

Escrow account

To assuage concerns that state taxpayers would be on the hook to pay off bond costs if tax revenue from stadium project falls short of expectations, [the Haslams have offered to put \\$50 million in an interest-generating escrow account](#) that would be dipped into to cover any revenue shortfalls.

At the time Murnieks wrote her memo, the Haslams had only offered to put \$38 million up front. That amount, she stated, is “not compelling and does not ensure the fiscal soundness of the proposal,” noting it wouldn’t be enough to cover even one year of bond payments.

Browns’ response: The team repeated its assertion that tax revenue would have to be more than 40% less than expected for the escrow account to be needed. The Browns expect that the \$50 million would grow with interest to about \$200 million by 2054.

How often would the new stadium be used?

Murnieks’ memo questions the Browns’ projections of how many non-NFL events, such as concerts, would be held at the stadium, saying it “greatly exceeds” the number of such events held at the three NFL domed stadiums closest to Cleveland – in Detroit, Indianapolis, and Minneapolis.

An earlier version of the Browns’ proposal, Murnieks wrote, presumed non-Browns events would be held at the new stadium on 44 days of the year, including seven additional concerts.

“That would be more acts than do annual stadium tours,” Murnieks stated, “and most stadium tours already stop somewhere in Ohio.”

A [separate analysis from the legislative budget office](#) – also released on Monday, a few hours before Murnieks’ memo was made public – expressed similar concerns. That study concluded that, for the Browns to meet the team’s promise that the new stadium would attract 1.5 million new visitors per year, 21 additional events would need be sold out at the new stadium every year.

Browns’ response: Murnieks’ argument about stadium events was not addressed in the Browns’ written rebuttal.

But Browns spokesman Peter John-Baptiste, in an email, stated that the predicted attendance numbers and financial effects are based on “historical attendance data.”

Since the new Browns stadium would be covered, he added, events could be held there year-round.

“Those events will be large-scale, like (non-NFL) football games and concerts,” he stated, “but you will also have medium-scale events like monster truck shows and even smaller events like high school games.”

Who owns the stadium?

Murnieks stated that, if the Browns stadium is built with state bonds, the state of Ohio would own the stadium and have to pay an estimated \$19.9 million per year in maintenance costs.

Therefore, she recommended that if the bond proposal passes, the Browns should share with the state a portion of the new stadium's revenue.

Browns' response: The team's memo asserted that the state would not own the Brook Park stadium if it's built with state bond money. Rather, it stated, a yet-to-be-created community authority would own the stadium, though the state would maintain "sufficient property interests in the facility" through a "cooperative use agreement," similar to what was put in place for new Major League Soccer stadiums in Columbus and Cincinnati.

Since the state wouldn't own the stadium, the memo argued, the state wouldn't be responsible for paying the estimated \$400 million or so in maintenance costs during the team's 30-year stadium lease.

The Haslam Sports Group, the memo stated, intends to work "in conjunction with its local partners" on creating a "dedicated funding source" to cover that \$400 million.

Stadium research

Decades of economic research has shown that, in general, new pro sports stadiums "are not justified as worthwhile public investments," as the costs to taxpayers outweigh the economic benefits from such projects, Murnieks stated. The economic benefits that do come from new stadiums, she added, are frequently less than what sports teams promised.

The Browns' projected economic impact of a new stadium in Brook Park, she stated, "runs directly counter to decades of research and evidence about the cost and benefits of professional sports stadiums."

Browns' response: Murnieks' statements are "not representative of modern sports facility-anchored development projects," the team memo stated, "and it does not reflect the reality of the proposal that (Haslam Sports Group) has put forth.