



OLR RESEARCH REPORT

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NAMING RIGHTS FOR RENTSCHLER FIELD

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You asked if there were any restrictions on the state's ability to sell naming rights for Rentschler Field.

SUMMARY

The state, acting through the Office of Policy and Management (OPM), secretary, controls the stadium's naming rights but (1) cannot sell them until the summer of 2018 and (2) must meet several conditions before selling them.

The state acquired the Rentschler Field site through a donation by United Technologies Corporation (UTC). Under statute and the terms of the donation agreement, the stadium must be named Rentschler Field until the summer of 2018, and any proposed name after that must include the phrase "at Rentschler Field." UTC also has the right of first refusal for purchasing naming rights and the ability to reject a proposed name for the facility.

The state must also (1) negotiate an agreement with UConn to share revenue from the sale of naming rights and (2) receive an opinion from bond counsel that a proposed naming rights agreement would not jeopardize the tax-exempt status of the bonds used to build the stadium.

LAND DONATION

UTC Offer

In a November 10, 1999 letter to then-Governor Rowland, then-UTC Chairman and CEO George David offered to donate a parcel of land in East Hartford owned by the company for use as the stadium site. One of the conditions was that naming rights not be sold for commercial purposes. David wrote that, “UTC’s donation would contemplate that...the name of the stadium will commemorate the historical use of the property and not be used or sold for any commercial purposes.”

The governor’s March 3, 2000 master plan for the stadium and Adriaen’s Landing appears to have treated the letter as imposing a restriction and made no mention of the state’s interest in selling naming rights. However, later media reports that year indicated that the state changed its position, and it appears that negotiations between the state and UTC resulted in the company agreeing to allow a naming rights sale in the future under certain conditions.

Legislation

PA 00-140 provided the OPM secretary with, among other things, control of the stadium’s naming rights. However, it also authorized the secretary to enter into an agreement with UTC (1) naming the stadium Rentschler Field, (2) requiring UTC to donate \$2 million to the secretary for traffic and road improvements around the stadium, and (3) prohibiting the secretary from selling naming rights for a period of up to 15 years beginning from the stadium’s opening.

The act also allowed the state’s agreement with UTC to place restrictions on the state’s sale of naming rights after the 15-year period expires. These restrictions include (1) giving UTC the right of first refusal for purchasing naming rights, (2) requiring the name to include the phrase “at Rentschler Field” (e.g., ABC Company Stadium at Rentschler Field), and (3) giving UTC the right to approve the name (though approval cannot be unreasonably withheld). These restrictions extend to all future naming rights sales. Additionally, the act authorized the secretary to issue an RFP for the naming rights and use a process of competitive negotiation (codified at CGS § [32-656\(g-h\)](#)).

UTC Agreement

The state and UTC entered into the land donation agreement on August 1, 2000. (UTC also donated additional land in 2009 to be used for parking.) Article X of the agreement addresses naming rights and largely conforms to the provisions of CGS § [32-656\(g\)](#) as described above, including the \$2 million donation by UTC. Because Rentschler Field hosted its first event in August 2003, the state must wait until August 2018 to sell stadium naming rights. However, the agreement allows the state to sell naming rights to parts of the stadium (e.g., gates, concourses, suites, etc.) at any time, provided they do not confuse the public as to whether the stadium's name is exclusively Rentschler Field.

The right of first refusal provision requires the state to notify UTC of any bona fide third party naming rights offer and allows UTC 30 days to decide whether or not to match it. To match an offer, UTC must meet only the monetary terms; it does not have to match any provisions concerning goods, services, property, or anything else of value.

Similarly, the agreement gives UTC 30 days to decide whether or not to approve a proposed name, provided that UTC still has facilities on the company campus or a corporate headquarters in Connecticut. It allows UTC to meet with the state and naming party to discuss any concerns. Under the agreement, UTC can reject a name as long as it is not unreasonable to do so. Names for which rejection would not be unreasonable include those that:

1. are directly associated with a significant UTC competitor or a competitor's affiliate;
2. relate to activities that are not generally lawful within the state, including (a) gambling, (b) tobacco products, (c) alcoholic beverages, or (d) sexually oriented activities; or
3. would be generally offensive or objectionable under prevailing community standards.

OTHER ISSUES

Revenue Sharing with UConn

Naming rights are also addressed in UConn's Rentschler Field lease, which runs until June 30, 2023 and in which the state reserves to itself exclusively all naming rights. However, under Article 12 of the lease, UConn and the state have agreed to negotiate a revenue-sharing agreement for naming parts of the stadium or the stadium itself "should that right become available."

Bond Implications

Rentschler Field's construction was financed with \$91.2 million in tax-exempt bonds. Under Section 141 of the Internal Revenue Code, no more than 10% of the proceeds of such bonds can be used for private business use. Otherwise, they are considered private activity bonds, which have taxable interest.

It is possible that a naming rights agreement could jeopardize the bonds' tax-exempt status. We were unable to find any formal guidance from the IRS on this issue, but in a 2003 private letter ruling, the IRS ruled that an unnamed city's naming rights contract for a convention center and arena would constitute private business use of the facility because those rights would be comparable to an ownership interest in the facility. However, it also ruled that the private business use did not exceed the 10% threshold, meaning that the bonds remained tax-exempt.

While the letter cannot be cited as precedent, it indicates that the state will have to structure any naming rights agreement to ensure that either (1) naming rights are not deemed a private business use or (2) the private business use does not exceed 10% of the bond proceeds. Accordingly, before entering into a naming rights agreement, both the law (CGS § [32-656\(h\)](#)) and the UTC agreement require the state to receive an opinion from bond counsel that such an agreement would not adversely affect the bonds' tax-exempt status.

ADDITIONAL INFORMATION

IRS Private Letter Ruling: <http://www.irs.gov/pub/irs-wd/0323006.pdf>

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