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Sports Subsidies: Index

Sports Subsidies Status Quo

Pro: Subsidies Desirable

Con: Subsidies Undesirable

Sports Subsidies: Introduction

Resolved: On balance, public subsidies for professional athletic organizations in the United States benefit their local communities.

The opening Public Forum debate topic of the 2014-15 season addresses an issue that has been hotly debated in many communities, namely whether it is appropriate for federal, state, and local governments to provide subsidies to professional sports teams in their areas. Over 60 major-league teams have received public support for the construction of new stadiums over the last couple of decades, and new facilities are being built, funded at least in part with public money, in places as diverse as Atlanta, Minneapolis, Orlando, Saint Paul, and San Jose. These new stadiums provide top-notch amenities, but construction costs are escalating and many of the new revenue streams generated by such stadiums are captured by the owners of the sports franchises. Recent reports indicate that many billions of dollars have been spent by various government entities on new stadiums in recent years and some teams (such as the New Orleans Saints) even receive operating subsidies from local and state governments. Supporters of such subsidies argue that professional sports offer important value to a local community, while critics contend that the money could be used on other, more pressing public services and program. Opinions tend to be very strongly divided on the merits of public subsidies, offering fertile ground for interesting and productive academic debates.

Why are sports subsidies so common? A large segment of the public in many communities supports such spending. Many local business leaders back stadium subsidies, believing that amenities like stadiums are important in attracting outside spending. Stadiums are also often financed using either relatively low-interest, long-term bonds (which have only a small short-term impact on government bottom-lines), or through taxes on so-called "tourism activity," including rental cars and hotel stays. Many government leaders are at least somewhat skeptical of the need for such subsidies, believing that team owners can likely finance stadiums on their own. However, the ability of franchises to relocate—coupled with the strong fan base of many teams—makes it very difficult for political leaders to adopt a strong anti-subsidy stance. Many critics of sweetheart stadium deals use terms like "extortion" and "hostage-taking" to describe the behavior of franchise owners, who in turn object strenuously to such characterizations and argue that professional sports, and new stadiums, provide important positive externalities that justify public support.

The resolution construction is relatively straightforward. However, our initial survey of the literature leads us to believe that the resolution is pretty strongly con-biased. Teams are asked to assess whether public subsidies are, on balance, beneficial. Subsidies are benefits, often in the form of tax breaks, financing support, or direct payments, provided by government entities to private individuals. In the sporting context, this is usually in the form of low-interest bond financing, tax reductions, and direct payments provided to the owners of professional sports franchises. The vast majority of such subsidies go to the renovation or construction of stadiums and supporting infrastructure. Professional athletic organizations are entitles that operate sporting groups that use players who are compensated for their participation. The most lucrative such organizations engage in team sports, particularly football (NFL), baseball (MLB), basketball (NBA), and ice hockey (NHL), although other sports receive support as well. The term "professional" likely excludes public subsidies for major sports festivals that feature largely amateur athletes (such as the Olympics, although the amateur status of the event is subject to some dispute) and high school/college athletics (although again, there are good arguments for why competitors in "revenue" sports like football and basketball are de factor professionals). The term "on balance" asks debaters to make a comparative assessment of the sum benefits and drawbacks of subsidies. The resolution invites debaters to establish criteria to determine what counts as a "benefit" and how such benefits (and negatives) should be compared. The majority of the academic literature base views the efficiency/desirability of subsidies from an economic perspective, although there are many other justifications offered for providing public money to support professional sports organizations.

As noted above, the pro side has a pretty difficult task, with the vast majority of economists claiming that sports subsidies (particularly stadium subsidies) provide little in terms of economic development. There are some fairly compelling arguments supporting such subsidies. The "pro case" is summarized in a recent law review article:

> Proponents of new sports facilities typically make four basic arguments. First, the proposed stadium or arena will bring citizens, tourists, and dollars downtown, providing a boost to downtown businesses and the local economy. Second, the new stadium is necessary to either attract a new professional team or to retain the current franchise. Third, having a sports team brings prestige to a city and qualifies it as "major league." Finally, a new stadium or arena will make the existing team more competitive in their respective league. These new venues are increasingly publicly financed, through state and local government tax incentives and subsidies, bonds, and through additional taxes, such as sales taxes or taxes on hotels and rental cars. [Brian P. Yates, J.D. Candidate, "Whether Building a New Sports Arena Will Revitalize Downtown and Make the Team a Winner," UNIVERSITY OF MIAMI BUSINESS LAW REVIEW v. 17, Spring/Summer 2009, p. 270]

Based on our reading of the literature, the economic arguments are an uphill battle, but it is probably worthwhile to prepare to contest likely con "no economic benefit claims." There are several arguments that you can advance. Initially, some evidence indicates that stadiums increase employment, both during the construction process and after the stadium is operational, since most luxury-class stadiums require larger staffs. Subsidy advocates also argue that stadiums and sports teams act as must-see destinations for tourists, providing a boost to the entire hospitality sector. Evidence from Professor Charles Santo claims that stadium subsidies provide "consumption benefits," meaning that the stadiums provide tangible value that people are willing to pay for the option of consuming, as demonstraed by complex research models relying on public surveys and willingness-to-pay methodologies. Stadium support also provides knock-off benefits, since the infrastructure created operate the stadium also enables other economic activity. Other advocates, such as Professor Mark Rosentraub, maintain that whether stadium subsidies are economically efficient depends on how those subsidies are used. He draws a contrast between programs that largely serve as give-aways for teams (which he terms "subsidies"), and public money that is used to leverage private capital commitments for larger development schemes centered around new stadiums via public-private partnerships (which he terms "investments). The distinction is outlined in by Dr. Rosentraub in a recent book surveying successes and failures in public stadium financing:

> In some cities voters and community leaders refused to support higher taxes to pay for sports or performing arts venues without detailed redevelopment strategies or substantial private sector investments. In these communities, voters and leaders were willing to make strategic investments, but wanted to avert anything that appeared to be a subsidy. What is the difference between a strategic investment and a subsidy? A subsidy is when the public sector pays for most or all of the cost of building (and maintaining) a sports, entertainment, and cultural center while team owners, organizations, or other entrepreneurs retain all or most of the revenues from the staging of events without any substantial investment from these beneficiaries in redevelopment activities. An investment by the public sector, in contrast, would be defined by: (1) increased tax revenues that substantially offset the tax dollars spent, (2) the building of a new or revitalized neighborhood as a result of private investment, or (3) more jobs or higher salaries for residents that produces more tax revenues. To be sure there is risk for the public sector in these investments when private capital is committed. Assuming a level of risk when private investors do the same is far different from subsidizing a facility without requiring similar levels of investment and risk by private sector partners. This book is about changing public subsidies into investments in partnerships where equal and appropriate risks were assumed by the private sector. [Dr. Mark Rosentraub, Professor, Sports Management, University of Michigan, MAJOR LEAGUE WINNERS: USING SPORTS AND CULTURAL CENTERS AS TOOLS FOR ECONOMIC DEVELOPMENT, 2010, New York: Taylor & Francis, p. 3-4.]

Rosentraub's position is supported by many other pro-subsidy analysts, who argue that properly-structured subsidies can provide net-positive economic returns.

The second and third claims outlined in the Yates quotation provide more robust fodder for pro case arguments. As explained above, the current major league sports landscape creates vigorous competition among metropolitan areas for sports franchises, with many major markets lacking professional teams in major sports. Los Angeles lacks a professional football franchise, Seattle has neither a pro hockey ror basketball team, Charlotte lacks a major-league baseball franchise, and Las Vegas is bereft of professional sports entirely. Franchise owners are thus able to request public support for stadiums (and even operating expenses), with the implied (or even overt) threat that the team will move to another city if such subsidies are not forthcoming. Many subsidies proponents claim that such subsidies are justified, since sports franchises are important to the image of a city. Frequent sporting events focus national attention on a franchise-hosting area, and the presence of professional sports teams are viewed by many citizens and business owners as the hallmark of a “big time” city. Rosentraub and other boosters argue that amenities like sporting events are vital to attracting and retaining skilled workers and entrepreneurs, the presence of which foster the development of new businesses and make an area an attractive location for existing entities. Access to sporting events is a significant quality of life factor for many persons. Many people take pride in their sports teams, and view a modern stadium as important to both increasing the team’s on-field success and validating the fans’ attachment to the team. All of these benefits are identified by proponents as examples of “public goods,” commodities or services that benefit all members of society. The existence of these public goods (also described as “positive externalities”) provide a solid rationale for public subsidies for professional sports operations.

The con side has an array of powerful arguments at its disposal. There is a very strong consensus among economists that sports subsidies are a net-loser for governments and their citizens. Although stadium construction financing and other forms of public support generally do generate some sort of positive economic return, the opportunity costs of using the public resources on stadiums instead of other pro-growth measures (such as infrastructure construction, education, or subsidizing other businesses with stronger “multiplier effects”) are far greater than any stadium-funding benefits. Analysts claim that the purported economic benefits of subsidies tend to be greatly exaggerated, in no small part because they ignore such opportunity costs. Many new stadiums are designed to retain existing franchises, significantly attenuating any new business opportunities offered by the stadium subsidies. There is even some evidence arguing that the presence of sports franchises (and their attendant subsidies) are negatively correlated with income. The researchers hypothesize that local sports decrease worker productivity, undermining economic growth. Sports subsidies also drain the public coffers, decreasing the funds available for other public services. Although many subsidies are funded by new taxes (often on the hospitality sector) and thus do not directly hurt the government’s bottom line, those new taxes are no longer available as an option for either funding needed services or offsetting other, more onerous tax schemes. Subsidy critics maintain that most public financing proposals raise serious equity concerns, because new taxes are often regressive in nature (low-income persons pay a higher percentage of their income in such taxes), new stadiums are associated with higher ticket prices are beyond the reach of persons-of-modest-means, and the civic and economic benefits of subsidies are often most highly concentrated among the wealthiest persons. This is particularly true of team owners, who accrue very significant increases in the values of their franchises when new stadiums are constructed. Franchise owners are also increasingly adept of claiming new revenue streams from updated playing facilities, cutting into public revenue and further enriching themselves using publicly-financed infrastructure.

This is a very interesting topic, and it should support a solid two months of high-quality and educational debating.

Best of luck!

Subsidies Status Quo: High Now—General

1. Almost all new stadiums now receive public funding

Matthew Glans, staff, "Research & Commentary: Taxpayer Funding of Sports Facilities," Heartland Institute, 3—21—14, http://heartland.org/policy-documents/research-commentary-taxpayer-funding-sports-facilities, accessed 8-20-14.
In the early days of professional sports, nearly all new sports facilities were privately financed. In recent years, by contrast, the trend in stadium financing has moved toward taxpayer subsidies for new stadium construction or renovation. According to Pacific Standard magazine, over the last 20 years 101 new sports facilities have opened in the United States (a 90 percent replacement rate), and nearly all the projects received direct public funding. In addition to receiving public funding, these projects are now receiving more tax dollars than ever before. In her book on sports stadium financing, Public/Private Partnerships for Major League Sports Facilities, Judith Grant Long, an urban planning expert at Harvard University, notes the average public cost for a new facility has increased dramatically since the year 2000. In the 1990s the average tax subsidy given to stadium projects was $142 million, but by 2010 the average public cost had risen to $241 million, a 70 percent increase.

2. Ninety percent of all new stadiums receive public subsidies

Aaron Gordon, journalist, "America Has a Stadium Problem," PACIFIC STANDARD, 7—17—13, www.psmag.com/navigation/business-economics/america-has-a-stadium-problem-62665/, accessed 8-20-14.
Over the past 20 years, 101 new sports facilities have opened in the United States—a 90-percent replacement rate—and almost all of them have received direct public funding. The typical justification for a large public investment to build a stadium for an already-wealthy sports owner has to do with creating jobs or growing the local economy, which sound good to the median voter. "If I had to sum up the typical [public] perspective," Neil deMause, co-author of Field of Schemes and editor of the blog by the same title—the go-tos on the ongoing stadium subsidy story—told me via email, "I'd guess it'd be something along the lines of 'I don't want my tax money going to rich fat cats, but anything that creates jobs is good, and man that Jeffrey Loria sure is a jerk, huh?'" This confused mindset has resulted in public coffers getting raided. The question is whether taxpayers have gotten anything in return.

3. Taxpayers end up covering up to 85% of new stadium costs

Dennis J. Kucinich, Statement before the House Committee on Oversight and Reform, Subcommittee on Domestic Policy, "Professional Sports Stadiums: Do They Divert Public Funds from Critical Infrastructure?" n. 110-193, 10—10—07, p. 3.
Well, now comes along the professional sports team owners, and to that problem they add another: they want a new stadium. And not just a new stadium, but they ask for parking facilities, a dedicated ramp from the highway, new stadium to have more luxury boxes, even at the expense of fan seating. They want to finance the tax-exempt bonds that the city and State would guarantee because the costs of construction are lower with reduced interest rates on tax-exempt bonds. So what happens? Cities and States compete with one another to offer the larger package of publicly financed incentives. According to one of our witnesses here today, Professor Judith Grant Long of Harvard, in both absolute and relative terms the public spends a lot on professional sports stadiums. In her written testimony, Professional Long finds that the public will have spent $33 billion on professional sports stadiums by the time the last facility currently scheduled for construction is completed. Taxpayers also assume a large share of costs for new professional sports facilities. Among new professional sports facilities built since 1990, the average public share of cost is estimated to be between 55 and 85 percent.

Subsidies Status Quo: High Now—General [cont'd]

4. We are in the midst of a publicly-financed sports facility boom

Brian P. Yates, J.D. Candidate, "Whether Building a New Sports Arena Will Revitalize Downtown and Make the Team a Winner," UNIVERSITY OF MIAMI BUSINESS LAW REVIEW v. 17, Spring/Summer 2009, p. 271-272.
While the sports debate has always raged around who would take the field (or court) for one's favorite team, the present debate has been as much about where that field would be located as who would be playing on it. The sports industry in the United States is in the midst of a building boom of new ballparks, stadiums, and arenas. Since 1990, ninety-five major league stadiums or arenas have been built or planned, and it has been estimated that more than $ 21.7 billion has been spent on these facilities. Just between 1999 and 2003, twenty-nine sports venues were opened at an estimated cost of $ 9 billion. To compare, public sector spending on sports venues in the late 1970s and early 1980s was approximately $ 850 million and spending on new stadiums and arenas in the 1960s was only $ 500 million. The boom is not limited to professional franchises. More and more of the nation's colleges and universities are seeking to improve their facilities as well. National Collegiate Athletic Association (NCAA) programs in the major Bowl Championship Subdivision (BCS) conferences have raised more than $ 3.9 billion for new sports facilities over the past five years. More than fifteen Division I basketball programs have moved into new arenas over the past decade. This facilities arms race currently encompassing college athletics is not limited to traditional powers or rising programs. Institutions not building are now in the minority. To illustrate, the University of Louisville has spent $ 160 million on new athletic facilities since 1990. Compare how the university's Belknap campus looks today with what it looked like in the late 1980s and one will notice a striking difference. An eastern border that had been an outdated dormitory, a gravel parking lot, and a copy shop is now home to stadiums for softball, track and field, soccer, and field hockey. Similarly, a drive down the street to Papa John's Cardinal Stadium, the football stadium which opened in 1998, shows practice facilities for football and basket-ball, a lacrosse field, and a natatorium for swimming and diving, rather than dilapidated factories that were present not too long ago. Moreover, a downtown basketball arena is scheduled to open in 2010.

5. We are in the middle of a stadium boom now, and most of those receive public subsidies

Dennis Coates, Professor, Economics, University of Maryland, Baltimore County, "A Closer Look at Subsidies," THE AMERICAN, 4—29—08, www.american.com/archive/2008/april-04-08/a-closer-look-at-stadium-subsidies, accessed 8-19-14.
Since 1990, construction of stadiums and arenas for professional sports franchises has occurred at an incredible pace. In that time, Major League Baseball (30 teams) has opened 19 new stadiums and has three more currently under construction. The National Football League (32 teams) has opened 17 new stadiums; done major renovations to four others; has three under construction; and has four more projects at various stages of planning and negotiations. The National Basketball Association (30 teams) has opened more than two-thirds of its 30 arenas since 1990, and at least three NBA franchises are actively seeking new arenas. In most cases, state and local governments have been closely involved in the financing, design, construction, and management or ownership of professional sports facilities. Even Washington has played a role: the local and state bonds used to fund new stadiums and arenas typically are exempt from federal income tax. This has been the subject of hearings before the House Oversight Subcommittee on Domestic Policy, with some lawmakers questioning whether subsidizing stadiums for private gain is consistent with the goal of aiding "public" infrastructure projects. Hundreds of millions of tax dollars are at stake, so it is important for business leaders and elected officials to understand the costs and benefits of publicly financed stadiums.

Subsidies Status Quo: High Now—General [cont'd]

6. The public provides stadium subsidies in a variety of ways

Dennis Coates, Professor, Economics, University of Maryland, Baltimore County, "A Closer Look at Subsidies," THE AMERICAN, 4—29—08, www.american.com/archive/2008/april-04-08/a-closer-look-at-stadium-subsidies, accessed 8-19-14.
Clearly, stadiums built with public funds have evolved over time. No longer are they built to honor the sacrifices of American soldiers. No longer are they built to be flexible venues capable of hosting a great variety of events. And no longer does the public sector determine the appropriate price to charge private enterprise for use of this publicly supplied resource. Today, sports stadiums are largely the private domain of for-profit businesses that the public sector subsidizes, often with special taxes. In recent years, Judith Long, an urban planning expert at Harvard University, and Andrew Zimbalist, an economist at Smith College, have produced comprehensive discussions of stadium and arena subsidies. State and local governments assist pro sports franchises in myriad ways, including covering building and operating costs. To truly understand the extent of stadium subsidization, it is important to account for all the ways in which public money pays for the facilities. Public sources of information tend to focus on the public share of capital costs, which can produce misleading results regarding the extent of the public subsidy. For example, Zimbalist and Long show that for most of the stadiums and arenas built for professional sports franchises and in operation since 1990, "when net operating costs are included, the public share goes up."

7. Subsidy levels have been increasing rapidly

Aaron Gordon, journalist, "America Has a Stadium Problem," PACIFIC STANDARD, 7—17—13, www.psmag.com/navigation/business-economics/america-has-a-stadium-problem-62665/, accessed 8-20-14.
This isn't news, by any stretch, but it turns out we're spending even more money on stadiums than we originally thought. In her new book Public/Private Partnerships for Major League Sports Facilities, Judith Grant Long, associate professor of Urban Planning at the Harvard University Graduate School of Design, shatters previous conceptions of just how much money the public has poured into these deals. By the late '90s, the first wave of damning economic studies conducted by Robert Baade and Richard Dye, James Quirk and Rodney Fort, and Roger Noll and Andrew Zimbalist came to light, but well afterwards, from 2001 to 2010, 50 new sports facilities were opened, receiving $130 million more, on average, than those opened in the preceding decade. (All figures from Long's book adjusted for 2010 dollars.) In the 1990s, the average public cost for a new facility was estimated at $142 million, but by the end of the 2000s, that figure jumped to $241 million: an increase of 70 percent.

8. States and localities are now providing direct subsidies to stadiums

David Coates, Associate Professor and Brad R. Humphreys, Assistant Professor, Economics, University of Maryland Baltimore County, "The Stadium Gambit and Local Economic Development," REGULATION v. 23 n. 2, Summer 2000, pp. 15-20-, p. 15.
The practice of professional sports profiting at the expense of taxpayers is not new. Before the stadium gambit there was the tax shelter dodge in which the purchase and reorganization of a team could generate up to five years of losses, which could be used to offset the new owner's income from other ventures. And there is the common practice of funding stadium construction using private-purpose local bonds because their interest payments are exempt from federal income taxation and they therefore carry a lower interest rate. The net effect is that the federal government subsidizes construction of the stadiums and arenas built by state and local governments for professional sports franchises. Indeed, closing the loophole in the law that allowed this subsidy has simply been replaced by explicit state and local funding of stadiums that can be turned over rent free to franchises.

Subsidies Status Quo: High Now—NFL

1. The NFL receives tremendous subsidies

Eric Boehm, journalist, "NFL Taxpayers for Stadium Subsidies and Other Goodies," Heartland Institute, 9—27—13, http://news.heartland.org/newspaper-article/2013/09/27/nfl-sacks-taxpayers-stadium-subsidies-and-other-goodies, accessed 8-20-14.
The National Football League sacks taxpayers from every angle. The NFL is technically a nonprofit—thanks to a special exception in the tax code carved out by Congress in the 1960s—despite making billions of dollars of profit each year and paying top executives seven-figure salaries. The NFL is allowed to negotiate contracts that would be illegal for companies like Apple or Exxon—thank Congress again for that one. And the NFL is able to use its financial and political muscle to get lots of additional freebies from city and state governments, including taxpayer-funded stadiums and free sewer and water services. Even in states facing billion-dollar budget shortfalls, the NFL has been able to get massive handouts in recent years.

2. The public has paid for 70% of the NFL's new stadiums

Eric Boehm, journalist, "NFL Taxpayers for Stadium Subsidies and Other Goodies," Heartland Institute, 9—27—13, http://news.heartland.org/newspaper-article/2013/09/27/nfl-sacks-taxpayers-stadium-subsidies-and-other-goodies, accessed 8-20-14.
As Gregg Easterbrook wrote in The Atlantic in September, the NFL "is about two things: producing high-quality sports entertainment, which it does very well, and exploiting taxpayers, which it also does very well." The entire piece is worth a read. Easterbrook looks at how various franchises and owners have exploited local and state governments to rake in an estimated $1 billion from the public pot on an annual basis. The stadium subsidies are by far the most expensive and egregious subsidy. "Judith Grant Long, a Harvard University professor of urban planning, calculates that league-wide, 70 percent of the capital cost of NFL stadiums has been provided by taxpayers, not NFL owners. Many cities, counties, and states also pay the stadiums' ongoing costs, by providing power, sewer services, other infrastructure, and stadium improvements," Easterbrook writes. When the ongoing costs are included, 12 of the league's 32 teams "turn a profit on stadium subsidies alone," he reports, again citing Long's work.

3. Most of the cost of NFL stadiums are covered by taxpayers

Nick Gillespie, editor, Reason, "Football: A Waste of Taxpayers' Money," TIME, 12—6—13, http://ideas.time.com/2013/12/06/football-a-waste-of-taxpayers-money/, accessed 8-19-14.
The Vikings deal isn't the exception, it's the rule. It might even be kind of a bargain. The Atlanta Falcons, owned by a billionaire co-founder of Home Depot, are getting a $1.2 billion pleasure dome built with hundreds of millions of tax dollars. The team gets to sell seat licenses and naming fees and keeps all revenue generated by the facility. In The King of Sports: Football's Impact on America, Gregg Easterbrook writes that public dollars have covered about "87 percent of the total capital cost of NFL stadia" even though there is zero reason to believe that publicly funded sports facilities ever pay back their costs by increasing overall economic activity or putting more tax revenue in government coffers.

4. Seventy percent of new NFL stadiums have been paid for by taxpayers

Gregg Easterbrook, contributing editor, "How the NFL Fleeces Taxpayers," THE ATLANTIC, 9—18—13, www.theatlantic.com/magazine/archive/2013/10/how-the-nfl-fleeces-taxpayers/309448/?single_page=true, accessed 8-20-14.
Judith Grant Long, a Harvard University professor of urban planning, calculates that league-wide, 70 percent of the capital cost of NFL stadiums has been provided by taxpayers, not NFL owners. Many cities, counties, and states also pay the stadiums' ongoing costs, by providing power, sewer services, other infrastructure, and stadium improvements. When ongoing costs are added, Long's research finds, the Buffalo Bills, Cincinnati Bengals, Cleveland Browns, Houston Texans, Indianapolis Colts, Jacksonville Jaguars, Kansas City Chiefs, New Orleans Saints, San Diego Chargers, St. Louis Rams, Tampa Bay Buccaneers, and Tennessee Titans have turned a profit on stadium subsidies alone—receiving more money from the public than they needed to build their facilities. Long's estimates show that just three NFL franchises—the New England Patriots, New York Giants, and New York Jets—have paid three-quarters or more of their stadium capital costs.

Subsidies Status Quo: High Now—Underreported

1. It is worse than our opponents say—subsidies are under-estimated

Matthew Glans, staff, "Research & Commentary: Taxpayer Funding of Sports Facilities," Heartland Institute, 3—21—14, http://heartland.org/policy-documents/research-commentary-taxpayer-funding-sports-facilities, accessed 8-20-14.
Long also points out, as noted in Bloomberg, the tax subsidies may be even higher than reported, as economists underestimate costs associated with stadium projects, such as infrastructure improvements, capital improvements, municipal services like police security, and lost property taxes. Taking these added hidden costs into account, Long estimates the average taxpayer subsidy for sports facilities could increase by 25 percent, raising the 2010 average cost to $259 million per facility.

2. Public subsidies are enormous, and are under-estimated by official statistics

Judith Grant Long, Assistant Professor, Urban Planning, Harvard University, Testimony before the House Committee on Oversight and Reform, Subcommittee on Domestic Policy, "Professional Sports Stadiums: Do They Divert Public Funds from Critical Infrastructure?" n. 110-193, 10—10—07, p. 87.
Turning to the first question, how much public money has been spent and continues to be spent to subsidize new major league sports facilities, this question is important because the ongoing debate about the appropriateness of these subsidies depends critically on our ability to accurately measure the nature and magnitude of these underlying costs. Starting with cost figures provided by the sports industry, public funding for the 82 facilities opened between 1990 and 2006 totals approximately $12 billion. This estimate is based on an average facility price tag of $253 million, an average public subsidy of $144 million, translating to an average public share of 57 percent. My research, which is now shown for the elucidation of the audience who don't have the report in front of you, is summarized in a table on the side screens. My research shows that these figures are, in fact, the tip of the iceberg. I argue that governments pay far more to participate in the development of major league sports facilities than is commonly understood, due to the routine and ongoing omission of public subsidies for land, infrastructure, and, as well, the ongoing costs of operations, capital improvements, municipal services, and foregone property tax revenues.

3. Public subsidies for sports stadiums are very high, and are underreported in official statistics

Robert A. Baade, Department of Economics and Business, Lake Forest College and Victor A. Matheson, Department of Economics, College of the Holy Cross," Financing Professional Sports Facilities," WORKING PAPER SERIES n. 11-02, North American Association of Sports Economists, 1—11, p. 3.
The past 20 years have witnessed a massive transformation of professional sports infrastructure in the North America and the rest of the world. In the United States and Canada alone, by 2012, 125 of the 140 teams in the five largest professional sports leagues, the National Football League (NFL), Major League Baseball (MLB), National Basketball Association (NBA), Major League Soccer (MLS), and National Hockey League (NHL), will play in stadiums constructed or significantly refurbished since 1990. This new construction has come at a significant cost, the majority of which has been borne by taxpayers. Construction costs alone for major league professional sports facilities have totaled in excess of $30 billion in nominal terms over the past two decades with over half of the cost being paid by the public. See Tables 1 through 5 for lists of newly constructed or refurbished stadiums in various American sports leagues. It should be noted that these figures understate the total level of public subsidies directed towards spectator sports, as they exclude subsidies not directly related to infrastructure and also ignore minor league and collegiate sports as well as other popular professional sports such as golf, tennis, or auto racing.

4. Costs are underestimated—do not include a lot of hidden subsidies

Aaron Gordon, journalist, "America Has a Stadium Problem," PACIFIC STANDARD, 7—17—13, www.psmag.com/navigation/business-economics/america-has-a-stadium-problem-62665/, accessed 8-20-14.
Economists have also been, according to Long, drastically underestimating the true cost of these projects. They fail to consider public subsidies for land and infrastructure, the ongoing costs of operations, capital improvements (we need a new scoreboard!), municipal services (all those traffic cops), and foregone property taxes (almost every major-league franchise located in the U.S. does not pay property taxes "due to a legal loophole with questionable rationale" as the normally value-neutral Long put it). Due to these oversights, Long calculates that economists have been underestimating public subsidies for sports facilities by 25 percent, raising the figure to $259 million per facility in operation during the 2010 season.

Subsidies Status Quo: High Now—Underreported [cont'd]

5. The level of subsidy is understated—infrastructure costs

Scott A. Jensen, J.D. Candidate, "Financing Professional Sports Facilities with Federal Tax Subsidies: Is It Sound Tax Policy?" MARQUETTE SPORTS LAW JOURNAL v. 10, Spring 2000, p. 445.

When debate surfaces for the potential tax subsidy of stadium and arena projects, the focus is almost always on direct costs. Certainly the taxpayer and general public have an interest in the level of direct spending required of them, but frequently the debate fails to give due attention to the larger picture. Proponents of the status quo are slow to acknowledge the hidden additional costs that lay in the required construction of basic infrastructure. These same parties are also hesitant to either admit or acknowledge the level of revenue that is lost to foregone tax revenue from abatements and exemptions. The advocates for public financing cause me to reminisce about the time my dad explained to me that the cost of going to the amusement park was more than the twenty dollar price of admission. He explained how I should consider extraneous circumstances in deriving the total cost of my planned day of frolic. The price of admission was a significant concern, but it was not all. A trip would cost gas money - ten dollars - in addition to the price for games and concessions while in the park, another twenty to thirty dollars. In addition, I had to think about the amount of money that I would lose from not working that day, maybe thirty to fifty dollars. All totaled, the price of going to the amusement park was probably closer to eighty or a hundred dollars in direct and indirect costs. This was far different from the twenty dollars I thought I could afford. Similarly, while proponents want to put tidy price tags on the cost for stadium projects, they rarely want to add the price for hidden costs that necessarily arise with the progression of construction. The level of subsidy is higher than the price tag on the stadium, which adds to the impact on taxpayers. When the issue rises to a level of debate, it is absolutely necessary to consider the full financial impact. Ironically, proponents are fast to talk of projected financial spin-off benefits, but slow to include all of the spin-off costs.

Subsidies Desirable: Topshelf

1. Sports venues revitalize communities—are tied to broader redevelopment efforts

Martin J. Greenberg Adjunct Professor, law, Marquette University and Dennis Hughes Jr., attorney, "Sports.Comm: It Takes a Village to Build a Sports Facility," MARQUETTE SPORTS LAW REVIEW v. 22, Fall 2011, p. 93.
In the modern context, a sports facility is more than a place to view a sporting event. Sports venues have become a catalyst for urban transformation or revitalization. A sports facility is a destination place, an entertainment district, a bundling stimulus, a real estate development, and a place where people can work, eat, watch, congregate, buy, and socialize. Sports facility development is nothing more than real estate development. If constructed thoughtfully, a sports facility could convert the image of a league or team owner from a tax vulture into a long-term leader and visionary for a community. Moreover, a newly constructed or renovated venue can bring complete renewal and revitalization to blighted areas, environmentally hazardous sites, aged communities, or near-downtown areas. Real estate development has become a central component of sports facility development, and the results thereof - urban revitalization and transformation - may be as important as the building of the sports facility itself.

2. Sports are not a panacea, but they are important to attracting business and human capital

Dr. Mark Rosentraub, Professor, Sports Management, University of Michigan, MAJOR LEAGUE WINNERS: USING SPORTS AND CULTURAL CENTERS AS TOOLS FOR ECONOMIC DEVELOPMENT, 2010, New York: Taylor & Francis, p. 12-13.
Professional sports remain an integral part of this mix and ignoring them was not a viable option. Communities do need to make public safety and education their highest priorities and can have a very high quality of life without being home to a professional sports team or a major collegiate sports program. Yet, virtually all of the towns and cities on the myriad "best places to live" lists are located in close proximity to facilities that are home to one or more professional sports teams, entertainment and performing arts centers, or universities and colleges with major sports programs. The real opportunity for a city's leadership is not to choose between sports and public safety or education, but to understand how some community leaders in places like Indianapolis, Columbus, Ohio, San Diego, and Los Angeles were able to use sports, entertainment, and cultural facilities to advance the quality of life while producing tax revenue that could be used for public safety or any other needed service. As Eisinger observed, Few people would argue with the proposition that facilities that bring high or even mass culture, sports, and recreational opportunities to a city may enhance the quality of life. Stadiums and performing arts centers and festival malls help to transform places that would otherwise simply be markets or dormitories. … The issue, then, is not whether to spend public money [for sports or entertainment facilities]; rather the issue is a matter of balance and proportionality. This book is about the balance achieved by successful leadership in several different cities and the positive economic development outcomes that took place. In each of the case studies, the risks taken by the cities, the commitment by the private sector, and the specific plans developed will be discussed. The outcomes in each situation for the downtown areas, for the cities and their financial capabilities, and other impacts will also be identified. Through these analyses, the opportunities available to other cities will be identified.

3. Amenities are important—communities need to be attractive place to live to retain / develop human capital

Dr. Mark Rosentraub, Professor, Sports Management, University of Michigan, MAJOR LEAGUE WINNERS: USING SPORTS AND CULTURAL CENTERS AS TOOLS FOR ECONOMIC DEVELOPMENT, 2010, New York: Taylor & Francis, p. 41.
Building on the themes of competitive advantage explained by Porter, Garmise directs community leaders to focus on policies and programs that ensure that their communities are the ones that produce, attract, and retain the "creative classes" or idea generators needed by firms. This focus means that regions have to build urban environments that include the resources needed for human capital development and the amenities that define the quality of life. What this means for economic development is that leaders must build communities in which people want to live instead of focusing on ways to reduce costs to encourage businesses to locate in their region. It also means that a region must have educational or training programs to produce the human capital needed or continuously attract that capital. In practice, a human capital approach to economic development requires a focus on establishing exceptional education and training programs, but it also means making sure that the right mix of amenities is also available to give cities and regions the image and quality of life demanded by high-value human capital.

Subsidies Desirable: Topshelf [cont'd]

4. Strong community amenities are vital to community success—attract capital

Dr. Mark Rosentraub, Professor, Sports Management, University of Michigan, MAJOR LEAGUE WINNERS: USING SPORTS AND CULTURAL CENTERS AS TOOLS FOR ECONOMIC DEVELOPMENT, 2010, New York: Taylor & Francis, p. 248.

Businesses are increasingly dependent on human capital for their growth and expansion. Successful firms will locate in the regions with the largest concentrations of the most talented and skilled workers. This means firms locate where people want to live, changing older business–labor linkages where workers moved to those locations that were best for a business. This shifting in the relationship between businesses and labor is a result of the importance and value of highly skilled and educated workers for innovation and the changing structure of the American economy. Within this new structure, research, services, healthcare, computing, information technology, robotics, and advanced manufacturing assume larger roles than does the manufacturing processes that produced millions of jobs in the twentieth century. The expanding sectors of today's economy are less dependent on the traditional factors that affected location decision and the economic development that dominated America's growth and expansion in the nineteenth and twentieth centuries. Highly skilled workers place a great deal of value on the mix and availability of amenities when choosing a place to live. Areas with fewer amenities are seen as less desirable. One important amenity is a lively downtown area that capitalizes on the potential to be a residential neighborhood for the increasing numbers of people enjoying long and active periods of their lives after fulfilling their childrearing responsibilities. The desire of young professionals for cities with dynamic downtown areas is also part of the attraction that propels the growth of Boston, Charlotte, Chicago, and New York. As these proportions of the population increase, the popularity of safe downtown and urban neighborhoods with a large number of amenities will continue to increase.

5. Stadiums provide value that our opponent's evidence does not account for—consumption benefits

Charles A. Santo, Professor, City & Regional Planning, University of Memphis, "Beyond the Economic Catalyst Debate: Can Public Consumption Benefits Justify a Municipal Stadium Investment?" JOURNAL OF URBAN AFFAIRS v. 29 n. 5, 2007, pp. 455-479, p. 456-457.

Sports facilities and teams create benefits associated with consumption that exist regardless of their ability to generate jobs or income (Noll & Zimbalist, 1997). Private consumption benefits accrue to fans that attend games and are directly related to the concept of consumer surplus. In this context, consumer surplus arises when the amount that a person is willing to pay for a ticket to a sporting event is greater than the actual cost of the ticket. The difference represents a benefit to the consumer. Public consumption benefits encompass the intangible rewards associated with hosting a team, and are related to the economic concepts of positive externalities and public goods—two types of market failure. A variety of government interventions are justified on the grounds that the market does not efficiently provide public goods or properly account for externalities on its own. Because residents can derive a variety of benefits from local sports teams without ever attending a game, teams can be said to generate positive externalities. For example, newspapers, television news programs, and talk radio shows devote a great deal of their attention to local sports teams. Sports fans derive utility from this coverage with no compensation to team owners. Water cooler conversations about the upcoming pennant race may create pleasure for local sports fans, but they cost nothing. Because of the presence of these externalities, the direct demand experienced by a team understates the total benefit of that team to local residents (Noll & Zimbalist, 1997). Sports teams also produce certain public goods—benefits that are jointly consumed and from which no one can be excluded. These might include things like civic pride, greater community cohesion, and the image benefits of "big league city" status. Such benefits accrue to fans as well as nonfans. In a survey of 1,536 Indianapolis residents, Rosentraub & Swindell (1998) found significant evidence of "social spillover benefits" associated with local sports teams. Respondents ranked auto racing, the NFL Colts and the NBA Pacers as Indianapolis's top three contributors to civic pride and national reputation. These results demonstrate that sports teams can produce positive externalities or public goods that are valued by local residents.

Subsidies Desirable: Topshelf [cont'd]

6. Stadiums offer important quality of life benefits

Charles A. Santo, Professor, City & Regional Planning, University of Memphis, "Beyond the Economic Catalyst Debate: Can Public Consumption Benefits Justify a Municipal Stadium Investment?" JOURNAL OF URBAN AFFAIRS v. 29 n. 5, 2007, pp. 455-479, p. 456.
In light of this evidence, the continued proliferation of public investment in sports facilities, begs the question: Is there some other justification for this spending, or are policymakers simply acting against the public interest (either irrationally, or in response to political-economic influences)? A possibility that has not been fully explored in the current debate and literature is the notion that stadiums and teams generate tangible and intangible consumption benefits that could support some level of public investment. In some cases, stadium proponents have begun to emphasize quality-of-life benefits over economic ones as empirical evidence regarding stadium economics has reached the mainstream media, but research devoted to measuring the external benefits associated with major league teams and facilities has been scarce. The intent of this study is to build on the foundation established by a small group of researchers (Carlino & Coulson, 2004; Irani, 1997; Johnson, Groothius, & Whitehead, 2001; Johnson & Whitehead, 2000) and help move discussion beyond the economic catalyst debate by considering the magnitude of consumption benefits generated by sports teams and facilities.

7. Stadiums are being built for multiple non-economic reasons

Allen R. Sanderson, Senior Lecturer, Economics, University of Chicago, "Sports Facilities and Development: In Defense of New Sports Stadiums, Ballparks and Arenas," MARQUETTE SPORTS LAW JOURNAL v. 10, Spring 2000, p. 184.
Apart from the building boom driven by natural economic forces, such as income growth, technological change and the growing entertainment demands, there are logical arguments without resorting to boosterism on the one hand, and cold, hard theory and empirical findings on the other to justify spending more total money, and more public money, on professional sports. These considerations would include: (1) the extent to which public funding for sports stadiums is different than, or consistent with, changes in public sector commitments for other purposes over time; (2) the presence of positive externalities and the public-goods nature of sports, which could justify public subsidies; and (3) welfare or surplus aspects. These are treated sequentially in the sections that follow.

8. Decisions to build new stadiums make sense—losing a franchise is harmful for communities and its fans

Allen R. Sanderson, Senior Lecturer, Economics, University of Chicago, "Sports Facilities and Development: In Defense of New Sports Stadiums, Ballparks and Arenas," MARQUETTE SPORTS LAW JOURNAL v. 10, Spring 2000, p. 189-190.
Many universities may lose money on their athletic programs as portrayed on narrowly defined financial ledgers, and not simply because of "cooking the books" or from operating in a "prisoner's dilemma" environment. However, to the extent that these same institutions can parlay direct accounting losses - and this inexpensive advertising - into attracting a larger applicant pool from having its football team appear on television or in a bowl game, or generate greater alumni interest, loyalty, and donations, it is in their overall self-interest to field those squads. A complementary factor leading constituents to support public funds for a new facility stems from basic finance theory: option value. Even if it appears that current benefits would not justify the costs, voters, and mayors or city councils faced with the prospect of spending several hundred million dollars on a new football stadium or baseball field or watching that franchise migrate to another metropolitan area, may respond rationally in a world where future benefits are uncertain and losing a franchise may appear irreversible by choosing to preserve their claim to those potential benefits

Subsidies Desirable: Civic Pride

1. Citizens feel a very strong connection with their teams

Frank A. Mayer, attorney, “Stadium Financing: Where We Are, How We Got Here, and Where We Are Going,” VILLANOVA SPORTS AND ENTERTAINMENT LAW JOURNAL v. 12, 2005, p. 205.
City residents often feel a strong connection with their local sports teams. This results in a general fear among politicians of public outcry associated with a team leaving a particular city. Sports franchises are a relatively rare commodity. The number of cities capable of hosting a team far outnumber the total number of professional teams. Because many team owners are not stadium owners, they are able to threaten to move to a different city if it appears as though this would provide greater financial opportunity. The prospect of increased revenue streams or appreciation in team value provides most owners with enough incentive to seriously consider a move.

2. Cities want teams for the prestige

Matthew J. Parlow, attorney, “Publicly Financed Sports Facilities: Are They Economically Justifiable? A Case Study of the Los Angeles Staples Center,” UNIVERSITY OF MIAMI BUSINESS LAW REVIEW v. 10, Spring/Summer 2002, p. 490.
Cities also seek sports franchises to acquire or retain a major league image. A perfect example of this phenomenon arose when the Milwaukee Brewers demanded a new baseball stadium with the threat of relocation. Gerald Schwerm, Director of Public Works and Development, and Brigid Sullivan, Director of Parks, Recreation and Culture, wrote to the Milwaukee County Board explaining how important the Brewers were to not only the county, but to the entire state. While acknowledging the approximately $ 200 million that the Brewers brought to the county, Schwerm and Sullivan noted that "[p]erhaps the greater and more important benefit of having the Brewers in Milwaukee County, however, is that their presence stamps Milwaukee as a 'Major League' city. . . ." Schwerm and Sullivan also noted a subsequent psychological benefit that citizens of Milwaukee gained from such a distinction: Distinguishing Milwaukee as a "Major League" city "affect[s] not only the way people around the county (and in a surprisingly large part of the world) view Milwaukee, but also the way Milwaukeeans view ourselves." Cities, therefore, seek this major league status not only for economic reasons such as attracting new businesses, but also for the psychological benefit produced by the presence of a major league sports team.

3. Cities want sports teams for prestige purposes—necessary to be seen as a “Major League” city

Dr. Mark Rosentraub, Professor, Sports Management, University of Michigan, MAJOR LEAGUE WINNERS: USING SPORTS AND CULTURAL CENTERS AS TOOLS FOR ECONOMIC DEVELOPMENT, 2010, New York: Taylor & Francis, p. 4.
Why did voters, elected officials, and community leaders continue to raise taxes to subsidize sports and other cultural facilities when the initial warnings were that there would be no economic benefits? The reasons vary, but the themes, in every instance, are quite familiar. When it comes to sports, many argue that large cities or regions without teams did not have a “major league image” and that second-rate images meant businesses and high-skilled workers would choose to locate elsewhere. One St. Louis leader when asked why he favored a subsidy to convince the National Football League’s (NFL) Rams to move from California to Missouri replied that too many people thought the city’s best days were behind it (because they had lost their football team to Phoenix). The Rams would make St. Louis “big league” again in ways the St. Louis Cardinals (baseball team) or Washington University could not. By extension, smaller cities, in an effort to elevate and distinguish themselves to businesses and create an image of a higher quality of life sought to attract minor league teams, so they too were part of the sports culture of the country. And regardless of size, if a city did not have a venue to attract concerts and host shows and plays, it too risked being seen as too quaint and boring (too few concerts, shows, or other events) to attract and retain the human capital twenty-first century businesses need.

Subsidies Desirable: Civic Pride [cont'd]

4. There are non-economic arguments for building stadiums—people like having sports teams

Jeffrey G. Owen, Assistant Professor, Economics, Indiana State University, "The Intangible Benefits of Sports Teams," PUBLIC FINANCE AND MANAGEMENT v. 6 n. 3, 2006, pp. 321-345, p. 322-323.

It may be that for some residents, public funding for stadiums is supported for reasons other than projections of income growth or job creation. Recently many economists who are critics of sports subsidies have also recognized that sports teams generate benefit beyond that typically measured. Baade and Dye (1988, p. 37) acknowledge that "measurable economic benefits to area residents are not large enough to justify stadium subsidies and the debate must turn to immeasurable intangible benefits like fan identification and civic pride." Noll and Zimbalist (1997, p. 58) agree that these "immeasurable" benefits may be important: "whether the value of the external benefits of a major league team to consumers really does exceed stadium subsidies is uncertain, but by no means implausible." Despite acknowledging the existence and potential importance of such benefits, economists have been reluctant to actually calculate them, and for good reason. Baade and Sanderson (1997, p. 104) illustrate the current state of the debate: The estimation of consumer surplus—and its complementary benefit or cost, what is termed (positive or negative) "externalities"—is (or should be) an integral part of any benefit-cost calculation where public policy decisions are concerned, constructing a parking garage, a dam, or any other project. It is also one of the most difficult to handle. Doing such a calculation for a sports franchise is well beyond the scope of this paper, but we want to acknowledge the potential existence of this benefit to citizens and the role it could play in what may otherwise appear to be ill-informed or unwise investments in sports franchises. Two studies using the contingent valuation method, Johnson and Whitehead (2000) and Johnson, Groothuis, and Whitehead (2001), found intangible benefits did not cover stadium costs. In both studies, metropolitan areas were assumed to be the relevant area of aggregation. In what follows, a contingent valuation survey of professional sports teams in Michigan and Minnesota is conducted. Using states as the aggregation area allows fans beyond the immediate metropolitan area to be considered. All major professional sports teams located in Minneapolis/St. Paul use the name "Minnesota" to identify with a larger fan base. Also state governments are frequently involved in public subsidies for stadiums, so it is appropriate to consider taxpayers over a larger region. Two findings indicate that the consumption value of teams is quite important in explaining why some citizens continue to support public stadium funding. First, interest in the team is important in determining the value of willingness-to-pay, which should not be the case if support was based solely on economic impact grounds. Second, while aggregate willingness-to-pay values are somewhat less than typical stadium subsidies, they are large enough to be considered an important factor in public funding for stadiums. The findings do not imply that cities should spend tax money on stadiums, but they suggest that the focus on economic impact, both by its advocates and critics, misses the true source of public support of subsidies to sports stadiums.

Subsidies Desirable: Consumption Benefits

1. The public consumption benefits of a stadium are large enough that they justify small subsidies

Charles A. Santo, Professor, City & Regional Planning, University of Memphis, "Beyond the Economic Catalyst Debate: Can Public Consumption Benefits Justify a Municipal Stadium Investment?" JOURNAL OF URBAN AFFAIRS v. 29 n. 5, 2007, pp. 455-479, p. 455.

A host of empirical studies have indicated that stadiums and arenas have no significant impact on metropolitan area income or employment. In light of this evidence, the continued proliferation of public investment in sports facilities begs the question: Is there some other justification for this spending, or are policymakers simply acting against the public interest (either irrationally, or in response to political-economic influences)? A possibility that has not been fully explored is the notion that stadiums and teams generate tangible and intangible consumption benefits that could support some level of public investment. This research builds on a small foundation of literature that is moving discussion beyond the economic catalyst debate by providing an empirical measure of the consumption benefits that accrue to a region as the result of hosting a major league sports team. A contingent valuation survey is used to quantify the consumption benefits that would be associated with the relocation of a major league baseball team to Portland, Oregon. An empirical measure of the region's aggregate willingness to pay for the benefits associated with hosting a team is disaggregated into option and existence values, which can then be compared to any proposed level of public contribution to a new stadium. The findings indicate that consumption benefits would only support a capital investment of approximately $74 million; a figure far smaller than the typical stadium subsidy. The majority of projected benefits are associated with expected public goods and externalities, rather than anticipated attendance, indicating that an equitable financing plan should employ nonuser revenue sources. The level of projected benefits does not vary by locality within the metropolitan area, which argues for a regional cost-sharing approach. The willingness of residents to pay for stadium construction is tempered by a concern about other pressing social needs in the Portland area and a reaction to the current tax climate.

2. Consumption benefits justify some subsidies

Charles A. Santo, Professor, City & Regional Planning, University of Memphis, "Beyond the Economic Catalyst Debate: Can Public Consumption Benefits Justify a Municipal Stadium Investment?" JOURNAL OF URBAN AFFAIRS v. 29 n. 5, 2007, pp. 455-479, p. 476.

In the context of the Portland area's current political and economic circumstances, the willingness of residents to pay for stadium construction is tempered by a concern about other pressing social needs and a reaction to the current tax climate. Were these circumstances to change, a larger investment might be justified; however, hosting a second major league sports team might never be a high enough priority to Portlanders to justify a $235 million subsidy. The research model implemented here is completely transferable, and could be used to determine whether such an investment might be justified in another city, perhaps with bigger appetite for sports and a different political and economic climate. This research examines whether the continued proliferation in public investment in major league sports facilities might be justified by the existence of consumption benefits. In cases where public investment exceeds the level that would be supported by consumption benefits, no such market failure justification exists. Factors related to the political economy of urban development remain likely potential motivators for investment in such cases. Danielson (1997), Euchner (1993), Keating (1997), Pelissero, Henschen, and Sidlow (1991), and Schimmel (2001) make the connection between growth coalition or urban regime influence and sports facility development. Research that continues to examine the composition of sports development regimes and their influence will remain important.

Subsidies Desirable: Cultural Value

1. Sports continue to have significant cultural value

Bruce K. Johnson et al., Associate Professor, Economics, Centre College, “The Value of Public Goods Generated by a Major League Sports Team: The CVM Approach,” JOURNAL OF SPORTS ECONOMMICS v. 2 n. 1, 2—01, pp. 6-21, p. 7.
The second type of positive externality generated by sports teams occurs if a team produces public goods. Local unity, fan loyalty, and civic pride are nonrivalrous and nonexcludable. People talk about their team, cheer for its success, and celebrate its victories and may do so without buying tickets or making any payment to the team. Perhaps the most spectacular manifestations of such public goods are the raucous street parties and demonstrations by hundreds of thousands of fans in cities whose teams win league championships. Economists acknowledge that the cultural significance of sports probably exceeds its business significance (Noll & Zimbalist, 1997, p. 56; Quirk & Fort, 1992, p. 58).

2. Attendance figures do not capture community interest in sports—we obviously care a great deal about them

Allen R. Sanderson, Senior Lecturer, Economics, University of Chicago, “Sports Facilities and Development: In Defense of New Sports Stadiums, Ballparks and Arenas,” MARQUETTE SPORTS LAW JOURNAL v. 10, Spring 2000, p. 188.
There is, however, ample casual empirical evidence to suggest that the role of and interest in sports extends well beyond the turnstile tallies, and that beneficiaries are more likely to be "consuming" this "good" in a myriad of indirect ways. Local evening news programs devote one segment to weather and one to sports; no other aspect of urban living has a regular, dedicated slot, and extreme conditions in weather or athletics (i.e., the local team has achieved a stunning victory or gone down to a crushing defeat) may even be the lead story on the ten o'clock news. Weather, business news, sports scores, and winning lottery numbers are the staple fare on news radio stations. One section in four in the USA Today and the Chicago Tribune - and periodically on the front page and editorial columns as well - are devoted to the world of sports. These newspapers and news programs all have alternative ways to fill pages and minutes; were sports not so important to readers, viewers, and listeners they would certainly switch to something else.

3. Communities have a strong investment in having sports teams

Allen R. Sanderson, Senior Lecturer, Economics, University of Chicago, “Sports Facilities and Development: In Defense of New Sports Stadiums, Ballparks and Arenas,” MARQUETTE SPORTS LAW JOURNAL v. 10, Spring 2000, p. 189.
Another clear indication of the broader importance of sports teams to communities stems from the almost ubiquitous recognition at the edge of small "heartland" towns. However modest the actual achievement, or seemingly how far in the past, roadside signs proclaim that the visitor is about to enter the "Home of the Vikings, 1988 State Class AA Cross Country Champions" or similar references to boys' and girls' high school athletic accomplishments. Sports represent a socially-consumed commodity. Water-cooler conversations and office greetings frequently turn on casual greetings such as, "How 'bout them Redskins?" Even if ardent fans are not present in the stands, they can watch games on television and radio, follow their favorite team or athlete through newspaper accounts, and exchange numbers and notions with friends, neighbors and colleagues. In the same vein, one can be quite interested in and con-versant on political matters without attending party conventions, donating to campaigns or even voting.

Subsidies Desirable: Development Gains—Anchors

1. Exclusivity within a region make sports facilities unique destinations—render suitable as development anchors

Dr. Mark Rosentraub, Professor, Sports Management, University of Michigan, MAJOR LEAGUE WINNERS: USING SPORTS AND CULTURAL CENTERS AS TOOLS FOR ECONOMIC DEVELOPMENT, 2010, New York: Taylor & Francis, p. 16.
Some might still note that there were ancient retail centers that attracted large crowds, and these, too, dominated in the center parts of cities across numerous empires. Are downtown sports facilities destined to fail, as have many downtown retail centers? Here the issue of an unique activity within a region and its availability at only one central location is critical. Professional sports teams, and to a similar extent live performances by leading entertainers and museums, cannot be replicated in multiple neighborhoods. While retail was able to decentralize to suburban areas, the vast majority of metropolitan regions will only have one team in each of the four major sports leagues, one set of museums, and a major arena for first-run concerts. Where these teams play creates unique experiences for that region. The nation's largest metropolitan regions—New York, Chicago, and Los Angeles—have more than one team in some leagues, but the large population bases or unique historical circumstances explain these anomalies. Today, as will be explained in the next section, each of the four major sports leagues jealously protect the market interests of each owner by attempting to make certain that no new teams are created that could reduce the earnings of any other owner.

2. Sports complexes as part of broader hospitality developments can help boost downtowns

Charles Santo, School of Urban Studies & Planning, Portland State University, "The Economic Impact of Sports Stadiums: Recasting the Analysis in Context," JOURNAL OF URBAN AFFAIRS v. 27 n. 2, 2005, pp. 177-191, p. 190.
Austrian and Rosentraub (2002) examine the ability of stadium investment strategies to impact urban revitalization. The authors make an important distinction between such impacts and impacts on overall economic activity: If the justification for using public resources to build downtown sports facilities is that these structures will shift economic activity to an area that that needs redevelopment, then the issue is not whether overall economic activity increased or decreased, but whether the vitality or centrality of the downtown area was enhanced or sustained (p. 551). Their approach calls into question the focus of more general cross-section analyses. Austrian and Rosentraub investigate development patterns in four metropolitan areas: Cincinnati, Cleveland, Columbus (Ohio), and Indianapolis. These Midwestern cities have each faced similar struggles related to the migration of population and economic activity to suburban localities. Cleveland and Indianapolis both employed sports development strategies in efforts to revive struggling downtown areas, while Cincinnati and Columbus did not invest in such facilities until very recently. Austrian and Rosentraub present evidence that Cleveland and Indianapolis benefited from their early investment in downtown sports facilities, while Cincinnati and Columbus have continued to struggle. During their study period both Cleveland and Indianapolis saw an increase in the number of downtown jobs. Cleveland's downtown jobs increased despite a continued population loss and a slow regional growth rate. In contrast, the number of downtown jobs in Cincinnati steadily decreased during the study period and Columbus lost downtown jobs despite a growth rate in regional jobs exceeding the national growth rate. Austrian and Rosentraub conclude, ''sports and a hospitality concentration did help focus economic attention and political support for the maintenance of a downtown presence for employers in both Cleveland and Indianapolis'' (p. 560).

Subsidies Desirable: Development Gains—Anchors [cont'd]

3. Sports are effective at anchoring development—massive popularity

Dr. Mark Rosentraub, Professor, Sports Management, University of Michigan, MAJOR LEAGUE WINNERS: USING SPORTS AND CULTURAL CENTERS AS TOOLS FOR ECONOMIC DEVELOPMENT, 2010, New York: Taylor & Francis, p. 13.
If numerous festival marketplaces failed, why should anyone have any faith that the outcomes for a San Diego or Columbus—if indeed successful and positive—were nothing more than unique cases? What is it that makes sports or entertainment different from retail (or other assets) that enables those venues to become special anchors for a development strategy that can help advance a city's economic development or public policy agenda? The ability of sports, entertainment, or culture to anchor urban development strategies lies in its timeless importance in virtually every society. While some disdain the importance of sports or simply ignore it, sports, for example, have been and remain an integral part of most, if not all, societies. Its history as a central part of societies and civilizations spans thousands of years. Some might think the mass popularity of sports is a product of the modern media age, ESPN, and fantasy leagues. Sports, however, had a similar level of importance for past civilizations that probably matches the zeal among those with fantasy teams and those willing to pay premium prices for the best seats to important games or championship contests. To be sure, at no other time in history have athletes earned the financial rewards now available, and never before have prices for tickets to some events been so expensive as demand for experiences continues to exceed supply. Some professional sports teams have become so popular that their market value exceeds a billion dollars. That, too, is a new phenomenon, but what is not new is people's focus on and interest in sports.

Subsidies Desirable: Development Gains—Downtowns

1. Stadiums are much more likely to be a positive for the economic if they are in the central business district

Arthur C. Nelson, Professor, City Planning and Regional Planning, Georgia Institute of Technology, "Prosperity or Blight? A Question of Major League Stadia Locations," ECONOMIC DEVELOPMENT QUARTERLY v. 15 n. 3, 8—01, pp. 255-265, p. 257.
Closer inspection of Baade's (1996) work suggests a pattern. In those MSAs where MSA income rose with respect to the number of major league stadia, such as Indianapolis, Cincinnati, and Pittsburgh, stadia were located in the CBD. In other MSAs where the association was negative, such as Detroit, Oakland, San Diego, San Francisco, and Washington, D.C., stadia are located outside the CBD and often in the suburbs. This closer inspection of the evidence suggests that perhaps it does not matter that an MSA has one or more major league teams as much as where they play. Consider why an MSA may gain share of regional income if major league teams play in the CBD. Attending major league sporting events is a socializing experience. Grecian and Roman societies built coliseums in the centers of cities, providing citizens with the most accessible location in which to enjoy sporting events (Peterson, 1996). In modern times, major theaters, symphonies, museums, and the like find central locations crucial to their survival. Once there, people will patronize other things, such as stores, restaurants, and hotels. Even if stadia internalize a certain amount of trade, as many modern stadia are designed to do, people are still confronted with many more spending opportunities in the CBD than in alternative locations. Although Rosentraub et al. (1994) observed that the Hoosier Dome and Market Square Arena in downtown Indianapolis do much to internalize spectator spending on game days, this writer has found it difficult to find seats in CBD restaurants before and after games. (There is little problem on nonevent days.)

2. Stadiums help revitalize urban areas

Martin J. Greenberg Adjunct Professor, law, Marquette University and Dennis Hughes Jr., attorney, "Sports.Comm: It Takes a Village to Build a Sports Facility," MARQUETTE SPORTS LAW REVIEW v. 22, Fall 2011, p. 93-94.
Sports facilities have long been a staple of the economic recovery tool kit and are intended to jump-start the recovery of dilapidated or vacant urban districts. A major shift in the focus of economic development and rationale used to justify these investments has occurred in the past decade. While previous decades saw stadium proponents emphasize the indirect economic benefits of a new facility using terms such as "spin-offs," "multipliers," and "job creation," the current economic development rationale for almost all of these projects rests upon the idea of district redevelopment; that is: the facility is a catalyst for physical redevelopment of a portion of the city's core. Special Activity Generator (SAG) is a strategy for downtown redevelopment centered on the idea that large facilities that generate special activity within a district can anchor redevelopment within that district by drawing visitors and suburbanites to downtown for events. This influx of people can provide the critical mass necessary to support other commercial activities in the district. In addition, these large projects can galvanize other investments in the district by the public sector in the form of new infrastructure or urban design improvements which help to establish and sustain a revitalized district. The SAG strategy has three central objectives: (1) to generate spillover spending benefits for the surrounding district, (2) to produce new construction within a district, and (3) to rejuvenate a blighted area. Based on these broad objectives, three indicators of successful urban redevelopment can be derived, including reuse of existing buildings or spaces, new construction within the surrounding district, and emergence of a new entertainment or sports district. As a result of the growing use of sports facilities as economic generators, team owners and cities have begun to focus their stadium financing proposals on the venue's ability to catalyze redevelopment utilizing the objectives and indicators mentioned above. This trend has led to the creation of a new type of sports venue that combines the needs of a sports franchise with the needs of a community to create a regional sports and entertainment destination, or sports.comm.

Subsidies Desirable: Development Gains—Downtowns [cont'd]

3. Sports facilities revitalize downtown areas

Martin J. Greenberg Adjunct Professor, law, Marquette University and Dennis Hughes Jr., attorney, "Sports.Comm: It Takes a Village to Build a Sports Facility," MARQUETTE SPORTS LAW REVIEW v. 22, Fall 2011, p. 102.
The concept of concentric circles works because new sports facilities attract businesses to the neighborhoods surrounding the sports facility, which creates additional jobs and consumer spending. Additionally, sports facilities bring new crowds to a district and require upgraded physical investments such as widened roads and interchanges, pedestrian pathways, and parking garages. These factors create an incentive for new hotels, restaurants, and businesses to move to a city, which serves to revitalize a city by creating more economic activity, even out of season. The downtown areas then generate higher hotel occupancy, restaurant patronage, retail jobs, and city revenues as the fans can walk from the stadium to restaurants and bars to celebrate. The districts themselves have become as much of an attraction as the events and facilities in the cities.

4. Stadiums can help revitalize downtown areas

Brian P. Yates, J.D. Candidate, "Whether Building a New Sports Arena Will Revitalize Downtown and Make the Team a Winner," UNIVERSITY OF MIAMI BUSINESS LAW REVIEW v. 17, Spring/Summer 2009, p. 280-281.
Locating these new sports venues in city centers, rather than building them in suburbia as had been the trend, would appear to fly in the face of sound economic wisdom. Greater congestion, a lack of adequate (and inexpensive) parking, and in light of the fact that the majority of loyal ticker holders live in suburbia, are all factors which seem to make a suburban arena or stadium more practical. There is no question that building downtown is more expensive than an alternate suburban location. Yet, despite these concerns, political factors like the increased support for public financing and the linkage of economic development to arena projects have become a major determinant in the location of new sports venues. The current trend has been toward revitalizing the deteriorated downtown areas of cities across the country. With many urban centers having become nothing more than a place where people come to work, and then return to the suburbs at the close of business hours, city leaders began to realize the need to attract people, both citizens and tourists alike, to downtown areas in the evenings and on weekends. The idea, as expressed by proponents of new downtown stadiums and arenas, is that sports facilities will keep downtown workers in the area for evening events and bring them back on weekends and holidays. Sports such as baseball and basketball have a great number of home games during their respective seasons, drawing fans downtown and boosting business for nearby bars and restaurants. Fans will-proponents of the stadium-led downtown renewal efforts argue-go downtown for a sporting event and remain there to eat or have a post-game adult beverage. Reflecting this hope, fifteen of the last seventeen major arenas built in the United States have been built in down-town locations. This is the case even though property and labor are more expensive in an urban setting versus building a facility in the suburbs. The greater cost of acquiring land downtown, as well as the substantial improvements to the land which often have to be completed before any actual building can begin, plays a large role in the skyrocketing cost of new sports venues. Another reason cited for the move downtown is that teams are looking to locate their venues close to their core constituencies. Whereas the middle class's move to the suburbs fueled the relocation of sports facilities to locations outside of a city, the huge revenues created by the sale of luxury boxes have driven the trend to build in city centers, as those boxes are being purchased by corporations, law firms, and financial institutions which are generally found in skyscrapers downtown.

5. Downtown stadiums and stadiums for new teams are more likely to provide an economic boost

Charles Santo, School of Urban Studies & Planning, Portland State University, "The Economic Impact of Sports Stadiums: Recasting the Analysis in Context," JOURNAL OF URBAN AFFAIRS v. 27 n. 2, 2005, pp. 177-191, p. 188.
It would be a mistake to simply conclude from these findings that sports facilities represent wise investments for localities. The analysis does not speak to the efficiency of such spending, nor does it consider the related opportunity costs. In addition, the positive coefficients are not very large; however, the findings do conflict with the broadly accepted generalization that sports facilities have insignificant or negative impacts on metropolitan area economies. Instead, this analysis supports the claim that context matters. The results indicate that new stadiums in downtown settings are potentially beneficial, as are stadiums built to host new teams. Conventional logic supports both of these conclusions. Stadiums set in downtown locations are more likely to generate ancillary spending before and after games than their suburban counterparts. A city that gains a new team is likely to attract an increased number of visitors from within its region. A realignment of leisure spending within the region could result in a larger share of regional income for the city with the new team. A new team might also generate some economic benefit through import substitution if it causes local residents to spend money inside the local economy that they would have otherwise spent elsewhere. For example, a family might decide to forgo a weekend trip in order to take in a local baseball game.

Subsidies Desirable: Development Gains—Downtowns [cont'd]

6. Stadiums in central business districts are much more likely to increase an area's wealth

Arthur C. Nelson, Professor, City Planning and Regional Planning, Georgia Institute of Technology, "Prosperity or Blight? A Question of Major League Stadia Locations," ECONOMIC DEVELOPMENT QUARTERLY v. 15 n. 3, 8—01, pp. 255-265, p. 261.

Table 2 reports the regression equations. They have very high coefficients of determination and F ratios. The reason is the presence of binary variables for individual MSAs, but removing them does not change significance levels or directions of association with respect to stadia location. (Coefficients usually increase by an order of magnitude, but because the specification presented accounts for factors affecting each MSA's uniqueness, it is preferred.) In Equation 1, the association between the number of major league teams playing in the CBD and MSA share of regional income is positive but just out of range of being significant at conventionally accepted levels ($p < .13$ of the one-tailed t test). The association with respect to other locations is negative and statistically significant, with generally a declining relationship: Each major league team playing in the suburbs is associated with a higher loss of MSA share of regional income relative to locations at the CBD edge and elsewhere in the central city. Also interesting is Equation 2. Agglomeration effects are seen with respect to CBD location; the coefficient for three major league teams is higher than for two, and both are significant at conventionally accepted levels. For other locations, the situation is reversed; generally speaking, the more the number of major league teams playing, the less the MSA share of regional income. Results are consistent with theoretical expectations. Major league teams playing in the CBD may contribute to the prosperity of the host MSA relative to the region, whereas teams playing elsewhere reduce the host MSA's share of regional income. Moreover, generally speaking, the larger the number of teams playing farther away from the CBD, the greater the loss in MSA share of regional income. On the other hand, the larger the number of teams playing in the CBD, the greater the MSA share of regional income may be realized.

8. Central business district locations are more likely to generate economic benefits

Arthur C. Nelson, Professor, City Planning and Regional Planning, Georgia Institute of Technology, "Prosperity or Blight? A Question of Major League Stadia Locations," ECONOMIC DEVELOPMENT QUARTERLY v. 15 n. 3, 8—01, pp. 255-265, p. 261.

The analysis reported here contributes to the debate on the wisdom of constructing stadia to attract, retain, or speculatively lure major league teams. If a decision has been made to construct a stadium, locating it in the CBD will probably generate greater economic benefits than locating it in the suburbs; indeed, if the facility is built elsewhere, it may lead to localized blight that dampens the MSA share of regional income. This does not mean that stadia located in CBDs will cover their costs, especially if the public is involved. Numerous studies indicate this is not the case (see Rosentraub, 1997). If the decision has been made to build a stadium, however, perhaps this study can help persuade decision makers to locate it in the CBD, where prospects for prosperity are greatest.

8. Stadiums are beneficial if they are located in central business districts

Arthur C. Nelson, Professor, City Planning and Regional Planning, Georgia Institute of Technology, "Prosperity or Blight? A Question of Major League Stadia Locations," ECONOMIC DEVELOPMENT QUARTERLY v. 15 n. 3, 8—01, pp. 255-265, p. 255.

Literature challenges the economic wisdom of major league sports stadia, especially when subsidized, but they continue to be constructed. If officials decide that a new stadium will be built, does it matter where it goes? This article theorizes that when major league stadia locate in the central business district (CBD), the metropolitan statistical area's share of regional wealth increases and that share rises as more major league teams play there. The reason is that people attending games in the CBD are more likely to spend money before and after games in the CBD than if they attend games at non- CBD locations. By contrast, non-CBD stadia may create opportunity costs. The moat of parking that surrounds many such stadia may discourage development from locating nearby. Investments that could have generated more economic activity are diverted, sometimes outside the metropolitan area. Empirical evaluation supports theoretical expectations.

Subsidies Desirable: Development Gains—Downtowns [cont'd]

9. Stadiums located away from city centers are less likely to generate additional consumer spending

Arthur C. Nelson, Professor, City Planning and Regional Planning, Georgia Institute of Technology, "Prosperity or Blight? A Question of Major League Stadia Locations," ECONOMIC DEVELOPMENT QUARTERLY v. 15 n. 3, 8—01, pp. 255-265, p. 257.
Consider an economic perspective. If sports spending is merely a substitute for leisure spending among MSA residents, one may consider the possibility that major league sports import resources by exporting major league sports attendance into the region outside the metropolitan area. This can happen if non-MSA residents attend games (sports events are exported) or if MSA residents, who would have consumed some leisure resources away from home, instead stay home to attend games (import substitution). Consider alternative locations. The farther major league stadia are from the center of things, the less likely people are to patronize merchants before or after events, if for no other reason than that there are few merchants to patronize. To capture spectators' dollars, concession offerings are expanded. Sushi is offered in San Diego's Jack Murphy Stadium, which is located several miles from downtown at the intersection of two interstate highways. Expanded concession offerings are poor substitutes for pregame and postgame activities, however.

10. Public investment have been effective if properly planned

Dr. Mark Rosentraub, Professor, Sports Management, University of Michigan, MAJOR LEAGUE WINNERS: USING SPORTS AND CULTURAL CENTERS AS TOOLS FOR ECONOMIC DEVELOPMENT, 2010, New York: Taylor & Francis, p. 265-266.
Sports, the arts, culture, and entertainment underscore the centrality of downtown areas. These amenities also contribute to the attractiveness of a region and in an era where businesses locate where people prefer to live, those communities with fewer amenities will likely enjoy less economic development. The six cities studied here have applied these ideas in efforts to create jobs and underscore their centrality. Each turned subsidies into strategic investments and created a level of success for themselves and their regions. Not all goals were achieved and some areas are still frustrated by their inability to reach the desired levels of economic development. Cleveland struggles with population growth and Reading still seeks to achieve a level of improved economic integration in its residents, but each city still has a safer downtown attracting crowds where once few would venture. They, too, have become Major League Winners joining Columbus, Indianapolis, Los Angeles, and San Diego in providing examples of the ways in which revitalization can be achieved.

Subsidies Desirable: Income Gains

1. Stadiums increase aggregate area income

Charles Santo, School of Urban Studies & Planning, Portland State University, "The Economic Impact of Sports Stadiums: Recasting the Analysis in Context," JOURNAL OF URBAN AFFAIRS v. 27 n. 2, 2005, pp. 177-191, p. 186.
In addition, in every case where the sports-related variables were found to have a significant positive impact on aggregate area income, the related stadium construction or change in team location occurred in the late 1990s, during a time of nationwide economic prosperity. Here it is possible that unobserved influences associated with the surging national economy exerted a more direct impact on area income than did sports-related changes. In addition to the shortcomings illustrated above, potential collinearity between the control variables population and time trend creates a problem.

2. Re-analyzing the data shows a big boost in income

Charles Santo, School of Urban Studies & Planning, Portland State University, "The Economic Impact of Sports Stadiums: Recasting the Analysis in Context," JOURNAL OF URBAN AFFAIRS v. 27 n. 2, 2005, pp. 177-191, p. 187.
The results produced by this model with current data are not consistent with the conclusions drawn by Baade and Dye in their original study. This new analysis indicates a significant positive relationship between sports-related variables and regional income share for eight metropolitan areas (Atlanta, Cleveland, Denver, Jacksonville, Nashville, Seattle, and Tampa). These findings are summarized in Table 4. After controlling for time trend and regional population share, the presence of a new baseball stadium is found to have a significant positive impact on regional income share for Atlanta, Denver, Seattle, and Tampa. The impact of football stadium construction or renovation is significant and positive in Jacksonville, Nashville, and Tampa. The presence of a football team shows a significant positive effect on income share for Cleveland and Anaheim. Significant negative coefficients are associated with the presence of a new baseball stadium in Arlington and the presence of a new football stadium in Cleveland.

Subsidies Desirable: Leveraged Investment

1. Stadium investments are useful if they are leveraged to promote regional development

Dr. Mark Rosentraub, Professor, Sports Management, University of Michigan, MAJOR LEAGUE WINNERS: USING SPORTS AND CULTURAL CENTERS AS TOOLS FOR ECONOMIC DEVELOPMENT, 2010, New York: Taylor & Francis, p. 3.

New sports and cultural facilities do change where people spend money. That change provides community leaders with a strategic opportunity to capitalize on the attraction of large crowds and use the new location for that economic activity to leverage development. Sports facilities, entertainment complexes, and cultural facilities that are part of large-scale redevelopment efforts involving substantial levels of private investment can renew downtown areas, creating new images, and generating real economic development. But, outcomes like that require plans and a substantial investment of private capital. Many communities in the 1980s and 1990s invested tax money in sports, entertainment, and cultural facilities hoping improvements would follow. It was then again hoped that new buildings would attract scores of young professionals and new companies to their downtown areas. Simply put, too many cities did more "hoping" than they did planning a strategy or establishing partnerships with private capital to achieve success. Some cities, however, did just what was necessary to turn subsidies into shrewd investments. What made these cities different from others and what can community leaders and public officials learn that can turn tax dollars from subsidies to investments?

2. Sports investments alone will not boost the economy—need a broader plan

Dr. Mark Rosentraub, Professor, Sports Management, University of Michigan, MAJOR LEAGUE WINNERS: USING SPORTS AND CULTURAL CENTERS AS TOOLS FOR ECONOMIC DEVELOPMENT, 2010, New York: Taylor & Francis, p. 2-3.

While owners, players, and fans benefited and enjoyed the new facilities, the cities that made the investments found themselves with higher levels of debt and taxes as well as frustrated dreams of revitalized downtowns. What went wrong for cities in these "public/private partnerships" with team owners to ensure new facilities were built? The combination of sports, entertainment, and culture was the three-pronged approach used to rebuild downtown areas and create new images for a city and its center. However, sports facilities and entertainment and cultural centers by themselves are unlikely to change a region's economy. Most of the spending that takes places at these venues would occur within the region even if the new facilities were not built. In the absence of attending games, shows, or other live performances, people spend money on other things. As a result sports facilities and cultural centers generate little regional economic development and only a few regions attract sufficient numbers of tourists to change overall development levels. The hope that sports and other cultural facilities would create new jobs and generate revenues to improve cities was crushed by the reality of new debt levels and higher taxes.

Subsidies Desirable: No Stadiums Otherwise

- Eliminating bond tax exemptions would mean no new stadiums

Frank A. Mayer, attorney, "Stadium Financing: Where We Are, How We Got Here, and Where We Are Going," VILLANOVA SPORTS AND ENTERTAINMENT LAW JOURNAL v. 12, 2005, p. 225-226.

The problem with this legislation is that it threatens to prevent the construction of any new stadiums. The loss of tax-exempt bonds to support the stadium will raise the overall cost of construction and place a much higher burden on private investors. Even if the intangible benefits that a stadium provides for a community are ignored, the loss of new stadiums is detrimental to society from a financial and social prospective. New stadiums unquestionably increase revenue for teams. Many critics of public funding argue that this increased revenue flows only to the team and facility owners while the community sees very little increase in revenue. This argument has several flaws, not the least of which is that many studies have shown that stadiums can in fact revive decaying communities. Furthermore, the increased revenue from a new stadium represents increased income to individuals as well as increased public consumption. Increased consumption has a positive economic benefit for society as a whole. By eliminating tax-exempt financing and thereby reducing the number of new stadiums constructed, a plan like Moynihan's would ultimately have a negative economic impact.

Subsidies Desirable: Planning Solves Drawbacks

1. Proper planning allows for net-positive stadium-financing outcomes for a community

Frank A. Mayer, attorney, "Stadium Financing: Where We Are, How We Got Here, and Where We Are Going," VILLANOVA SPORTS AND ENTERTAINMENT LAW JOURNAL v. 12, 2005, p. 226.
Moynihan's argument has another flaw. He ignores the fact that the government regularly provides both direct and indirect subsidies to various entities that arguably do not need them. It is not entirely clear why sports stadiums are any less worthy of such government "subsidies" than any of these other programs. The result is that simply denying any public funding to sports stadiums is not a feasible alternative. It is clear there are positive and negative aspects to public and private financing, and in individual cases both sides present potentially valid points. The purpose of this Article is not to imply that stadiums should be completely publicly funded. The fact remains, however, that as long as stadiums are designed as part of a well-planned community project, they can have many positive public impacts. As long as there are more cities suited to host professional teams than teams available, stadium construction will continue. The key to a stadium's success, however, may depend more upon the context and planning that surrounds it, than its choice of funding. Successful stadium-community relationships are the result of intense planning regarding the most effective way to incorporate the new facility into the existing community. Whether the city chooses to use public or private financing (or some combination thereof), the return to the community will typically be positive if the design and implementation of the stadium is properly planned.

2. Stadiums provide an economic boost if they are part of a comprehensive economic development plan

Brian P. Yates, J.D. Candidate, "Whether Building a New Sports Arena Will Revitalize Downtown and Make the Team a Winner," UNIVERSITY OF MIAMI BUSINESS LAW REVIEW v. 17, Spring/Summer 2009, p. 284.
While a number of academic studies have shown that a new sports facility by itself will not drive much additional economic growth, where those facilities are built as the centerpiece of a holistic redevelopment plan, as with Baltimore's Camden Yards or Cleveland's Jacobs Field, they can provide an economic boost. Brad R. Humphreys, an economics professor at the University of Alberta, has studied the economic impact of major league baseball, football, and basket-ball teams in thirty-seven cities over a 30-year period and has found no evidence that "stadiums and arenas are an important engine of local economic growth." However, if the sports project is integrated with a "complete local redevelopment plan," including residential housing and retail outlets, Dr. Humphreys has found that the facility can provide some benefits to the city's economy.

3. Context matters—appropriately located and designed stadiums can have positive effects

Charles Santo, School of Urban Studies & Planning, Portland State University, "The Economic Impact of Sports Stadiums: Recasting the Analysis in Context," JOURNAL OF URBAN AFFAIRS v. 27 n. 2, 2005, pp. 177-191, p. 189-190.
The city-specific case studies of Austrian and Rosentraub provide additional evidence of the importance context (1997, 2002). Austrian and Rosentraub (1997) assess the microlevel impacts of sports development in Cleveland. The Gund Arena and Jacobs Field (elements of a series of capital projects known as the Gateway Complex) both opened in 1994 with an estimated total cost of $467 million. The authors examine the effect of this substantial investment on development and job creation in the surrounding downtown area. The study shows that following the construction of the sports facilities real wages per employee increased in the Gateway area, with a growth rate higher than that of the county and metropolitan area. This excluded player salaries. The authors also find an increase in sports-related jobs for the area following construction. These jobs include those in general merchandise stores, apparel and accessory stores, eating and drinking establishments, hotels and motels, and amusement and recreation firms. Employment in these industries increased by 22.6% between 1992 and 1995. The study area also experienced a net increase in the number of businesses established. While the authors are critical of the cost per job created during the study period they do not condemn the city's stadium investment strategy. This strategy may or may not have impacted Cleveland's overall income level, but it clearly had positive micro-level impacts.

Subsidies Desirable: Planning Solves Drawbacks [cont'd]

4. Properly-located stadiums will attract business and create jobs

Martin J. Greenberg Adjunct Professor, law, Marquette University and Dennis Hughes Jr., attorney, "Sports.Comm: It Takes a Village to Build a Sports Facility," MARQUETTE SPORTS LAW REVIEW v. 22, Fall 2011, p. 102.
A downtown or near-downtown stadium, where the surrounding area is developed, benefits both the owner and the taxpayer. The use of a new sports facility specifically designed as the centerpiece for economic development makes the public funding of these facilities easier to swallow. When asked to help fund a new stadium, the taxpayers and public officials want something for their financial assistance. A stadium specifically designed to take advantage of the concentric circle effect can satisfy investors and taxpayers alike by attracting new businesses that will create additional jobs and consumer spending for the benefit of the community.

5. Properly constructed financing deals can be justified—it depends on the particular project

Matthew J. Parlow, attorney, "Publicly Financed Sports Facilities: Are They Economically Justifiable? A Case Study of the Los Angeles Staples Center," UNIVERSITY OF MIAMI BUSINESS LAW REVIEW v. 10, Spring/Summer 2002, p. 544-545.
The answer to the initial question posed at the beginning of this paper, "Are publicly financed sports facilities economically justifiable?" is "yes," but with a realistic framework in which to judge these types of financial deals. Many new sports facility deals, like that in St. Louis, and that unsuccessfully proposed Hartford, do not provide the respective host cities with sufficient revenue to meet their financial obligations. Therefore, cities should seek to collect, at the very least, enough revenue from the new sports facility to meet their debt service payments and up-front expenditures. Such a deal may not be the best possible municipal investment - on a social or economic level - but if a city negotiates a financial agreement that provides it with this revenue, the deal should be considered economically justifiable. A city should also seek to gain further economic benefits in addition to the tax revenue raised to pay its up- front expenditures. These benefits can arise in the form of job creation, new businesses, downtown revitalization, and additional tax revenue gained by the city in excess of that used to repay its debt service payments. The greater these economic benefits to the city, the more justifiable the public financing of such sports facilities.

6. Arenas spur urban revitalization with proper planning

Brian P. Yates, J.D. Candidate, "Whether Building a New Sports Arena Will Revitalize Downtown and Make the Team a Winner," UNIVERSITY OF MIAMI BUSINESS LAW REVIEW v. 17, Spring/Summer 2009, p. 290-291.
While building a new arena, ballpark, or stadium will not by itself revitalize a city's downtown area, when the facility is built as a part of a coordinated redevelopment plan, it can surely drive economic development in an area. The success stories follow the same general pattern: an arena or stadium built with a mixture of public and private funding, followed by the city's investment into the surrounding neighborhoods. The arena attracts a huge number of fans downtown, from 20,000 to 60,000 people, who then eat, drink, and shop in surrounding bars, restaurants and retail outlets throughout the neighborhood. Taken together, the complex provides a huge economic boon to the community. Conversely, if built independently, as a stand-alone facility, such as the AT&T Center in San Antonio or without a major sports tenant such as the Ford Center in Oklahoma City, the achievement of economic revitalization will be less likely. Building an arena is likely the best option in an attempt to achieve economic revitalization, as arenas are less ex-pensive and more versatile than either baseball ballparks or football stadiums. Also, many arenas are home to both basketball and hockey teams, making them the last form of acceptable multipurpose facilities. Since the era of cookie-cutter stadiums of the 1970s gave way to the modern era of stadium- building, no multipurpose facilities for football and baseball have been built, even though they would be arguably the better financial option for municipalities.

Subsidies Desirable: Public Goods

- **Sports are public goods—many people enjoy the games even if they do not "pay" in the form of tickets, etc.**

Allen R. Sanderson, Senior Lecturer, Economics, University of Chicago, "Sports Facilities and Development: In Defense of New Sports Stadiums, Ballparks and Arenas," MARQUETTE SPORTS LAW JOURNAL v. 10, Spring 2000, p. 190.
Under traditional delivery systems for athletic contests - some fans in the stands, others at home, in the office or in a bar, whether around the radio or television set, reading accounts in newspapers or arguing with friends about a team's fortunes and prospects - the enjoyment of the game and the broadcast of it have certain public good components. In addition, to the extent that there is civic pride in a championship team that cannot be captured solely through ticket sales or the purchase of logo merchandise, there are additional free-rider aspects. Sporting events thus meet the traditional public goods criteria and contain some public goods elements - consumption is nonrival and nonexcludable, which also creates free-rider problems - and calculating a community's marginal benefit of a franchise or a facility entails the vertical summation of individual marginal benefit curves, not the horizontal summation as in the case of a private good. This context could lead to an efficient, well-informed decision on the part of a municipal government to provide subventions to a team owner or professional sports league.

Subsidies Desirable: Quality of Life / Amenities

1. Quality of life concerns are vital for city leaders—need to attract and retain a high-quality workforce

Dr. Mark Rosentraub, Professor, Sports Management, University of Michigan, MAJOR LEAGUE WINNERS: USING SPORTS AND CULTURAL CENTERS AS TOOLS FOR ECONOMIC DEVELOPMENT, 2010, New York: Taylor & Francis, p. 11-12.
This situation, of course, changed dramatically in the 1960s and 1970s with the explosive growth of the suburbs, the movement of people and jobs to the Far West, Southwest, and the South, and the beginning of the end of the Midwest's overwhelmingly large and growing supply of manufacturing jobs. With large-scale changes underway, issues involving the quality of life in central cities and in numerous eastern and midwestern regions began to dominate discussions of economic development. Many central cities were suddenly eager to consider larger and expanded roles in building a quality of life that encouraged people and businesses to stay. Faced with the loss of wealthier residents to the suburbs and, in some instances, to other parts of the nation, many central cities, especially those in the Midwest, feared that if existing trends continued they would be unable to generate the taxes they needed to provide services to their residents and businesses and the growing concentrations of lower income households. As a result, to the classical agenda of a city's responsibilities were now added the building and maintenance of a high quality of life that would help to retain and attract middle and upper income households. These households not only had the taxpayers that the cities needed, but they constituted the intellectual or human capital that businesses required for their future growth. If a city no longer attracted residents, corporations were forced to relocate to areas where their future employees wanted to live. The millennium of business location being dictated by geography was rapidly coming to a close as transportation and communication costs declined. The new millennium of environments for creative people was emerging, and cities that were not attractive to educated workers faced a declining economic future.

2. Amenities are important—business mobility requires to cities work to attract companies and workers

Dr. Mark Rosentraub, Professor, Sports Management, University of Michigan, MAJOR LEAGUE WINNERS: USING SPORTS AND CULTURAL CENTERS AS TOOLS FOR ECONOMIC DEVELOPMENT, 2010, New York: Taylor & Francis, p. 12.
The changing structure of the United States and world economy—and the breakthroughs in communication and transportation—meant that companies could now locate where the best and brightest workers wanted to live. As people's income rose, they also wanted to live in areas that offered a greater number of varied and interesting tourism experiences that could be enjoyed on weekends. Thus, the new middle and upper classes wanted high-quality urban services and a high quality of life in what Pine and Gilmore (1999)26 described as the "experience economy." It was not only that work and presentations had become wedded to experiences; it was that consumers had shifted their preferences to include a desire to be able to enjoy experiences through the unique entertainment produced by sports, arts, culture, and other amenities. Cities that offered the full range of these experiences were more desirable and businesses worried about being able to attract and retain the best talent sought locations that had the highest quality of life, the best mix of amenities, and a set of large-scale and neighborhood-based entertainment experiences that seemed to describe what America's "creative class" (Florida, 2002) or "idea generators" wanted when they chose places to live. People still lived where the jobs are, but companies that created those jobs wanted to locate where they were confident there would be the right mix of amenities that would appeal to the idea generators they needed to advance their business. Economic development is driven by human capital and corporations choose to locate in areas where they are most confident present and future employees want to live.

Subsidies Desirable: Quality of Life / Amenities [cont'd]

3. Sports and facilities are a vital part of a community's social capital

Dr. Mark Rosentraub, Professor, Sports Management, University of Michigan, MAJOR LEAGUE WINNERS: USING SPORTS AND CULTURAL CENTERS AS TOOLS FOR ECONOMIC DEVELOPMENT, 2010, New York: Taylor & Francis, p. 15.

The long-standing role of culture and entertainment in society is easily underscored by the role of the performing arts and plays in ancient Greece. The emergence and importance of the English theater dates back at least 500 years. Music's role in defining a city's identity and its cultural standing shares a similar if not a longer history. The continuing and long-standing nature of these assets suggests the prudence of their incorporation in revitalization strategies. While some might dislike sports, their enduring importance and the physical value placed on the facilities used for games is what makes sports part of the social capital of a society. Social capital has been defined as institutions that facilitate "the development of relationships of mutual reciprocity embedded in social networks that enable action … generate trust, establish expectations, and create norms. Social capital's value centres upon the fact that it identifies certain important aspects of a community's social structure and the significance of social organization." Sports also become part of the social capital of a society through their role as socializing institutions that increase stability and as tools to underscore the political values and strength of a society. Lefebrve has concluded that places within a city that encourage identification with a group facilitate the ability of individuals to build relationships that enhance identities and reduce the stress of isolation that can be endemic in large urban societies.

4. Sports are a critical component of social capital—strong emotional attachments

Dr. Mark Rosentraub, Professor, Sports Management, University of Michigan, MAJOR LEAGUE WINNERS: USING SPORTS AND CULTURAL CENTERS AS TOOLS FOR ECONOMIC DEVELOPMENT, 2010, New York: Taylor & Francis, p. 15-16.

How do sports and the facilities they use create this type of social capital? Any community can point to celebrations when teams win major games or championships and the "electricity" that seems to change daily life. The power or strength of a society is underscored by the facilities built for sports, a point familiar to students of Roman history as when the gladiatorial games were held in the large structures built by the engineering expertise of the Roman Empire or when different governments and regimes seek to stage major athletic events to underscore the superiority and accomplishments of their society. The Greeks staging of the original Olympics to proclaim the virtues of their civilization underscored their achievements. In the modern era, international events in Berlin (1936) and Beijing (2008) were designed to emphasize the advancements and success of different political regimes. America's return to some level of normalcy after the 9/11 attacks was inexorably tied to the resumption of MLB games and the staging of the World Series. The outpouring of emotion at these sporting events is probably the most poignant example of the role of sports as social capital. Social scientists have noted baseball's role in socializing immigrants to American life in the early parts of the twentieth century and soccer's role in relieving the drudgery of industrial life in England and maintaining stability.

5. Amenities matter—the fact that people will move to cold climates proves

Dr. Mark Rosentraub, Professor, Sports Management, University of Michigan, MAJOR LEAGUE WINNERS: USING SPORTS AND CULTURAL CENTERS AS TOOLS FOR ECONOMIC DEVELOPMENT, 2010, New York: Taylor & Francis, p. 42.

With the migration to the southern and western states, some might think that climate is an overpowering factor in the locations chosen by highly educated workers. Growth rates in the Boston, Chicago, and Minneapolis/St. Paul regions, however, suggest that other factors can overcome weather and make an area a favored location for idea generators. The reality that northern regions and areas with snow and cold temperatures can also grow and prosper suggests that other factors also influence the location decisions of highly skilled workers. This reality is what has focused cities across the nation on amenities, such as sports, entertainment, arts, and culture. The idea, which is not at all far-fetched, is that with a sufficient amenity base, even 50 inches of annual snowfall and a ranking as the sixth coldest city in America (Minneapolis/St. Paul), could be overcome to make a region a magnet for human capital.

Subsidies Desirable: Quality of Life / Amenities [cont'd]

6. Public sector investment is necessary to ensure the presence of some amenities

Dr. Mark Rosentraub, Professor, Sports Management, University of Michigan, MAJOR LEAGUE WINNERS: USING SPORTS AND CULTURAL CENTERS AS TOOLS FOR ECONOMIC DEVELOPMENT, 2010, New York: Taylor & Francis, p. 43.
In communities where a welfare-maximizing benefactor is not present and when private entrepreneurs perceive the risks of earning a profit from the building of sports, entertainment, or arts and cultural facilities are too great, a new asset will only be built if the public sector also makes an investment. The public sector's investment reduces the risks to the private sector partner and helps to guarantee the profitability of the project. In some instances, the public and nonprofit sector partners are asked to finance the capital costs associated with both the tourist amenity and needed support facilities (hotels, restaurants, etc.). The public sector is also frequently responsible for any improvements needed in transportation, water, or environmental systems.

7. The absence of amenities makes it difficult for communities to attract workers

Dr. Mark Rosentraub, Professor, Sports Management, University of Michigan, MAJOR LEAGUE WINNERS: USING SPORTS AND CULTURAL CENTERS AS TOOLS FOR ECONOMIC DEVELOPMENT, 2010, New York: Taylor & Francis, p. 43.
Rosentraub and Joo looked at amenities and the distribution of human capital in more than 300 metropolitan areas across the United States and concluded that "while it may be unclear if amenities attract human capital, the absence of amenities does reduce a region's attractiveness to workers, (and) investments in amusements and sports attractions were associated with higher levels of employment in the tourist sector, increasing household income levels, (and) the number of businesses in an area. Further, sports have a positive effect on the regional economy in both fast- and slow-growth cities." These findings illustrate the importance of amenities for regional economic development through the association or concentration of a higher proportion of skilled human capital in regions with more amenities. Rosentraub and Joo also remind policy makers that an association between amenities and development does not imply causality. If the subsidies provided were too large, alternative investments could have been more productive or had larger impacts on regional development levels. Relative to image and identity, sports and amusements have an important influence and impact on household income levels and the number of businesses in an area, and those outcomes are linked to larger concentrations of human capital workers.

8. Amenities are important in promoting urban tourism

Dr. Mark Rosentraub, Professor, Sports Management, University of Michigan, MAJOR LEAGUE WINNERS: USING SPORTS AND CULTURAL CENTERS AS TOOLS FOR ECONOMIC DEVELOPMENT, 2010, New York: Taylor & Francis, p. 248-249.
The temporary downturn in the economy—while substantial and the most severe since the Great Depression—will not substantially shift the importance of tourism and entertainment as robust and growing portions of the world's economy. The demand for and interest in entertainment, tourism, and travel overcame the substantial contractions that took place in the aftermath of the 9/11 attacks and terrorist incidents in Spain, England, and Israel. A similar pattern is likely to be repeated in response to the recession in 2008 that extends into 2009 and even into 2010. Unemployment will increase during this economic contraction, but a recovery, even if delayed until the last half of 2010 or into 2011, will not change the longer-term trend of increasing demand for experiences as part of tourism and recreation. While there is debate over the relative value of different amenity packages for economic development and their causal connection to economic development and revitalization, there is little disagreement that areas lacking in amenities will increasingly find themselves less likely locations for growth, expansion, and the attraction and retention of younger and high-value workers. Add to all of these factors the changes in technology that accelerates the declining period of time that comparative advantages in production can be sustained and the emphasis on amenities is more easy to understand as communities strive to achieve a competitive advantage based on human capital. As a result, the lessons learned from the six cases can help communities include amenities as part of a revitalization and economic development strategy.

Subsidies Desirable: Quality of Life / Amenities [cont'd]

9. Amenities—such as architectural achievements—are necessary to attract and retain human capital

Dr. Mark Rosentraub, Professor, Sports Management, University of Michigan, MAJOR LEAGUE WINNERS: USING SPORTS AND CULTURAL CENTERS AS TOOLS FOR ECONOMIC DEVELOPMENT, 2010, New York: Taylor & Francis, p. 36.
An alternative framework regarding the value of these large architectural images for economic development is summarized in the work of Richard Florida and Terry Clark. They argue there are other (and smaller scale) amenities that are more important in the effort to attract and retain the human capital needed by today's businesses. Florida begins his description of what attracts human capital to particular cities with the story of a counter-culture computer genius leaving Pittsburgh for the concentration of young people and neighborhood-level entertainment venues in Austin, Texas. Florida's interviews in focus groups underscored for him that "lifestyle frequently trumps employment when they're (respondents) choosing where to live." That lifestyle is defined by "the music scene, art scene, technology scene, outdoor sports scene, and so on … and, of course, nightlife is an important part of the mix. The people I talked to desire a nightlife with a wide mix of options. The most highly valued options were experiential ones—interesting music venues, neighborhood art galleries, performance spaces, and theatres." His observations lead to the conclusion that big-ticket items have lost some of their luster and value as assets capable of attracting human capital.

10. Human capital is critical to community development

Dr. Mark Rosentraub, Professor, Sports Management, University of Michigan, MAJOR LEAGUE WINNERS: USING SPORTS AND CULTURAL CENTERS AS TOOLS FOR ECONOMIC DEVELOPMENT, 2010, New York: Taylor & Francis, p. 38.
Hoyman and Faricy compared economic development outcomes using measures of human capital, social capital, and the creative class. They noted that human capital theory was a more powerful predictor of desired outcomes than either Richard Florida's creative class or the presence of social capital assets. Amenities were not expressly evaluated. Some elements defined as part of the human capital theory encompassed parts or overlapped with measures of Richard Florida's creative class leaving one to question if the two concepts—creative class and human capital—overlapped or were mutually independent of each other. Regardless, their work continued to underscore that human capital is indeed the most important factor relative to advancing economic development. What may be essential for local community and city leaders, however, is an understanding of the assets that attract and retain human capital in a specific geographic area. That critical concern is what has convinced many community leaders that they need both big-ticket items and a focus on revitalized neighborhoods. The effort to separate human capital theory, social capital assets, and Richard Florida's ideas about a creative class might have less relevance to community leaders than understandings of the role of civic assets, sports, culture, entertainment, and lively neighborhoods in attracting and retaining highly skilled workers.

11. The ability to attract and retain human capital is key to community competitiveness

Dr. Mark Rosentraub, Professor, Sports Management, University of Michigan, MAJOR LEAGUE WINNERS: USING SPORTS AND CULTURAL CENTERS AS TOOLS FOR ECONOMIC DEVELOPMENT, 2010, New York: Taylor & Francis, p. 41.
When mass manufacturing offered millions of jobs and industries were dependent on the specific physical locations (frequently with access to water) to minimize production costs, people moved to where these businesses needed to locate. Success in the twenty-first century economy, as Garmise notes, is increasingly a function of the competitive advantage of places relative to their ability to attract and retain human capital. With ideas increasingly becoming the currency of innovation and the inputs that drive an economy and business' future, corporations now locate where people want to live. The age-old axiom that people move to where the jobs are is changing and the new reality is that corporations locate where they believe (1) people want to live and (2) in areas where they have the greatest confidence that they can attract and retain the human capital required to foster innovation. Communities, cities, and regions that attract idea generators or the people likely to foster innovation are now as important for a corporation's location as a river was in the nineteenth century. As more and more manufacturing is outsourced to foreign countries and that which remains in the United States becomes computerized and less labor intensive, job growth for most regions is dependent on being a location where innovations are developed, ideas formulated, new discoveries made, and new processes and procedures created. Perhaps innovation and ideas—best enumerated by patents filed—have always driven the economy. But, at a time when America was home to both innovation and manufacturing, the focus for many companies was on physical location where manufacturing could be the most profitable. With ideas, centers of innovations, and research increasingly separated from mass manufacturing locations, businesses now choose idea centers for their homes. Idea centers are the places that people choose to live based on what is important to them in terms of valued amenities: climate, entertainment, recreation, sports, culture, and neighborhoods.

Subsidies Desirable: Answers to "Economic Objections"

1. Economic arguments are just rationalizations—people want teams in their cities for other reasons

Jeffrey G. Owen, Assistant Professor, Economics, Indiana State University, "The Intangible Benefits of Sports Teams," PUBLIC FINANCE AND MANAGEMENT v. 6 n. 3, 2006, pp. 321-345, p. 341-342.
This CVM study finds interest in the team is a critical element of willingness-to-pay for sports stadiums and teams. Still most of the public debate centers on the economic impact of sports on local economies. Why does the "economic impact fantasy" have such staying power? It may be that the economic impact argument is a convenient out if you want the team to stay but hate the idea of giving millions of tax dollars to rich people. By accepting the projections of economic impact subsidies, a public subsidy for the wealthy becomes a noble public works project. Everyone is a hero. Team owners are providing the centerpiece for economic growth. City officials are creating a monument to their active pursuit of a great economic future for their community. Each fan is making his contribution to the city's future as well. You are not voting for the stadium because you want the team to stay and the owner has backed you into a corner; you are voting for it because it will benefit the entire community. No one is being selfish. It is easy to see why voters, owners, and civic leaders would all be willing to believe in the fallacy. The protective veil of economic impact, however, is a thin one. When support for a stadium is in doubt, owners and city officials remind local citizens of the implications of a failed vote – their local team playing somewhere else.

2. Providing public support for sports culture is important—boosts the economy

Dr. Mark Rosentraub, Professor, Sports Management, University of Michigan, MAJOR LEAGUE WINNERS: USING SPORTS AND CULTURAL CENTERS AS TOOLS FOR ECONOMIC DEVELOPMENT, 2010, New York: Taylor & Francis, p. xiv.
These community leaders never lost sight of their responsibility to produce safe streets, quality public schools, and livable neighborhoods. But, they also recognized something that sociologists studying sports and culture well understood. For thousands of years, people have yearned for safe streets and good places for their families to live. But, they also loved and wanted sports and culture. Those cities and regions that could meet the basic requirements of safety and quality education and offer an environment where sports and culture also existed would thrive. Other areas that failed to offer sports and culture (along with the basic requirements of a safe environment) would fall to the side and be characterized by slower growth rates, fewer economic opportunities to attract and retain younger workers, and, in the event of a severe recession, far longer recovery periods.

3. New evidence refutes their economic arguments

Charles Santo, School of Urban Studies & Planning, Portland State University, "The Economic Impact of Sports Stadiums: Recasting the Analysis in Context," JOURNAL OF URBAN AFFAIRS v. 27 n. 2, 2005, pp. 177-191, p. 178.
Siegfried and Zimbalist declare the case closed, but this is a dangerous generalization that ignores the importance of context. Criticisms of recent stadium investments are often based on empirical analyses built on outdated data. Many of the stadiums built in recent years are constructed with a very different purpose than the multi-use, utilitarian facilities of the 1960s and 1970s. Sports facilities are now designed to serve as architectural symbols with tourist appeal and are often built into the urban fabric to facilitate synergy. This is in contrast to facilities of the previous generation, which were located near interstate exchanges to facilitate a quicker exit after the game. This study offers new evidence that contradicts the general conclusion that sports facilities can have no significant positive impact on local economies. It begins with a review of two landmark empirical analyses that have contributed to this conclusion (Baade, 1996; Baade & Dye, 1990). New empirical research, derived from recasting the frequently cited study of Baade and Dye with current data, is reported. The findings of this research are supported by a closer examination of previously reported empirical analyses, which indicate that context plays a key role in determining the impact of sports development strategies.

Subsidies Desirable: Answers to "Economic Objections" [cont'd]

4. Other studies show that stadiums have a positive effect on income

Charles Santo, School of Urban Studies & Planning, Portland State University, "The Economic Impact of Sports Stadiums: Recasting the Analysis in Context," JOURNAL OF URBAN AFFAIRS v. 27 n. 2, 2005, pp. 177-191, p. 189.
It is commonly held that independent empirical research has found no evidence of economic benefits related to sports facilities. The results presented here are to the contrary, but this research is not the only incidence of such evidence. The findings of Nelson's (2001) cross-section time series analysis support the notion that context matters. Nelson examined data from 43 MSAs over the period of 1969 to 1994. MSA share of state per capita income is regressed on variables that represent the number of teams present and the locations in which they play. A set of control variables designed to represent characteristics of each MSA's population, labor force, and economic structure is also used. Nelson finds that the association between the number of teams playing in the central business district (CBD) and share of state per capita income is positive, but just out of range of being statistically significant. The association with teams playing outside the CBD is negative and statistically significant. Nelson also finds evidence of agglomeration effects, noting that the coefficient associated with multiple teams playing in the CDB is significant and positive.

5. New data disprove their economic arguments—where we locate the stadiums is key

Charles Santo, School of Urban Studies & Planning, Portland State University, "The Economic Impact of Sports Stadiums: Recasting the Analysis in Context," JOURNAL OF URBAN AFFAIRS v. 27 n. 2, 2005, pp. 177-191, p. 188.
The evidence presented here is contradictory to the findings of Baade and Dye as well as the general sentiment of other empirical analyses as synthesized by critics of stadium investments. However, instead of offering broad conclusions on the economic merits of sports facilities, it is more useful to examine the context in which sports related variables show a significant impact, because the importance of context is the impetus for this study. For example, facility location seems to affect the success of stadium investments. The results indicate six cities for which the presence of a new football or baseball stadium is positively correlated with regional income share (Atlanta, Denver, Jacksonville, Seattle, and Tampa). In each of these cases the stadiums in question are set in a downtown or central city environment (Newsome & Comer, 2000). In contrast, The Ballpark in Arlington, set in a suburban location, is one of two new facilities shown to have a significant negative impact on regional income share. Cleveland Stadium is also shown to have a negative impact, but this is offset by the significant positive coefficient associated with the football team that the facility hosts.

6. A lot of their data comes from old stadiums

Charles Santo, School of Urban Studies & Planning, Portland State University, "The Economic Impact of Sports Stadiums: Recasting the Analysis in Context," JOURNAL OF URBAN AFFAIRS v. 27 n. 2, 2005, pp. 177-191, p. 179-180.
While these two studies are frequently cited to criticize stadium investments, they have been subject to criticism as well; the most notable of which is related to the time periods used in the analyses. Even in his 1996 study, the time series of Baade's analysis ended in 1987. This precludes evidence from stadiums built during the stadium building boom of the 1990s and beyond, which many would argue are of a very different character than prior generation facilities. And although Baade and Dye (1990) conducted their research prior to this trend, their findings from a time series that ended in 1983 are commonly used to criticize today's stadium investments. (Other more recent studies have lumped old and new facilities together. A 1999 study by Coates and Humphreys included all major league sports facilities built between 1969 and 1994.) Chema (1996) expands on the distinction between eras of stadium design: Baade has researched essentially non-urban facilities which were not intended to be economic development tools. The multi-use facilities that proliferated in the late 60s and early 70s were specifically designed to be apart from the city. The design characteristics give the impression more of a fort than a marketplace. Moreover, during the period surveyed most new venues were located in suburban or rural locations. The relatively few urban venues might as well have been in suburbs because they were separated from their host city by a moat of surface parking (p. 20).

Subsidies Desirable: Answers to "Economic Objections" [cont'd]

7. New stadiums are a lot more likely to promote development—better locations

Charles Santo, School of Urban Studies & Planning, Portland State University, "The Economic Impact of Sports Stadiums: Recasting the Analysis in Context," JOURNAL OF URBAN AFFAIRS v. 27 n. 2, 2005, pp. 177-191, p. 180.
In contrast, the recent wave of stadium construction has been marked by a migration of such facilities back to the urban core with an emphasis on revitalization and tourist appeal (Newsome & Comer, 2000). Recall that in his 1996 study, Baade found a positive relationship between sports teams and per capita income for Indianapolis. He ascribes this relationship to the fact that Indianapolis included sports as part of a larger development strategy in the 1970s and 1980s. While Indianapolis was the only city to utilize this strategy during the era that Baade studied, it is now far more common for cities to tie revitalization efforts to sports-related development. Chema concludes, ''it is not the sport activity, but the context which is key'' (p. 20). Theoretically, a retro-style ballpark in a downtown or retail setting is likely to attract visitors from a wider area than its more utilitarian suburban counterpart, and is likely to induce longer stays and greater ancillary spending. If so, it is plausible that the new generation of sports facilities would have more favorable economic impacts than their predecessors.

Subsidies Desirable: Answers to "Private Enrichment"

1. Owners pay high up-front costs to acquire the franchise

Martin J. Greenberg Adjunct Professor, law, Marquette University and Dennis Hughes Jr., attorney, "Sports.Comm: It Takes a Village to Build a Sports Facility," MARQUETTE SPORTS LAW REVIEW v. 22, Fall 2011, p. 93.
It is not the purpose of this article to draw the reader into such debate. The franchise owner pays dearly in the form of an acquisition or franchise fee to bring a sports team to a community. To obtain and maintain sports franchises in a community, governmental units are likewise required to pay a municipal entitlement or franchise fee. The municipal entitlement or franchise fee usually takes the form of the public's creation or renovation of a team sports facility; it is the cost of sitting at the table and being a major league city.

2. The ability of teams to move requires that cities give them subsidies to stay

Dr. Mark Rosentraub, Professor, Sports Management, University of Michigan, MAJOR LEAGUE WINNERS: USING SPORTS AND CULTURAL CENTERS AS TOOLS FOR ECONOMIC DEVELOPMENT, 2010, New York: Taylor & Francis, p. 5.
To be sure, sports teams are treasured assets; when tens of millions of fans will pay billions of dollars for tickets, it is clear that sports are important to people. That importance would not lead to tax subsidies if the major sports leagues were not given the ability to control the supply and location of teams. Antitrust exemptions and special laws allow the leagues to create auctions where cities compete to host teams. If any city does not meet an owner's demands, teams have the ability to move elsewhere and the leagues—more often than not—would only replace the team if an even larger subsidy were provided in later years. However, to understand why cities turned to sports and entertainment to change economic development patterns, a bit more history is needed.

Subsidies Desirable: Answers to “Spending Tradeoff”

1. Stadiums are funded with new taxes—does not take money away from other public programs

Dennis Coates, Professor, Economics, University of Maryland, Baltimore County, “A Closer Look at Subsidies,” THE AMERICAN, 4—29—08, www.american.com/archive/2008/april-04-08/a-closer-look-at-stadium-subsidies, accessed 8-19-14.
Over time, both the purpose and the real cost of public support for stadiums and arenas have changed. It may be that the subsidies state and local governments provide for stadium and arena construction and operation are justified by the community benefits those facilities provide. But the evidence says otherwise. It is not quite correct to argue that local governments could use the tax revenues they spend on stadiums in “better” ways, such as on schools or health programs. Typically, the funding for stadiums does not come directly out of an existing government budget but rather from a new source of revenue, like special taxes on tickets or add-ons to the local sales tax. The municipality likely would not impose these taxes for any purpose other than subsidizing the stadium, so other governmental services are not necessarily being shortchanged. (Of course, the increased taxes do reduce the disposable income of local consumers, so the stadium subsidy does impose opportunity costs on citizens, despite having no such effect on the government’s budget.)

2. Using sports complexes as part of redevelopment efforts does not tradeoff with other strategies

Dr. Mark Rosentraub, Professor, Sports Management, University of Michigan, MAJOR LEAGUE WINNERS: USING SPORTS AND CULTURAL CENTERS AS TOOLS FOR ECONOMIC DEVELOPMENT, 2010, New York: Taylor & Francis, p. 10.
Attention is also directed at the community and citywide development activities pursued by each city. These elements are reviewed to illustrate that even when there was a focus by business and political leaders on downtown redevelopment there was often a simultaneous focus on job creation, community development activities, the rebuilding of neighborhoods, and, in one case, the advancement of an inner city school district. Despite what some critics have suggested, a focus on sports did not eliminate a more comprehensive approach to redevelopment activities. The presentation of information on downtown and other activities is designed to respond to those who argue that a focus on entertainment and other amenities for redevelopment simply panders to business interests concerned with elevating downtown property values and ensuring that tax money benefits corporate interests and the interests of higher income residents of a region.

Subsidies Undesirable: Topshelf

1. Dozens of studies disprove all of their economic arguments for stadium subsidies

Charles P. Rock, Professor, Economics, Rollins College, "The Case Against Public Subsidies for a New Florida Marlins Stadium," POLICY REPORT n. 31, 4—01, James Madison Institute, p. 7-8.

The most frequent reason given by proponents to justify large public subsidies for expensive new stadiums is that such expenditures are justified by positive economic benefits to the local economy. As a recent academic reader about sports in American society concludes, the pro-stadium subsidy arguments are as follows: 1. A stadium and a pro team create jobs and these employees will spend money locally and pay taxes. 2. Stadium construction infuses money into the local economy, which is spent over and over again as it circulates through the city and the sale of construction material generates tax revenues. 3. The team will attract other businesses to the city and also bring visitors from outside the area who will spend money in the city. 4. The team will attract regional and national media attention that will boost the tourist industry, enable local firms to sell their products outside the city, and contribute to overall regional economic development. Unfortunately for the advocates of public subsidization of new stadium construction, when economists, urban planners, and other public investment analysts actually try to measure these effects, they come up empty-handed. As Coakley concludes, "dozens of studies done by independent economists, both liberal and conservative, do not support these arguments." He then summarizes his finding in surveying the results of these empirical studies: 1. Teams and stadiums do create jobs, but apart from the high-paying jobs held by players, stadium jobs are low paying and seasonal. . . . The vast majority of players' salaries are not spent in the cities where they play. . . . 2. Construction materials often are brought in from other locations, as are specialized construction workers. The companies that design and build stadiums are seldom local, and they spend their consulting dollars in other cities. 3. Stadiums do attract other businesses, but these are often restaurant and entertainment franchises with headquarters in other cities and often these franchised businesses drive longtime local operators out of business. Spectators do come from out of town, but the vast majority . . . live close enough that they do not spend the night in connection with attendance at a game, and they spend a limited amount of money on food and other forms of entertainment outside the stadium. 4. Stadiums and the teams that use them do generate public relations for the city and for tourism, but tourists who visit the city for other reasons may stay away when big sports events are in town or when games are scheduled. Regional development is limited because local people who spend money at and around the stadium have fewer dollars to spend in their own areas of the city. An inner-city stadium does great things for the area around the stadium, but it often hurts other businesses and discretionary income is limited in any population . . . and spending on season tickets . . .often means that one will spend less money on going out to dinner and to shows.

2. Stadium costs drive up taxes, and most of the alleged "tax benefits" are given away to the franchises

Mildred Wigfall Robinson, Professor, Law, University of Virginia, "Public Finance of Sports Stadia: Controversial But Permissible ... Time for Federal Income Tax Relief for State and Local Taxpayers," VIRGINIA SPORTS & ENTERTAINMENT LAW JOURNAL v. 1, Spring 2002, p. 156-157.

Moreover, especially in an urban setting, the tax burden from these excises adds to the increased general tax bur-dens borne by area residents. There may be additional general costs attributable to the public costs of related and necessary infrastructure improvements as well as neighborhood disruption or, in some cases, destruction. Infrastructure improvement, land acquisition, and site remediation are frequently components of stadium construction. Further, and especially where new construction has a suburban citing, any jobs created are likely to be seasonal and low-paying and may well represent poor substitutes for earlier employment opportunities now no longer available. Finally, assuming for the sake of argument that some degree of economic vitality is achieved as a result of this activity, in many instances little of the benefit may be received by the governmental entity. Potential returns are all too frequently bartered away as location incentives in the form of sales, income, and property tax abatements or some other non-"debt" arrangement (i.e., contractual arrangements such as the ticket guarantee made by the city of San Diego to the NFL San Diego Chargers.) Other additional public costs may flow from maintenance contracts on the stadium or sweetheart leases for parking or related facilities.

Subsidies Undesirable: Topshelf [cont'd]

3. There is *no* evidence that sports stadiums provide tangible economic benefits

Victor Matheson, Professor, Economics, College of the Holy Cross and Brad R. Humphreys, Professor, Economics, University of Alberta, "The House that Taxpayers Built: Stadiums, Speech, and Public Funding: PILOTs and Public Policy: Steering Through the Economic Ramifications," VILLANOVA SPORTS & ENTERTAINMENT LAW JOURNAL v. 16, 2009, p. 285.
Second, there is no evidence in the large body of peer reviewed scholarly research on the economic impact of professional sports facilities that indicates that any professional sports facility construction project or the ongoing operation of any such facility has generated tangible economic benefits in the local economy. In fact, economists widely agree on this point, and it is supported by decades of evidence and data. Even if the new Yankee Stadium is the most expensive stadium construction project in history, it is unlikely to generate any significant economic benefit for New York City.

4. We should not be wasting money on stadiums that we could be devoting to infrastructure

Dennis J. Kucinich, Statement before the House Committee on Oversight and Reform, Subcommittee on Domestic Policy, "Professional Sports Stadiums: Do They Divert Public Funds from Critical Infrastructure?" n. 110-193, 10—10—07, p. 2-3.
Now, this story of crumbling infrastructure around the Nation is pretty much the same everywhere, in light of publicly funded and financed sports stadiums. Baltimore has two publicly financed sports stadiums, while the county has eight structurally deficient bridges. Philadelphia has three publicly financed sports stadiums, while the county has 42 structurally deficient bridges. Chicago has two publicly financed sports stadiums while it has a whopping 82 structurally deficient bridges. Keep in mind this isn't about whether we love our teams in our towns; we all have a great and passionate love for our home team. But this is a separate issue as to where do we put our infrastructure money. Does public funding of professional sports stadiums divert funds and attention from infrastructure maintenance? Let's look at the case in Minnesota. Since taking office in 2003, Minnesota Governor Tim Pawlenty consistently opposed increases to the gasoline tax, even vetoing them at least once. The gasoline tax increase would have funded bridge and road repair. But he signed a bill allowing Hennepin County to raise its county sales tax without going to the voters, as county law mandates. The county tax increase was dedicated to paying the debt service on the bonds for a new Twins Stadium. The Minnesota experience is not unique. State and local officials continue to invest public funds in professional sports stadiums, in spite of the persistence of crumbling bridges, roads, and schools. Federal taxpayers continue to subsidize these give-aways by financing new professional sports stadiums with tax-exempt bonds. If there was ever a topic meriting oversight and government reform, we have one here.

5. We should not be funding stadiums/subsidizing sports—they cut overall incomes

David Coates, Associate Professor and Brad R. Humphreys, Assistant Professor, Economics, University of Maryland Baltimore County, "The Stadium Gambit and Local Economic Development," REGULATION v. 23 n. 2, Summer 2000, pp. 15-20-, p. 20.
The policy implications of our results are no different from those of the previous studies that found no relationship between the professional sports environment and local economies. Still, they bear repeating. The evidence suggests that attracting a professional sports franchise to a city and building that franchise a new stadium or arena will have no effect on the growth rate of real per capita income and may reduce the level of real per capita income in that city. Yet government decisionmakers and politicians continue to try to attract professional sports franchises to cities, or use public funds to construct elaborate new facilities in order to keep existing franchises from moving. According to public finance theory, the decisionmakers who attempt to attract a new franchise or build a new stadium or arena must value the total consumption benefits, including all nonpecuniary benefits, more than the total costs, including the opportunity costs. The total consumption benefits cannot be directly measured because of the nonpecuniary component of those benefits; in order for these policies to make sense, the total value of the consumption benefits associated with these policies must be larger than was previously imagined. However, regardless of the size of the nonpecuniary benefits, one thing is clear from the evidence on professional sports franchises: owners are reaping substantial benefits in the value of their teams because they are so skilled at the stadium gambit.

Subsidies Undesirable: Topshelf [cont'd]

6. Even if public-good benefits are realized, subsidies are still a bad idea—unequal distribution of benefits

Dennis Coates, Professor, Economics, University of Maryland, Baltimore County, "A Closer Look at Subsidies," THE AMERICAN, 4—29—08, www.american.com/archive/2008/april-04-08/a-closer-look-at-stadium-subsidies, accessed 8-19-14.
Of course, even if the benefits of stadiums and arenas cover the subsidies, the subsidies still may not be sound policy. First, there may be enormous variation in the distribution of the consumption and public-good benefits. It is clear that not all citizens in a community benefit equally from the presence of professional sports franchises in their city. Indeed, because the tax revenues used for the subsidies are often generated from lotteries and sales taxes whose burden falls disproportionately on the poor, while the consumption benefits go mostly to relatively wealthy sports fans, the net benefits are distributed regressively. Second, we should consider the net benefits to the community of alternative uses of the funds spent subsidizing sports facilities. Good policy means using the money where the net benefit is greatest, not simply where the net benefit is positive. That's something state and local governments should keep in mind before pledging millions of dollars to fund the next new stadium project. And it's something Congress should remember when evaluating the future of U.S. tax policy.

7. Strong regional sports culture is a key part of rebuilding communities in the wake of the recession

Dr. Mark Rosentraub, Professor, Sports Management, University of Michigan, MAJOR LEAGUE WINNERS: USING SPORTS AND CULTURAL CENTERS AS TOOLS FOR ECONOMIC DEVELOPMENT, 2010, New York: Taylor & Francis, p. xv.
The cities and regions that recover fastest from the credit and financial crisis that now threatens families and the quality of life in America will be those that took the strides to differentiate their economy and produce a rich and varied pool of local labor resources. That talent is concentrated in the areas with safe and high quality of life neighborhoods that are part of the regions firmly anchored to the mainstream of American sports and culture. The lessons that unfold in the chapters ahead should be part of each region's stimulus plan. Curing what ails America does not lie with more sports and culture. It lies with building the most creative and productive workforce possible. Yet sports and culture will continue to contribute to the decisions made by these creative workers when they choose where they want to live. The companies that will propel America from this recession will locate where they know they can attract and retain the human capital they need to meet their clients' needs. Cities that fail to learn from the efforts of places such as San Diego and Columbus, Ohio or from the risks, successes, and setbacks endured by places like Indianapolis and Cleveland will not build the infrastructure needed to survive the next fiscal crisis our nation will face. America will survive the current fiscal crisis—just as it did all of the others in our past—and despite new safeguards, market tendencies will produce other crises for future generations. Designing cities that are magnets for human capital will make future recoveries far less painful and the fallout from future recessions far less destructive.

Subsidies Undesirable: Economy—Alternatives Superior

1. Pro-stadium arguments ignore that the money could be used for more productive projects

David Coates, Associate Professor and Brad R. Humphreys, Assistant Professor, Economics, University of Maryland Baltimore County, "The Stadium Gambit and Local Economic Development," REGULATION v. 23 n. 2, Summer 2000, pp. 15-20-, p. 17.

Efficiency Is Irrelevant Impact studies typically do not address alternative uses of public funds. Indeed, politicians often seem to think that the means of financing the stadium generates free resources that have no alternative uses whatsoever. For example, when the state of Maryland discussed plans to lure the Cleveland Browns to Baltimore, they made clear that part of the funding for the construction of a new stadium would come from the state lottery. In state senate hearings on the issue, it was pointed out that lottery funds were essentially constant in recent years and that they were already dedicated, at least in part, to paying off the bonds issued to finance Oriole Park at Camden Yards. If lottery funds did not grow, then to add the financing of the football stadium would require that the state dip into general tax revenues either to pay interest on the baseball stadium-related bonds or to spend on the other public services supported out of lottery revenues. Alternatively, the state could choose to stop supporting other public services at all. The senators dismissed this concern out of hand. As the example makes clear, the revenues have opportunity costs.

2. Other types of subsidies are far more effective at job creation

Robert A. Baade, Department of Economics and Business, Lake Forest College and Victor A. Matheson, Department of Economics, College of the Holy Cross," Financing Professional Sports Facilities," WORKING PAPER SERIES n. 11-02, North American Association of Sports Economists, 1—11, p. 14.

Even if commercial sport does induce an increase in economic activity, the efficacy of sport as a developmental tool needs to be considered. The litmus test arguably should not be whether sport induces an increase in economic activity, but rather is it the most efficient method for improving the economy. Focusing on employment, Baade and Sanderson (1997) observed that the cost of creating a full-time equivalent job through sports subsidies far exceeds the cost of job creation through other subsidies. More specifically, it was noted that the cost of job creation through sports is far greater than jobs created through the Public Works Capital Development and Investment Acts of the 1970s or Alabama's much maligned subsidies to convince Mercedes-Benz AG to locate some of their manufacturing in that State. It is also important to note that as many as 98 percent of the jobs created through sports subsidies are in the relatively low-paying, non-manufacturing sector.

3. The public money could be used for many superior alternatives

Logan E. Gans, J.D. Candidate, "Take Me Out to the Ball Game, But Should the Crowd's Taxes Pay for It?" VIRGINIA TAX REVIEW v. 29, Spring 2010, p. 777-778.

Thus, as stadium construction is an expensive proposition with arguably limited reward, there might be better ways to spend public funds to realistically improve the local economy or the lifestyle of the local citizenry, such as improving public transportation or utilities. In addition, spurring industries that have the potential to export products might be a better use of a local government's limited resources than supporting a stadium. Often times, other public programs are still casualties of these stadiums even if the competition of tax-exempt bonds described in Part V does not come into play. In Toronto, the construction of a domed baseball stadium virtually eliminated the growth of the parks system. Similarly, the Oklahoma City one percent sales tax proposal for the Ford Center replaced a one percent sales tax that benefited local schools. This was also an especially alarming aspect of the Yankee Stadium PILOT bonds, as the financing arrangement called for the team to pay off bonds instead of paying taxes that the local government could use to benefit local schools or police. On the federal level, rather than permitting stadium bondholders to receive a federal tax break, tax revenue could be collected for uses that will benefit more people than a stadium would, such as for homeland security or the environment. Moreover, federal tax revenue is more likely to benefit the rest of the country, whereas stadium bonds qualifying for the section 103(a) exclusion would only benefit the stadium's particular city or area.

Subsidies Undesirable: Economy—Alternatives Superior [cont'd]

4. Sports facilities generate fewer jobs than other public investments

Matthew J. Parlow, attorney, "Publicly Financed Sports Facilities: Are They Economically Justifiable? A Case Study of the Los Angeles Staples Center," UNIVERSITY OF MIAMI BUSINESS LAW REVIEW v. 10, Spring/Summer 2002, p. 516.
Furthermore, sports facility investments reap fewer jobs than other types of public investments. An example of this arises in Maryland. The Maryland Department of Business and Economic Development estimated that the new football stadiums for the Baltimore Ravens would create 1,394 new jobs at a cost of $ 127,000 per job. However, Maryland's Sunny Day Fund created or retained 5,200 jobs, costing taxpayers just $ 6,250 per job. As this example shows, other types of public investments can create more jobs at less of a cost than investing in a new public sports facility. Moreover, the types of jobs that new sports facilities create tend to be low- wage, part-time, and seasonal. As economist Andrew Zimbalist points out, sports teams employ between fifty and one hundred and twenty full-time employees, along with several hundred low-skill and low-wage part-time and temporary jobs. With the majority of the jobs created by new sports facilities being low-wage and part-time, critics lambaste such an option as ineffective for true job creation and economic growth. To this same end, these facts help explain why sports teams and new facilities do not induce the same magnitude of economic activity as other types of public investments.

5. Opportunity costs significantly limit the positive economic impact of stadiums

Victor Matheson, Professor, Economics, College of the Holy Cross and Brad R. Humphreys, Professor, Economics, University of Alberta, "The House that Taxpayers Built: Stadiums, Speech, and Public Funding: PILOTs and Public Policy: Steering Through the Economic Ramifications," VILLANOVA SPORTS & ENTERTAINMENT LAW JOURNAL v. 16, 2009, p. 286-287.
The net economic benefit created by stadium construction projects is much smaller than the total economic benefit (which can be easily found by simply adding up the total amount of spending associated with the project) because of the presence of opportunity costs and the double counting that typically takes place when non-economists attempt to estimate these benefits. Opportunity cost is the cost of foregone alternatives. In the case of the new Yankee Stadium, the facility generates significant opportunity costs for the City of New York and the local community. NYCIDA President Seth Pinsky, before the New York State Assembly on July 2, 2008, stated that his agency receives hundreds of requests each year for public tax-exempt funding for construction projects. Logistically, the materials and supplies currently allocated to construction of the new stadium could have been used on other construction projects. Additionally, the construction workers employed on this project could have worked on other projects. Economic theory tells us that only those construction workers who would not have had a job if the stadium were not built can be counted as net economic benefit from the project. According to the Bureau of Labor Statistics, the unemployment rate for construction workers in August of 2008 was 1.9%. This low unemployment rate means that the actual number of new construction jobs created by the new Yankee Stadium project was a tiny fraction of the total number of jobs created by the project.

6. Subsidies divert money away from more productive projects

Marc Edelman, Visiting Assistant Professor, Law, Rutgers University, "Sports and the City: How to Curb Professional Sports Teams' Demands for Free Public Stadiums," RUTGERS JOURNAL OF LAW & PUBLIC POLICY v. 6, Fall 2008, p. 76.
The current relationship between professional sports teams and American communities needs to change. The unique structure of professional sports leagues, as well as the American government's historic hands-off approach to regulating the sports industry, has allowed America's four premier professional sports leagues to exploit their monopoly power in the market for sports franchises. As a result, professional sports teams have garnered billions of dollars in local subsidies. Governments would otherwise spend these dollars to improve public welfare. Given the excessive power that the sports industry has come to exert over American communities, new efforts must be made to prevent sports teams from continuing to flex their muscles to the detriment of the common citizen.

Subsidies Undesirable: Economy—Alternatives Superior [cont'd]

7. Stadiums offer a terrible return on investment

Andrew Zimbalist, Professor, Economics, Smith College and Roger G. Noll, nonresident senior fellow, "Sports, Jobs & Taxes: Are New Stadiums Worth the Cost?" BROOKINGS REVIEW, Summer 1997, www.brookings.edu/research/articles/1997/06/summer-taxes-noll, accessed 8-25-14.

Unfortunately, these arguments contain bad economic reasoning that leads to overstatement of the benefits of stadiums. Economic growth takes place when a community's resources—people, capital investments, and natural resources like land—become more productive. Increased productivity can arise in two ways: from economically beneficial specialization by the community for the purpose of trading with other regions or from local value added that is higher than other uses of local workers, land, and investments. Building a stadium is good for the local economy only if a stadium is the most productive way to make capital investments and use its workers. In our forthcoming Brookings book, Sports, Jobs, and Taxes, we and 15 collaborators examine the local economic development argument from all angles: case studies of the effect of specific facilities, as well as comparisons among cities and even neighborhoods that have and have not sunk hundreds of millions of dollars into sports development. In every case, the conclusions are the same. A new sports facility has an extremely small (perhaps even negative) effect on overall economic activity and employment. No recent facility appears to have earned anything approaching a reasonable return on investment. No recent facility has been self-financing in terms of its impact on net tax revenues. Regardless of whether the unit of analysis is a local neighborhood, a city, or an entire metropolitan area, the economic benefits of sports facilities are de minimus.

Subsidies Undesirable: Economy—Crowd-Out

1. Stadiums do not provide any real economy benefit—crowd-out

Robert A. Baade, Department of Economics and Business, Lake Forest College and Victor A. Matheson, Department of Economics, College of the Holy Cross," Financing Professional Sports Facilities," WORKING PAPER SERIES n. 11-02, North American Association of Sports Economists, 1—11, p. 10-11.
The next common criticism is crowding out. The crowds and congestion associated with major sporting events tend to reduce other economic activity in the local area, as sports fans displace other individuals. As with the substitution effect, sports tend to affect the allocation of economic activity across businesses and different sectors of the economy but not the total amount of activity that occurs. As a case in point, while Olympic visitors flocked to Beijing for the 2008 Summer Games, other visitors stayed away in droves. The number of tourist arrivals to the city in August 2008, the month of the Games, was the same as the number of visitors the previous year and total visitor arrivals for the entire year was significantly lower than the previous year. Crowding out effects are clearly visible for major sporting events held in Hawaii as well. An analysis of flight arrival data by Baumann, Matheson, and Muroi (2009) shows that sporting events like the Honolulu Marathon and NFL Pro-Bowl, both of which attract tens of thousands participants and spectators, lead to only small increases in the total number of tourists to the islands as the athletes and fans displace other vacationers.

2. Stadiums divert money from other businesses, misuse the land

Leonard Gilroy, Director of Government Reform and Samuel Staley, Research Fellow, "Stadium Doesn't Guarantee Economic Gains," Reason Foundation, 7—1—07, http://reason.org/news/show/stadium-doesnt-guarantee-econo, accessed 8-20-14.
In fact, stadiums can actually divert spending away from local businesses and increase expenditures on public safety and other city services. Other research has shown that stadiums inject very little new money into a city's economy; rather, they reshuffle the jobs and money already there. Perhaps a more important issue concerns alternative uses for the land. A large tract of prime urban land a mile from the ocean represents a tremendous development opportunity. Housing, office and retail uses may be a much better long-term investment for the city since they are better integrated into the existing urban fabric. Housing and office space has a much longer economic "shelf life," and is easier to renovate than sports stadiums.

Subsidies Undesirable: Economy—Empirical Research

1. There is no evidence that stadiums help the economy—20 years of research

Leonard Gilroy, Director of Government Reform and Samuel Staley, Research Fellow, "Stadium Doesn't Guarantee Economic Gains," Reason Foundation, 7—1—07, http://reason.org/news/show/stadium-doesnt-guarantee-econo, accessed 8-20-14.
At first glance, a sports stadium seems like an economic boon. In truth, they are, at best, minor economic players in a city's economic health. More than 20 years of academic research has failed to find a significant relationship between an investment in a sports stadium and significant job or income growth. In a 2000 article in the Journal of Economic Perspectives, researchers from Smith College and Vanderbilt University found that "independent work on the economic impact of stadiums and arenas has uniformly found that there is no correlation between sports facility construction and economic development."

2. The evidence disproving any economic benefit is overwhelming

Jeffrey G. Owen, Assistant Professor, Economics, Indiana State University, "The Intangible Benefits of Sports Teams," PUBLIC FINANCE AND MANAGEMENT v. 6 n. 3, 2006, pp. 321-345, p. 321-322.
The subsidization of stadiums for professional sports teams has generated increasing controversy as the public's price tag for more lavish and more expensive stadiums grows. Bolstered by economic impact studies that forecast hundreds of millions of dollars in benefits to the local economy, stadium advocates justify public funding for stadiums as a civic investment, increasing economic activity and creating jobs. There is, however, overwhelming evidence that the benefits projected in economic impact studies do not materialize. Coates and Humphreys (2003) found "no retrospective study found any evidence of positive economic impact from professional sports facilities or franchises on urban economies." Despite the criticisms, economic impact studies continue to espouse the benefits of stadiums, and stadiums continue to be built with substantial sums of public money.

3. There is very little empirical evidence of any economic benefits

Charles P. Rock, Professor, Economics, Rollins College, "The Case Against Public Subsidies for a New Florida Marlins Stadium," POLICY REPORT n. 31, 4—01, James Madison Institute, p. 4-5.
Stadium proponents argue that there are many additional rationales for subsidizing a stadium for a professional sports team. The arguments for subsidies include some of the traditional logic behind any public investment. Proponents of stadiums believe that the construction and operation of the facility will create new jobs and incomes. They claim that the stadium project will have many positive spillover benefits that support economic growth in general. The stadium will create a pole of economic development that will generate additional private investment. The stadium can even bring about the broad economic development of a whole area of the city or suburb in which it is to be located. It can halt and even reverse the leakage of population from central business districts to the suburban fringes of the metropolis. In disputes about the desirability of public subsidies across the nation, these other reasons are usually brought to the fore as opposition to subsidies develops in the political sphere. When the empirical reality of the effects of stadiums is closely examined, most of these claims evaporate. There appears to be little or no evidence for any net beneficial economic impact of public stadium financing. But this is often obscured because many coalitions supporting stadium subsidies have incorrectly analyzed the overall costs and benefits flowing from these public expenditures on sports facilities.

Subsidies Undesirable: Economy—Empirical Research [cont'd]

4. Claims supporting stadiums from an economic perspective simply do not hold up to the data

Dennis Coates, Department of Economics, University of Maryland Baltimore County and Brad R. Humphries, Department of Economics, University of Alberta, "Do Economists Reach a Conclusion on Subsidies for Sports Franchises, Stadiums, and Mega-Events?" ECON JOURNAL WATCH v. 5 n. 3, Spring 2008, pp. 294-315, p. 298.
Calls for subsidies at the local level come from interest groups and their consulting firms—which we call "promoters" of subsidization—who talk up local benefits of sports franchises, stadiums, and mega-events. As we shall see, promoters' claims of such local benefits don't hold up empirically. But such rationales can also be countered by simple economic intuition. The promotional literature often suggests that if the city attracts or retains a sports franchise, its people derive specific economic benefits from the presence of the team, including more local jobs, higher local income, and increased local tax revenues. In addition, some promoters suggest that the presence of a franchise generates intangible economic benefits for the city. For example, promoters consistently argue that having major league sports raises the status of the city and brings added national and world recognition that enhances the business prospects and even the self-esteem of the community. For example, Oklahoma City's quest to raise the sales tax by one cent to fund the improvements to its existing arena went by the name "Big League City" campaign. The prospect of a game being broadcast nationally or even internationally from the stadium or arena is touted as a wonderful advertisement of the city's virtues. These benefits, which the teams cannot capture, are used to justify a local government subsidy for the construction of the facility.

Subsidies Undesirable: Economy—Expert Consensus

1. There is simply no evidence in peer-reviewed economic journals supporting stadium subsidies

Dennis Coates, Department of Economics, University of Maryland Baltimore County and Brad R. Humphries, Department of Economics, University of Alberta, "Do Economists Reach a Conclusion on Subsidies for Sports Franchises, Stadiums, and Mega-Events?" ECON JOURNAL WATCH v. 5 n. 3, Spring 2008, pp. 294-315, p. 302-303.

There now exists almost twenty years of research on the economic impact of professional sports franchises and facilities on the local economy. The results in this literature are strikingly consistent. No matter what cities or geographical areas are examined, no matter what estimators are used, no matter what model specifications are used, and no matter what variables are used, articles published in peer reviewed economics journals contain almost no evidence that professional sports franchises and facilities have a measurable economic impact on the economy. Baade and Dye (1988) examined the economic impact of professional sports on the determination of annual manufacturing employment, real value added in manufacturing, and new capital expenditure by manufacturing firms in eight metropolitan areas over the period 1965-1978. The source of their data was the Annual Survey of Manufactures. Explanatory variables included the population of the metropolitan area (MA), a time trend, and indicators for a new or renovated stadium, a professional football franchise, and a professional baseball franchise. They found little evidence that variation in professional sports franchises or facilities explained observed variation in employment, value added, or capital expenditure. Only four of the parameters on the franchise/facility indicators were statistically significant at the 5% level; three were positive and one was negative. Interestingly, this is the only paper in the literature to make use of MA data from the Annual Survey of Manufactures. This survey contains detailed MA level data on the composition of businesses in the local economy and should be used more often when assessing the economic impact of professional sports. Baade and Dye (1990) next examined the economic impact of professional sports on annual real MA personal income, and the ratio of MA personal income to regional personal income in nine MAs over the period 1965-1983. The explanatory variables were the same as in their earlier study and they found no evidence that variation in the presence of sports franchises and facilities explained any of the variation in the real personal income across MAs.

2. The literature overwhelmingly proves that there are no economic benefits

Dennis Coates, Department of Economics, University of Maryland Baltimore County and Brad R. Humphries, Department of Economics, University of Alberta, "Do Economists Reach a Conclusion on Subsidies for Sports Franchises, Stadiums, and Mega-Events?" ECON JOURNAL WATCH v. 5 n. 3, Spring 2008, pp. 294-315, p. 310.

We offer an argument against sports subsidies based on economic intuition, survey evidence that a majority of economists believe that sports subsidies are unwarranted, and a review of the existing literature on the economic impact of professional sports. Although the intuitive argument and survey evidence do not deny the possibility of certain local economic benefits from sports subsidies, the empirical findings also strongly reject sports subsidies on the grounds of a lack of economic benefits. The large and growing peer-reviewed economics literature on the economic impacts of stadiums, arenas, sports franchises, and sport megaevents has consistently found no substantial evidence of increased jobs, incomes, or tax revenues for a community associated with any of these things. Focusing our attention on research done by economists, as opposed to that of scholars from public policy or urban development and planning departments, we find near unanimity in the conclusion that stadiums, arenas and sports franchises have no consistent, positive impact on jobs, income, and tax revenues. If professional sports franchises and facilities do not have any important positive economic impact in the local economy, then subsidies for the construction and operation of these facilities are even more difficult to justify.

Subsidies Undesirable: Economy—Expert Consensus [cont'd]

3. There are no economic benefits—consensus of economists

Pat Garofalo and Travis Waldron, journalists, "If You Build It, They Might Not Come: The Risky Economics of Sports Stadiums," THE ATLANTIC, 9—7—12, www.theatlantic.com/business/archive/2012/09/if-you-build-it-they-might-not-come-the-risky-economics-of-sports-stadiums/260900/?single_page=true, accessed 8-25-14.
However, according to leading sports economists, stadiums and arenas rarely bring about the promised prosperity, and instead leave cities and states mired in debt that they can't pay back before the franchise comes calling for more. "The basic idea is that sports stadiums typically aren't a good tool for economic development," said Victor Matheson, an economist at Holy Cross who has studied the economic impact of stadium construction for decades. When cities cite studies (often produced by parties with an interest in building the stadium) touting the impact of such projects, there is a simple rule for determining the actual return on investment, Matheson said: "Take whatever number the sports promoter says, take it and move the decimal one place to the left. Divide it by ten, and that's a pretty good estimate of the actual economic impact." Others agree. While "it is inarguable that within a few blocks you'll have an effect," the results are questionable for metro areas as a whole, Stefan Szymanski, a sports economist at the University of Michigan, said.

4. Comprehensive data analyses show that there is little evidence that stadiums boost employment or incomes

Dennis Coates, Professor, Economics, University of Maryland, Baltimore County, "A Closer Look at Subsidies," THE AMERICAN, 4—29—08, www.american.com/archive/2008/april-04-08/a-closer-look-at-stadium-subsidies, accessed 8-19-14.
My own research, conducted with economist Brad Humphreys (who is now at the University of Alberta), has used perhaps the most extensive data, incorporating yearly observations on per capita personal income, employment, and wages in each of the metropolitan areas that was home to a professional football, basketball, or baseball team between 1969 and the late 1990s. Our analysis tried to determine the consequences of stadium construction and franchise relocations while controlling for other circumstances in the local economy. Scholars Robert Baade, Allen Sanderson, Victor Matheson, and others have taken slightly different approaches, but the results are fairly constant from one analysis to another. There is little evidence of large increases in income or employment associated with the introduction of professional sports or the construction of new stadiums. Indeed, my work with Humphreys finds that the professional sports environment—which includes the presence of franchises in multiple sports, the arrival or departure of teams, and stadium construction—may actually reduce local incomes. For example, we found that the overall sports environment reduced per capita personal income, a finding that was new in the economic literature at the time we published it (1999). We also found that, in many local economies, wages and employment in the retail and services sectors have dropped because of professional sports.

5. The consensus says that stadiums do not provide any economic benefits

David Coates, Associate Professor and Brad R. Humphreys, Assistant Professor, Economics, University of Maryland Baltimore County, "The Stadium Gambit and Local Economic Development," REGULATION v. 23 n. 2, Summer 2000, pp. 15-20-, p. 18.
in stark contrast to the results claimed by most prospective economic impact studies commissioned by teams or stadium advocates, the consensus in the academic literature has been that the overall sports environment has no measurable effect on the level of real income in metropolitan areas. Our own research suggests that professional sports may be a drain on local economies rather than an engine of economic growth.

Subsidies Undesirable: Economy—Exaggerated

1. There is no economic benefit—stadium spending reduces net spending, new taxes decrease economic efficiency

Dennis Coates, Professor, Economics, University of Maryland, Baltimore County, "A Closer Look at Subsidies," THE AMERICAN, 4—29—08, www.american.com/archive/2008/april-04-08/a-closer-look-at-stadium-subsidies, accessed 8-19-14.
Third, whether the stadium subsidy comes from raising local taxes or from slashing public services—or from both—its effect is to reduce the net spending generated by the stadium project. Plus, imposing new taxes introduces new administrative costs and makes the economy less efficient. Consider the common practice of funding stadium and arena subsidies with new taxes on hotel occupancy and rental cars. One argument for such taxes at the local level is that they are paid by outside visitors, many of whom may be in town to see the sporting events. But the taxes would also be paid by traveling businessmen and conventioneers. When comparing cities to host an upcoming meeting, businesses and professional associations may select between otherwise comparable cities based on which one has the lower hotel and rental car taxes. In other words, the new taxes used to subsidize the stadium construction may ultimately reduce visits to the city by non-sports-related travelers.

2. The actual economic impact is a fraction of that claimed by stadium boosters

Robert A. Baade, Department of Economics and Business, Lake Forest College and Victor A. Matheson, Department of Economics, College of the Holy Cross," Financing Professional Sports Facilities," WORKING PAPER SERIES n. 11-02, North American Association of Sports Economists, 1—11, p. 11-12.
Researchers who have gone back and looked at economic data for localities that have hosted mega-events, attracted new franchises, or built new sports facilities have almost invariably found little or no economic benefits from spectator sports. Typically, ex post studies of the economic impact of sports have focused on employment (Baade and Matheson, 2002; Feddersen and Maennig, 2009), personal income (Baade and Matheson, 2006a), personal income per capita (Coates and Humphreys, 1999; 2002), taxable sales (Porter, 1999; Coates and Depken, 2009; Baumann, Baade, and Matheson, 2008), or tourist arrivals (Lavoie and Rodriguez, 2005; Baumann, Matheson, and Muroi, 2009). These studies and a multitude of others generally find that the actual economic impact of sports teams or events is a fraction of that claimed by the boosters, and in some cases actually show a reduction in economic activity due to sports. See Table 7 for a list of published ex post economic impact estimates for a variety of large sporting events.

Subsidies Undesirable: Economy—General

1. Subsidies do not promote economic development—multiple reasons

Dennis Coates, Department of Economics, University of Maryland Baltimore County and Brad R. Humphries, Department of Economics, University of Alberta, "Do Economists Reach a Conclusion on Subsidies for Sports Franchises, Stadiums, and Mega-Events?" ECON JOURNAL WATCH v. 5 n. 3, Spring 2008, pp. 294-315, p. 298-299.
The promotional literature suffers from a long list of methodological and theoretical problems, all of which have been well-documented in the literature. Economic intuition suggests several of these problems: 1. The redistributive implication of moving a franchise from one city to another also applies to the context of moving a stadium from one part of a city to another. If a new stadium is built in the downtown area to revitalize that section of town, then at least a portion of any such vitality naturally comes from the part of the city around the original stadium. 2. Much of the consumer spending associated with professional sports comes out of the entertainment budgets of local residents. When a new sports franchise appears in a city, local entertainment spending on sports increases and local entertainment spending on other activities like movies, bowling, etc. decreases. The effective "local spending multiplier" on activities like bowling and attending plays or concerts is higher than the multiplier on professional sporting events because the owners of bowling alleys, theatres, and restaurants, as well as the employees of these establishments, live in the community while the owners and highly paid players (who receive a majority of team's expenditures) on professional sports teams generally do not. Since spending on professional sports teams substitutes for other local consumer entertainment spending and has a lower local spending multiplier, professional sports can reduce local income rather than increase it. Sports are one of many cultural activities 3. within the city. For every individual who derives enjoyment from the presence of the sports franchises in the community, there are likely to be other individuals who are uninterested in sports or even resent being taxed to subsidize an activity they have no use for. Others argue that sports culture diverts people from more socially beneficial interests and pursuits. Before accepting that sports teams generate external benefits, a careful and thorough look at "external costs," and the alternative uses of resources devoted to subsidies—uses that might also have "external benefits"—is clearly warranted. Unfortunately, such debate quickly leads public discourse and policymakers into a briar patch of unpriced values that are easily misrepresented. Thus, economists generally urge that society steer away from government sponsorship of cultural activities not related to education. 4. Government expenditures on stadium and arena subsidies carry opportunity costs which are never addressed. Tax collections used to pay stadium debt, for example, could have gone for other public projects with higher social rates of return than a stadium. One never knows what the returns to alternative uses of the funds might be because alternatives are never discussed. These alternative uses could be construction or maintenance projects, on highways, mass transit systems, hospitals, or schools. Or, the alternative could be to reduce taxes. 5. Whatever inefficiencies might exist in a system without sports subsidies, economic intuition suggests that government subsidization introduces new distortions and imperfections, including the excess burden and administrative costs of raising and spending tax monies.

2. There is no correlation between stadium construction and economic development

Marc Edelman, Visiting Assistant Professor, Law, Rutgers University, "Sports and the City: How to Curb Professional Sports Teams' Demands for Free Public Stadiums," RUTGERS JOURNAL OF LAW & PUBLIC POLICY v. 6, Fall 2008, p. 51-53.
Independent, empirical research, however, consistently has rebutted these claims, finding no positive correlation between facility construction and economic development. One prominent research study, conducted by the Congressional Research Service, analyzed 30 different stadium projects and found that none of them positively impacted the local community. Another study, conducted by economists Robert Baade and Allen Sanderson, found that subsidized sports facilities also do not improve local employment. Meanwhile, a third study, prepared by the Maryland Department of Business and Economic Development, found that the Baltimore Ravens' new stadium cost more money and created fewer jobs than the best alternative public tax investment, and the stadium did not even lead to much in-state tourist spending. A simple visit to some of the communities that have recently invested in new sports stadiums seems to buttress these conclusions. For example, according to Jean Cryor, a former member of the Maryland House of Delegates, although the State of Maryland was promised by Ravens officials that building a new stadium would provide Baltimore with "a wave of tourism money," in reality, most fans that travel to Baltimore to watch a Ravens game then drive directly home afterwards. Similarly, according to Dr. Phillip Porter, an expert in sports economics from the University of South Florida, money spent at the ballpark generally does not spread to local businesses because "stadiums . . . are self-contained." In reaching this conclusion, Dr. Porter relied on a study he undertook of Tropicana Field, which was built in Tampa for the Rays baseball team. According to Porter, even fifteen years after the stadium was constructed, there is still little neighborhood development, and the surrounding area remains mostly abandoned. In summary, as testified before Congress by sports economist Andrew Zimbalist, who now consults for MLB, "most of the money that gets spent [on sports facilities] is [simply] re-circulated money within the town. It does not generate new value added."

Subsidies Undesirable: Economy—General [cont'd]

3. There is no economic case for stadium subsidies

Matthew Glans, staff, "Research & Commentary: Taxpayer Funding of Sports Facilities," Heartland Institute, 3—21—14, http://heartland.org/policy-documents/research-commentary-taxpayer-funding-sports-facilities, accessed 8-20-14.
Supporters of taxpayer funding for stadiums have long claimed the new facilities act as engines of new economic development, but several economic studies have found their influence to be limited. In a Reason Public Policy Institute report, Samuel Staley and Leonard Gilroy note the majority of research on the economic effects of stadium construction has found no link between the new facilities and job or income growth. Critics also challenge the notion that stadiums create new consumer spending; any new spending generated by a stadium is simply shifted from other spending, ultimately ending up in the team owner's pocket, not the local economy. Stadium subsidies are a poor use of taxpayer dollars. They rarely realize the benefits their supporters claim, and they shift tax revenue away from where it is better utilized. To improve their competitiveness, cities would do better by reducing tax rates or investing in more cost-effective improvements such as new and improved infrastructure.

4. Stadiums do not produce a good return in investment—there is no justification for public financing

Garrett Johnson, J.D. Candidate, "The Economic Impact of New Stadiums and Arenas on Cities," UNIVERSITY OF DENVER SPORTS & ENTERTAINMENT LAW JOURNAL, 2011, p. 39-40.
Stadiums have come a long way since the early twentieth century and play a crucial role in the sports industry be-cause of the amount of revenue they generate for teams and owners. They are no longer simply a place where fans come to watch a game, but a one-stop shop where fans can buy food, alcohol, and souvenirs. Owners want their stadiums to be state-of-the-art with all the amenities and with the most luxury suites as possible. Because of this desire, owners constantly look for new locations for their team, whether it is a new spot in the current city, or a new city all together. Local politicians understand this and try to get the best possible deals in order to keep or attract teams. Officials go to the taxpayers and ask for public funding for new projects, assuring them that new jobs will result. However, as fiscal impact studies show, this is often the exception and not the rule. Taxpayers usually do not get a positive return on their investment. The main benefits that comes from having a professional team are intangible, such as civic pride and prestige, but these do not justify using public money to subsidize such ventures. Price tags on new stadiums and arenas will continue to increase as sports industries become even larger. Unless subsidies can somehow be restrained, or owners decide to start spending more of their personal assets on the cost of new facilities, opponents of publicly financed stadiums will continue to face an uphill battle.

5. Sports teams hurt the economy—lower overall productivity

David Coates, Associate Professor and Brad R. Humphreys, Assistant Professor, Economics, University of Maryland Baltimore County, "The Stadium Gambit and Local Economic Development," REGULATION v. 23 n. 2, Summer 2000, pp. 15-20-, p. 20.
Negative Effects on Productivity Productivity, broadly defined as the amount of output that a worker with a given amount of capital, experience, and education can produce, is an important determinant of income and explains much of the observed difference in per capita income across countries. The factors that affect the productivity of workers are notoriously difficult to pin down precisely, but small differences in productivity can lead to large differences in per capita income when those differences persist over time. Workers in cities with professional sports teams may spend more work time discussing the outcome of last night's game, organizing an office pool, or other similar activities than workers in cities without professional sports teams. These differences could, over a period of many years, lead to differences in income per capita.

Subsidies Undesirable: Economy—General [cont'd]

6. There is little evidence that stadiums provide any economic benefits

Dennis Coates, Professor, Economics, University of Maryland, Baltimore County, "A Closer Look at Subsidies," THE AMERICAN, 4—29—08, www.american.com/archive/2008/april-04-08/a-closer-look-at-stadium-subsidies, accessed 8-19-14.
A second—and, to me, more telling—criticism of the existing research is that the data used are not precise enough to capture the true economic effects of stadiums. Economists such as Baade, Matheson, Robert Baumann (College of the Holy Cross), Marc Lavoie (University of Ottawa), and Gabriel Rodriguez (University of Ottawa) argue that sports comprise much too small a component of the local economy for the effects to be visible in aggregate data. In their research, Baade, Baumann, and Matheson use monthly sales tax data, while Lavoie and Rodriguez's analysis utilizes monthly hotel occupancy rates in Canadian cities, to find a less aggregate measure of economic activity that may be linked to sporting events. But in the end, evidence from the monthly data does not support the notion that stadiums and sports franchises deliver sizable economic benefits.

7. Economic claims supporting stadium financing are continuously debunked

Brett Smith, Georgetown Public Policy Institute, "If You Build It, Will They Come? The Relationship Between Public Financing of Sports Facilities and Quality of Life in America's Cities," GEORGETOWN PUBLIC POLICY REVIEW v. 7, Fall 2001, p. 48.
Nearly all of the arguments against new stadiums conclude that such facilities do not provide the economic impact often claimed by stadium supporters. Assertions about economic growth, job creation and increased tax revenue are continually refuted. In 1990, economists Robert Baade and Richard F. Dye, leaders in the field of sports economics, published one of the first studies declaring that new facilities may not have the economic impact desired by citizens. In this work, they concluded that new sports stadiums had an uncertain impact on the personal income of the residents of the metropolitan area and possible negative effects on local economic development. Studying these same variables nearly a decade later, Dennis Coates and Brad R. Humphreys (1999) concluded that adding a sports facility to a metropolitan area decreased personal income and produced no change in economic growth. In another study (2000), these two economists concluded that the concept of a multiplier effect was "mythical." Instead of increasing economic growth in the surrounding area by attracting other businesses and creating more spending by patrons, stadiums produced no effects in these areas. Coates and Humphreys showed that the researchers who supported stadiums should have measured gross benefits and not net benefits, as the researchers did. This error, they claimed, resulted in the idea of a multiplier effect that was too large.

Subsidies Undesirable: Economy—Income

1. Having sports teams in an area actually reduces overall income

David Coates, Associate Professor and Brad R. Humphreys, Assistant Professor, Economics, University of Maryland Baltimore County, "The Stadium Gambit and Local Economic Development," REGULATION v. 23 n. 2, Summer 2000, pp. 15-20-, p. 19.
Our results indicate: • The professional sports environment in the 37 metropolitan areas in our sample had no measurable impact on the growth rate of real per capita income in those areas. •The professional sports environment has a statistically significant impact on the level of real per capita income in our sample of metropolitan areas, and the overall impact is negative. The presence of professional sports teams, on average, reduces the level of real per capita income in metropolitan areas. This result differs from much of the existing literature, which generally has found no impact at all. However, we used a broader and longer panel of data and a richer set of variables reflecting the sports environment than previous studies. Because we developed a wide variety of measures of the sports environment in metropolitan areas, many of the individual elements have a positive impact that is offset by another element that carries a negative impact. For example, the arrival of a new basketball franchise in a metropolitan area increases real per capita income by about $67. But building a new arena for that basketball team reduces real per capita income by almost $73 in each of the 10 years following the construction of the arena, leading to a net loss of about $6 per person. Similarly, in cities that have baseball franchises, the net effect of an existing baseball team playing in a 37,000-seat baseball-only stadium (the average capacity of the baseball stadiums in our sample) is a $10 reduction of real per capita income. The results from the event study regressions are similar: sports environment variables are correlated with negative deviation from the average level of per capita income. However, the size of the estimated negative effect of the sports environment on the level of real per capita income generated by the event study regressions is considerably larger than the size of the estimated impact from the other reduced-form econometric models. The impact of an existing baseball franchise playing in a stadium of average size is a reduction in real per capita income of over $850 per year below the average level of income across the cities in our sample, based on the event study estimates. We tend to put more trust in the smaller estimated impact based on the reduced-form econometric models of income determination than in the larger impact implied by the event study regressions because the exclusion of city-specific trends and other factors from the event study regressions may force the average income variable to carry too much of the explanatory weight in these regressions.

2. Stadiums/sports cut incomes—less of a multiplier for private money spent on sports entertainment

David Coates, Associate Professor and Brad R. Humphreys, Assistant Professor, Economics, University of Maryland Baltimore County, "The Stadium Gambit and Local Economic Development," REGULATION v. 23 n. 2, Summer 2000, pp. 15-20-, p. 19-20.
Substitution in Private Spending Households face budget constraints; they must meet their unlimited wants with a limited amount of income. The arrival of a professional sports team in a city provides households with a new entertainment option. Households that choose to attend games will spend less on other things, perhaps going out to dinner, bowling, or the movies. If the impact of each dollar spent on these forgone alternatives has a larger effect on the local economy than the impact of each dollar spent on professional sporting events, the local economy will contract and income will be lower. Why would the impact of each dollar spent going to a professional basketball game be smaller than the impact of each dollar spent on bowling? This could easily occur if the revenue generated by the basketball team and arena, which in turn becomes the income made by the players and team owners, escapes the flow of transactions that make up the local economy to a greater extent than the income made by the owners and employees of the bowling alley or movie theater.

3. Stadium subsidies actually reduce average incomes

David Coates, Associate Professor and Brad R. Humphreys, Assistant Professor, Economics, University of Maryland Baltimore County, "The Stadium Gambit and Local Economic Development," REGULATION v. 23 n. 2, Summer 2000, pp. 15-20-, p. 15.
The recent spate of sweetheart stadium and arena deals is only the latest manifestation of owners of professional sports franchises getting richer at the public's expense. While not entirely new, this phenomenon has become front-page news across the country in recent years. Combined with the "build it and they will come" attitude of many city governments, the stadium gambit has led to a marked increase in new stadium and arena construction, franchise relocations, and negotiations between teams and local governments. Despite the beliefs of local officials and their hired consultants about the economic benefits of publicly subsidized stadium construction, the consensus of academic economists has been that such policies do not raise incomes. The results that we describe in this article are even more pessimistic. Subsidies of sports facilities may actually reduce the incomes of the alleged beneficiaries.

Subsidies Undesirable: Economy—Income [cont'd]

4. There are no positive effects on overall income—may be net-negative

Dennis Coates, Department of Economics, University of Maryland Baltimore County and Brad R. Humphries, Department of Economics, University of Alberta, "Do Economists Reach a Conclusion on Subsidies for Sports Franchises, Stadiums, and Mega-Events?" ECON JOURNAL WATCH v. 5 n. 3, Spring 2008, pp. 294-315, p. 304.
Coates and Humphreys (1999) examined the impact of professional sports on the level and growth rate of per capita income for all 37 metropolitan areas that had an NFL, MLB or NBA franchise over the period 1967-1994. This study included a vector of variables reflecting the "sports environment" in these metropolitan areas that included franchise indicator variables, new facility indicator variables, variables identifying the first ten years that a new franchise or facility was in a metropolitan area, stadium and arena capacities, and variables identifying periods after franchises left cities. The models contained metropolitan area fixed effects, a lagged dependent variable, and local population. Although few of the variables in the sports environment vector were individually significant, an F-test on the entire vector indicated that the variables were jointly significant, and the average effect on the level of real per capita income was negative. The sports environment vector was not significant in the regression that used the growth rate of real per capita income as the dependent variable. Coates and Humphreys (1999) concluded that professional sports had no positive effect on metropolitan area real per capita income and may have a negative effect.

5. Stadiums have no positive economic impact—can actually hurt in some instances

Neil deMause, journalist, "Do Cities Gain from Subsidizing Sports Teams?" ALJAZEERA AMERICA, 8—21—13, http://america.aljazeera.com/articles/2013/8/21/pay-to-play.html, accessed 8-20-14.
Economists who've studied sports deals say that spending big to lure new teams, or keep old ones, almost never pays off. In one much-repeated study, Lake Forest College economist Robert A. Baade examined 30 cities that had recently built new sports venues. In 27, there was no measurable impact on per-capita income, while in the other three, income appeared to have gone down as a result. Even if the Pacers, say, had left town after being denied a new round of subsidies, studies indicate that the economic impacts would have been less than dire: When Humphreys and Dennis Coates of the University of Maryland looked at income data for cities that lost their teams, as well as during sports league strikes and lockouts, they found no significant effects. "The departure of a franchise in any sport," they wrote, "has never significantly lowered real per capita personal income in a metropolitan area."

6. Stadiums simply do not show an increase in community income

Bruce K. Johnson et al., Associate Professor, Economics, Centre College, "The Value of Public Goods Generated by a Major League Sports Team: The CVM Approach," JOURNAL OF SPORTS ECONOMMICS v. 2 n. 1, 2—01, pp. 6-21, p. 7.
Sports teams allegedly generate two types of external benefits. First, they allegedly increase an area's aggregate income through additional tourism. Much of the increased spending on lodging, meals, and other travel and entertainment, if it occurs, will take place outside the stadium or arena and will not accrue to the team or building owners. But the research is clear. Stadiums and professional sports do not generate significant increases in income (Baade & Dye, 1990; Baade & Sanderson, 1997; Noll &Zimbalist, 1997; Rosentraub, 1996). Because the spending multipliers of professional sports teams may be lower than those for most other industries (Noll & Zimbalist, 1997, pp. 74-75) and because teams may divert significant spending from other activities, sports teams may even reduce area income. Some weak evidence is consistent with this. In particular, Baade and Sanderson (1997, p. 105) find that in some cities, a city's share of its state's employment in leisure and recreation tended to fall with the addition of a team or new stadium

Subsidies Undesirable: Economy—Leakage

- **The money won't stay in the local economy—leakage**

Robert A. Baade, Department of Economics and Business, Lake Forest College and Victor A. Matheson, Department of Economics, College of the Holy Cross," Financing Professional Sports Facilities," WORKING PAPER SERIES n. 11-02, North American Association of Sports Economists, 1—11, p. 11.
Finally, money spent in local economies during either regular season games or special events may not stay in the local economy. The nature of professional sports is that the athletes generally command as wages a large share of revenues generated by sporting events. However, the athletes themselves are typically unlikely to live in the metropolitan area in which they play. (Siegfried and Zimbalist, 2002). Therefore, the income earned by athletes is not likely to re-circulate in the local economy, leading to a lower multiplier effect. In the extreme, spending at a sporting event could actually reduce local incomes, as money is diverted from an activity with a high multiplier, for example a dinner at a locally owned and operated restaurant, towards sports, an activity with high leakages.

Subsidies Undesirable: Economy—Low Intensity Use

1. Stadiums sit idle too often to achieve any real economic benefit

Logan E. Gans, J.D. Candidate, "Take Me Out to the Ball Game, But Should the Crowd's Taxes Pay for It?" VIRGINIA TAX REVIEW v. 29, Spring 2010, p. 777.
Government officials should carefully prioritize expenditure of tax dollars in the twenty-first century. As shown in Part IV, a basketball or football stadium can have many uses. This usage reaches a practical limit, however. A study by Robert Baade and Richard Dye claims that for every one million dollars of debt incurred for stadium construction, it would take two dates per year of large crowd activities to impact the local economy greatly enough for the benefits of the stadium to outweigh its costs. Thus, a modest 200 million dollar stadium would need 400 events a year to truly justify its existence, a number that is virtually impossible to achieve considering stadiums are rarely used for different events on the same day. At a cost of more than a billion dollars, the new Yankee Stadium would need an even more unrealistic number of large events to outweigh its cost.

2. Stadiums are not economic growth generators—sit empty much of the time

Pat Garofalo and Travis Waldron, journalists, "If You Build It, They Might Not Come: The Risky Economics of Sports Stadiums," THE ATLANTIC, 9—7—12, www.theatlantic.com/business/archive/2012/09/if-you-build-it-they-might-not-come-the-risky-economics-of-sports-stadiums/260900/?single_page=true, accessed 8-25-14.
There are numerous reasons for the muted economic effects. The biggest is that arenas often sit empty for a significant portion of the year. Jobing.com Arena is guaranteed 41 hockey games annually. The other 324 nights, it must find concerts, conventions or other events to fill the schedule, and in Glendale, where the arena competes with facilities in nearby Phoenix, that can be tough to do. "We've looked at tons of these things, and the one that we found that seemed to make sense is the Staples Center in Los Angeles," Matheson said. "But they use it 250 dates a year. They don't make sense when you're using it 41 times a year and competing with another venue down the street."

3. Sports facilities generate a low return—not readily converted to other purposes

Robert A. Baade, Department of Economics and Business, Lake Forest College and Victor A. Matheson, Department of Economics, College of the Holy Cross," Financing Professional Sports Facilities," WORKING PAPER SERIES n. 11-02, North American Association of Sports Economists, 1—11, p. 12.
At least in part, a portion of the blame for the poor, long-term benefits of spectator sports is the fact that the capital used in staging sporting contests is not easily convertible to other uses. While the construction of general infrastructure, such as modern airports, highways, and mass transit systems, provides economy-wide benefits, such architectural and technological marvels as Beijing's "Water Cube," the 17,000 seat state-of-the-art swimming facility built for the 2008 Summer Olympics, has little use following the Games. The facility is now open to the general public for free swimming, making it the world's most expensive lap pool. Similarly, in South Korea most of the new stadiums built for the 2002 World Cup sit unused today.

Subsidies Undesirable: Economy—Substitution Effect

1. Their economic estimates are wrong—substitution effect

Robert A. Baade, Department of Economics and Business, Lake Forest College and Victor A. Matheson, Department of Economics, College of the Holy Cross," Financing Professional Sports Facilities," WORKING PAPER SERIES n. 11-02, North American Association of Sports Economists, 1—11, p. 10.
Although this methodology is easy to understand, typically researchers point to three primary flaws in most economic impact studies. The first common error is the failure to account for the substitution effect. While it is undeniable that sports fans around the country and around the world spend significant sums on spectator sports, in the absence of such entertainment opportunities, their spending would be directed elsewhere in the economy. A night at the ballpark means more money in the players‟ and team owner's pockets, but it also means less money in the pockets of local theater or restaurant owners. Most economists not associated with teams or event organizers advocate that any spending by local residents on local sporting events be eliminated from economic impact analyses.

2. Stadiums do not bring in outside revenue—most business is from community members

Pat Garofalo and Travis Waldron, journalists, "If You Build It, They Might Not Come: The Risky Economics of Sports Stadiums," THE ATLANTIC, 9—7—12, www.theatlantic.com/business/archive/2012/09/if-you-build-it-they-might-not-come-the-risky-economics-of-sports-stadiums/260900/?single_page=true, accessed 8-25-14.
But again, economists don't seem to buy the argument. While Glendale First claims that more than 600,000 visitors -- three times Glendale's population -- came to the city for hockey last year, the Coyotes finished last in the NHL in attendance. And it is unclear how many of those visitors were, like Wyatt, residents of nearby communities who may patronize restaurants but don't spend money shopping or staying in hotels. Matheson estimates that 20 percent of fans for a Major League Baseball game come from outside the local area, and that the figure for hockey games is likely much smaller. That's hardly enough to fill the local hotels or to add outside spending to the local economy in other ways, he said. "It's not generating new revenue. This is local spending on a local event," Matheson said, adding that most of the money spent in and around arenas and stadiums would likely be spent elsewhere in the local economy if there were no sporting events to attend.

3. Entertainment spending is fungible—there is no net economic gain

Andrew H. Goodman, J.D. Candidate, "The Public Financing of Professional Sports Stadiums: Policy and Practice," SPORTS LAWYER JOURNAL v. 9, Spring 2002, p. 202-203.
In considering public stadium proposals, academics warn, among other things, of the dubiousness of multipliers and that economic statistics are easily susceptible to legerdemain. It is averred that a simple increase in taxable business sales in one area, such as downtown Phoenix, is likely to be merely a function of money being taken from one geo-graphic area and being spent in another. This well-known substitution effect theory is predicated on the foundation that each economic actor has a quantitatively limited leisure-spending budget. Flowing from this assumption, the theory posits that the addition of a professional sports team or stadium in a city merely realigns, rather than increases, leisure spending. In this regard, professional sport is a fungible entertainment good. To that end, economists con-tend that were it not for a professional sports team, or new stadium, people would spend more money at the movies or at the playhouse, or rather than buying a team jersey, the money would be spent on a new shirt at the mall.

Subsidies Undesirable: Economy—Substitution Effect [cont'd]

4. Spending on sports is offset by consumer cuts in other areas

Garrett Johnson, J.D. Candidate, "The Economic Impact of New Stadiums and Arenas on Cities," UNIVERSITY OF DENVER SPORTS & ENTERTAINMENT LAW JOURNAL, 2011, p. 16-17.
Much of the optimism exerted by local officials is the belief that an increase in revenues from sports events has a direct impact on the growth of the local economy, but this contention is misguided. Studies prove that spending money on sports events is usually offset by reductions in spending in other areas of entertainment by consumers. Therefore, much of the sales generated from team paraphernalia, food, and alcohol are a substitute for some other kind of entertainment on which individuals would normally spend their discretionary funds. This is commonly referred to as the substitution effect. Research indicates that people and/or families tend to set aside a certain amount of money in their budget that will be spent on entertainment related activities. Individuals who choose to attend sporting events will spend less money on other entertainment activities, such as going to dinner or the movies. If the absence of spending on these alternatives has a greater effect on the local economy than the impact of spending on sporting events, economic levels will drop and individual's income will become less. Merely realigning the amount of money spent on leisure activities would not cause a substantial enough economic change to create the need for a multitude of new jobs.

5. There is not economic boost—spending on sports simply would go to other entertainment options

Dennis Coates, Professor, Economics, University of Maryland, Baltimore County, "A Closer Look at Subsidies," THE AMERICAN, 4—29—08, www.american.com/archive/2008/april-04-08/a-closer-look-at-stadium-subsidies, accessed 8-19-14.
There are several possible explanations for why development does not occur. First, consumer spending on sports may simply substitute for spending on other types of entertainment—and on other goods and services generally—so there is very little new income or employment generated. Sports fans that attend a game may reduce their visits to the movies or to restaurants to free up finances for game tickets and concessions. Patrons of local restaurants and bars who come to watch the games on television also are likely to cut back on their other entertainment spending.

Subsidies Undesirable: Equity

1. Using sales taxes to fund stadiums is regressive

Robert A. Baade, Department of Economics and Business, Lake Forest College and Victor A. Matheson, Department of Economics, College of the Holy Cross," Financing Professional Sports Facilities," WORKING PAPER SERIES n. 11-02, North American Association of Sports Economists, 1—11, p. 15-16.
The use of general sales taxes or lottery proceeds, the third common source of funding for sports infrastructure, violates most people's notions of vertical equity by placing an undue burden on poorer residents. Both revenue sources are strongly regressive while the benefits provided by subsidized stadium construction accrue primarily to the wealthy. Live attendance at major sporting events is dominated by wealthy individuals, and the revenue generated by sporting events for the most part ends up in the pockets of millionaire players and billionaire owners. Even tax increment financing or ticket taxes or surcharges are not without their critics, as few other businesses are allowed to use taxes collected on their customers to pay for their own capital expenditures (Baade and Matheson, 2006b).

2. The benefits of stadium construction tend to skew towards wealthier residents

Marc Edelman, Visiting Assistant Professor, Law, Rutgers University, "Sports and the City: How to Curb Professional Sports Teams' Demands for Free Public Stadiums," RUTGERS JOURNAL OF LAW & PUBLIC POLICY v. 6, Fall 2008, p. 53-54.
Other supporters of stadium subsidies concede that building sports facilities do not in themselves revitalize the economy; yet, they still support stadium subsidies as way to provide social value. Some argue that professional sports teams provide communities with a public good, the ability to "root for the home team," and with a level of com-munity spirit that would not exist in the absence of sports. As explained by Seattle radio talk show host Vincent Richini, the Mariners playing in Seattle provides "something that's intangible . . . it's a way of life." Another form of this same argument claims that professional sports teams help communities to develop national identities, increasing the morale of communities that host sports teams. Mayors of what have traditionally been defined as second-tier cities such as Charlotte, Nashville and Oklahoma City have defended paying subsidies as a way to solve their cities' long-term identity crises. For example, on the day after Oklahoma City residents voted in favor of creating a 15-month, one-cent sales tax to fund renovating the city's basketball arena and lure away the Seattle Supersonics, Oklahoma City Mayor Mick Cornett declared "the arena vote would help put Oklahoma City on a world stage." The problem with both of these policy arguments, however, is that the social benefits of building public stadiums skew in favor of the wealthy, whereas the costs skew in favor of the middle- and lower-class. In other words, government spending on sports facilities fails to follow the benefits principle of taxation - the principle that each taxpayer's contribution to provide for a public service should remain in proportion to the benefits received from that service.

3. Public financing is unfair—it forces non-fans to pay for stadiums

Scott A. Jensen, J.D. Candidate, "Financing Professional Sports Facilities with Federal Tax Subsidies: Is It Sound Tax Policy?" MARQUETTE SPORTS LAW JOURNAL v. 10, Spring 2000, p. 446.
Who is paying for these stadiums anyway, and, furthermore, who is really benefiting from them? If the proponents of public financing argue that the use of tax benefits to pay for stadiums and arenas is a public purpose, and, therefore justified, why then is the public not paying for it? With the traditional methods for satisfying bond debt often being special taxes, small groups are often singled out and forced to bear the burden of paying for what legislatures tout as the public's greater benefit. Smokers, drinkers, tourists, and limited consumers bear a disproportional amount of the burden of satisfying public finance obligations for stadium projects. While it can be argued that limited consumers in restricted geographic regions receive greater benefits from an operating stadium simply by juxtaposition, it is difficult to believe that smokers or drinkers necessarily derive any greater level of reward from a stadium. Moreover, opponents argue that tourists make up a very small proportion of game patrons, yet they pay an unusually high proportion of the costs through tourist taxes.

Subsidies Undesirable: Equity [cont'd]

4. The tax burden of stadium construction tends to fall on low-income people

Marc Edelman, Visiting Assistant Professor, Law, Rutgers University, "Sports and the City: How to Curb Professional Sports Teams' Demands for Free Public Stadiums," RUTGERS JOURNAL OF LAW & PUBLIC POLICY v. 6, Fall 2008, p. 55-56.
By contrast, the tax burden of building new sports facilities often falls predominantly on the lower and middle classes. From 1990 until 2003, sales taxes, which are regressive in nature, accounted for 29 percent of the public funds going to new stadium construction. Meanwhile, in the most recent stadium building cycle, sales tax increases were used to fund new stadiums in Arlington, Cincinnati, Denver, Indianapolis, Oklahoma City and Tampa. In addition, local lotteries, which are also regressive in impact, were used in Seattle and in the State of Maryland to subsidize their new sports facilities. Some of the more recent stadium construction plans, such as the one recently approved by Miami-Dade County, have attempted to address this concern by raising funds for new sports stadiums exclusively from tourist taxes. How-ever, even where stadium funding comes entirely from tourist taxes, there is still an opportunity cost in the loss of the opportunity to raise funding for an alternative project that may help the community at large, rather than a project that primarily advantages already wealthy team owners and upper-class fans.

5. Stadiums end up taxing citizens who do not realize any benefits

Mildred Wigfall Robinson, Professor, Law, University of Virginia, "Public Finance of Sports Stadia: Controversial But Permissible ... Time for Federal Income Tax Relief for State and Local Taxpayers," VIRGINIA SPORTS & ENTERTAINMENT LAW JOURNAL v. 1, Spring 2002, p. 155-156.
To further heighten this irony, these levies are statistically likely to be borne by taxpayers who do not utilize the facility. Data suggest that fan bases tend to be highly localized rather than heavily tourist oriented. Further, fans wherever located may well be unable to take advantage of the entertainment offered there even if they were inclined to do so. Access to professional sports events is becoming increasingly financially problematic for the "average fan." A recent article reported that ticket price increases for three of the four major sports in the past five years tripled the inflation rate. An evening of baseball now costs a family of four in excess of $ 150. Average fans are literally being priced out of the market.

Subsidies Undesirable: Government Debt

1. Funding governments end up paying off the debt over the course of decades

Robert A. Baade, Department of Economics and Business, Lake Forest College and Victor A. Matheson, Department of Economics, College of the Holy Cross," Financing Professional Sports Facilities," WORKING PAPER SERIES n. 11-02, North American Association of Sports Economists, 1—11, p. 13.
Giesecke and Madden (2007) have quantified the effects of infrastructure spending in Sydney for the 2000 Summer Olympics and have concluded that the "redirection of public money into relatively unproductive infrastructure, such as equestrian centers and man-made rapids, has since cut A$2.1 billion from public consumption." While the long-run benefits of sporting events and stadium construction may never arrive, the debts that localities incur in hosting professional sports must still be paid. Montreal was still paying off its debts from the 1976 Olympics three decades later, and the Astrodome in Houston still carried millions of dollars of debt despite being vacant for a nearly a decade. Perhaps the most tragic tale is that of Greece, which suffered massive financial setbacks in 2010. Greece's federal government had historically been a profligate spender, but in order to join the euro currency zone, the government was forced to adopt austerity measures that reduced deficits from just over 9% of GDP in 1994 to just 3.1% of GDP in 1999, the year before Greece joined the euro. But the Olympics hosted by Athens broke the bank. Government deficits rose every year after 1999, peaking at 7.5% of GDP in 2004, the year of the Olympics, thanks in large part to the 9 billion euro price tag for the Games. For a relatively small country like Greece, the cost of hosting the Games equaled roughly 5% of the annual GDP of the country.

2. Financing schemes force cities to eventually cut workers/services while they are stuck with the stadium debt

Pat Garofalo and Travis Waldron, journalists, "If You Build It, They Might Not Come: The Risky Economics of Sports Stadiums," THE ATLANTIC, 9—7—12, www.theatlantic.com/business/archive/2012/09/if-you-build-it-they-might-not-come-the-risky-economics-of-sports-stadiums/260900/?single_page=true, accessed 8-25-14.
Another reason the projects rarely make sense is because of the way they are structured. Stadiums and arenas are financed with long-term bonds, meaning cities and states will be stuck with the debt for long periods of time (often 30 years). And while cities make 30-year commitments to finance stadiums, their commitments to government workers and other local investments are often made on a year-to-year basis, meaning that, just as in Glendale, it becomes easier to eliminate public sector jobs and programs than to default on debt incurred from arenas.

Subsidies Undesirable: NFL-Specific

1. There is no public benefit to be derived from our support of the NFL

Gregg Easterbrook, contributing editor, "How the NFL Fleeces Taxpayers," THE ATLANTIC, 9—18—13, www.theatlantic.com/magazine/archive/2013/10/how-the-nfl-fleeces-taxpayers/309448/?single_page=true, accessed 8-20-14.
In too many areas of contemporary life, public subsidies are converted to private profit. Sometimes, such as with the bailout of General Motors, once the subsidies end, society is better off; sometimes, as with the bailout of AIG, subsidies are repaid. Public handouts for modern professional football never end and are never repaid. In return, the NFL creates nothing of social value—while setting bad examples, despite its protests to the contrary, regarding concussions, painkiller misuse, weight gain, and cheating, among other issues. The No. 1 sport in a nation with a childhood-obesity epidemic celebrates weight gain; that's bad enough. Worse, the sport setting the bad example is subsidized up one side and down the other. The NFL's nonprofit status should be revoked. And lawmakers—ideally in Congress, to level the national playing field, as it were—should require that television images created in publicly funded sports facilities cannot be privatized. The devil would be in the details of any such action. But Congress regulates health care, airspace, and other far-more-complex aspects of contemporary life; it can crack the whip on the NFL.

2. Political leaders simply seem unwilling to stand up to the NFL

Gregg Easterbrook, contributing editor, "How the NFL Fleeces Taxpayers," THE ATLANTIC, 9—18—13, www.theatlantic.com/magazine/archive/2013/10/how-the-nfl-fleeces-taxpayers/309448/?single_page=true, accessed 8-20-14.
One might suppose that with football raking in such phenomenal sums of cash, politicians could win votes by assuming populist stances regarding NFL subsidies and exemptions. Instead, in almost every instance, Congress and state legislatures have rolled over and played dead for pro football. NFL owners pressure local politicians with veiled threats of moving teams, though no franchise has moved since 1998. Public officials who back football-stadium spending, meanwhile, can make lavish (if unrealistic) promises of jobs and tourism, knowing the invoices won't come due until after they have left office. Politicians seem more interested in receiving campaign donations and invitations to luxury boxes than in taking on the football powers that be to bargain for a fair deal for ordinary people. Arlen Specter of Pennsylvania, a moderate who served 30 years in the Senate, tried to pressure the NFL to stop picking the public's pocket, but left Capitol Hill in 2011 and passed away the next year. No populist champion so far has replaced him. Specter told me in 2007, "The NFL owners are arrogant people who have abused the public trust, and act like they can get away with anything."

3. NFL owners use public resources to make a profit

Gregg Easterbrook, contributing editor, "How the NFL Fleeces Taxpayers," THE ATLANTIC, 9—18—13, www.theatlantic.com/magazine/archive/2013/10/how-the-nfl-fleeces-taxpayers/309448/?single_page=true, accessed 8-20-14.
Too often, NFL owners can, in fact, get away with anything. In financial terms, the most important way they do so is by creating game images in publicly funded stadiums, broadcasting the images over public airwaves, and then keeping all the money they receive as a result. Football fans know the warning intoned during each NFL contest: that use of the game's images "without the NFL's consent" is prohibited. Under copyright law, entertainment created in publicly funded stadiums is private property. When, for example, Fox broadcasts a Tampa Bay Buccaneers game from Raymond James Stadium, built entirely at the public's expense, it has purchased the right to do so from the NFL. In a typical arrangement, taxpayers provide most or all of the funds to build an NFL stadium. The team pays the local stadium authority a modest rent, retaining the exclusive right to license images on game days. The team then sells the right to air the games. Finally, the NFL asserts a copyright over what is broadcast. No federal or state law prevents images generated in facilities built at public expense from being privatized in this manner. Baseball, basketball, ice hockey, and other sports also benefit from this same process. But the fact that others take advantage of the public too is no justification. The NFL's sweetheart deal is by far the most valuable: This year, CBS, DirecTV, ESPN, Fox, NBC, and Verizon will pay the NFL about $4 billion for the rights to broadcast its games. Next year, that figure will rise to more than $6 billion. Because football is so popular, its broadcast fees would be high no matter how the financial details were structured. The fact that game images created in places built and operated at public expense can be privatized by the NFL inflates the amounts kept by NFL owners, executives, coaches, and players, while driving up the cable fees paid by people who may not even care to watch the games.

Subsidies Undesirable: Only Replace Existing Stadiums

1. Replacement facilities do not expand the local economy—only divert entertainment spending

Matthew J. Parlow, attorney, "Publicly Financed Sports Facilities: Are They Economically Justifiable? A Case Study of the Los Angeles Staples Center," UNIVERSITY OF MIAMI BUSINESS LAW REVIEW v. 10, Spring/Summer 2002, p. 512-513.
These economic impact studies also attribute the spending on the sporting events and associated businesses as "new" money to the city. The most obvious error in such an assertion arises in the case of a new sports facility replacing an old one in the same city. A new replacement facility, as economists Robert A. Baade and Allen R. Sanderson point out, does not lead to the expansion of the local economy, but rather maintains economic activity at or near its former level. Therefore, such facilities do not generate any "new" revenue, as many of these economic impact studies assert, but cost hundreds of millions to maintain a certain level of economic activity related to sporting events. Moreover, many economists point out that money spent on sports would have otherwise been spent on other leisure and entertainment activities. While construction workers and fans who live outside the area of the sports facility increase the patronage to bars, restaurants and parking lots in the area, this activity is merely a substitution for economic activity in another part of the city. This substitution effect, therefore, does not create any new net income for the city and its businesses that would not have existed but for the presence of the sports team and its facility.

2. No economic benefit—new facilities just replace old ones

Garrett Johnson, J.D. Candidate, "The Economic Impact of New Stadiums and Arenas on Cities," UNIVERSITY OF DENVER SPORTS & ENTERTAINMENT LAW JOURNAL, 2011, p. 17-18.
It should also be noted that many new stadiums and arenas are built simply as replacement facilities for teams that are already located in a city. Replacing a sports venue does not produce growth in the local economy, but generally maintains the status quo on economic activities. In situations where replacing infrastructure is necessary, jobs are not created simply because the workplace relocated. Generally, studies do not produce evidence of a positive connection between professional franchises and the creation of jobs. Jobs will only be created if there is an increase in aggregate spending on goods located within the city, but this is usually the exception and not the rule. On this premise, new stadium construction might not be a sound economic investment for a city.

Subsidies Undesirable: Operating Subsidies

1. Teams are increasingly seeking operating subsidies—many are hidden, and they rip-off taxpayers

Neil deMause, journalist, "Do Cities Gain from Subsidizing Sports Teams?" ALJAZEERA AMERICA, 8—21—13, http://america.aljazeera.com/articles/2013/8/21/pay-to-play.html, accessed 8-20-14.
Even team owners building new stadiums have begun seeking annual operating subsidies. Earlier this year, when Atlanta agreed to provide billionaire Atlanta Falcons owner (and Home Depot founder) Arthur Blank with $200 million in hotel tax money to help pay for a new stadium to replace the 20-year-old Georgia Dome, it tacked on an additional bonus: Any leftover hotel tax money after the first $200 million would spill over into a so-called waterfall fund that Blank could then tap for any future maintenance or operating expenses. Estimated cost: an extra $300 million. he Atlanta deal is a perfect example of how subsidies are increasingly buried deep within lease agreements that are seldom if ever carefully scrutinized by politicians or the media. The waterfall fund was only revealed when a local business writer exposed it on her own blog — and even then, it was rarely mentioned in subsequent media stories or in legislative debates. "You've really got to go through these deals in detail to figure out if they're getting [subsidies] or not," says West Virginia University economist Brad Humphreys. "It's not like the lease agreement says we're cutting you a check every year." As a result, such hidden subsidies are on the rise, according to Harvard researcher Long's figures: The 121 North American major-league sports facilities in use during 2010, she found, cost taxpayers about $10 billion more than is commonly reported, thanks to the hidden costs of land, infrastructure, operating subsidies and lost property taxes. In some cases, teams effectively pay negative rent, such as the Milwaukee Brewers, whose $1 million or so in annual rent on publicly built and owned Miller Park is dwarfed by the nearly $4 million a year in government checks to pay the team's yearly operating costs.

2. Operating subsidies are even less useful than stadium subsidies

Neil deMause, journalist, "Do Cities Gain from Subsidizing Sports Teams?" ALJAZEERA AMERICA, 8—21—13, http://america.aljazeera.com/articles/2013/8/21/pay-to-play.html, accessed 8-20-14.
Humphreys, in fact, says that operating subsidies like those handed out to the Coyotes and Pacers are likely to get even less bang for the buck than stadium cash, which at least might create a few thousand temporary construction jobs. "Not only that, but the operating subsidies are almost certainly coming out of general fund revenues," he says. "If there's a ticket tax or anything that looks like a user tax, at least then the people who are enjoying the benefits are paying. But if it's operating subsidies coming out of general fund revenues, that's money that could go to any other alternative use in the city, like education or public safety."

Subsidies Undesirable: Private Enrichment

1. Owners are the primary beneficiaries of new stadiums

Mildred Wigfall Robinson, Professor, Law, University of Virginia, “Public Finance of Sports Stadia: Controversial But Permissible ... Time for Federal Income Tax Relief for State and Local Taxpayers,” VIRGINIA SPORTS & ENTERTAINMENT LAW JOURNAL v. 1, Spring 2002, p. 135-136.

Public finance of many professional sports stadia is a fact. This is a troublesome phenomenon because of the clear financial benefit to franchise owners - far and away private parties. It is puzzling because this clearly private benefit seems to run counter to notions of appropriate use of public resources. Moreover, it is surprising: Congress sought to foreclose such undertakings in 1986 through an Internal Revenue Code amendment that removed sports stadia from the list of activities for which state and local revenue bonds generating tax-exempt interest were explicitly permitted. The amendment ultimately proved futile as construction proponents successfully borrowed through financial packages relying on public funds unrelated to stadium operation to defray attendant public debt. From the point of view of construction proponents, Yogi Berra had it right: "It ain't over til it's over." Clearly, borrowing for this purpose relying upon state and local bonds generating tax-exempt interest was not "over" after 1986. Thus, the questions remain. Should this controversial practice end for legal, economic, or public policy reasons?

2. Owners receive substantial financial benefits

Mildred Wigfall Robinson, Professor, Law, University of Virginia, “Public Finance of Sports Stadia: Controversial But Permissible ... Time for Federal Income Tax Relief for State and Local Taxpayers,” VIRGINIA SPORTS & ENTERTAINMENT LAW JOURNAL v. 1, Spring 2002, p. 139.

Costs must be considered in the context of benefits, and franchise owners clearly realize financial benefits. The value of a team is directly related to the team's ability to generate net revenues and, while each league imposes its own rules about revenue distribution, in all the leagues, sports stadium revenues are an important factor in profitability. Thus, as stadium revenues increase, the value of the team increases - value that accrues to private owners since, with the exception of the Green Bay Packers (NFL), all major sports franchises are privately owned either individually or through publicly-traded corporations.

3. Stadiums create many new revenue streams for owners

Frank A. Mayer, attorney, “Stadium Financing: Where We Are, How We Got Here, and Where We Are Going,” VILLANOVA SPORTS AND ENTERTAINMENT LAW JOURNAL v. 12, 2005, p. 198.

Numerous amenities inside new stadiums produce income for the team and facility owner. With each new stadium that is built, designers develop new methods for generating income, often transforming every facet of the building into a revenue producer. The increased income that teams reap from new revenue generating concepts provides the incentive for stadium and team owners to lobby for new stadiums that contain these most recent generators. These revenue generators have become particularly important for teams in smaller markets in leagues that do not share revenue. Without highly developed revenue generators, these "small market" teams are unable to compete financially with teams that receive more lucrative media contracts. Several of these revenue producers are discussed below.

4. The stadiums just end up enriching the private owners

Dennis J. Kucinich, Statement before the House Committee on Oversight and Reform, Subcommittee on Domestic Policy, “Professional Sports Stadiums: Do They Divert Public Funds from Critical Infrastructure?” n. 110-193, 10—10—07, p. 4.

But instead what has happened is that the taxpayers get the bill for the stadium. Even worse than that, you have corporations that buy naming rights to make it appear as though they built the stadium. So what you get is the public gets the bills and the owners of the sports team get these huge profits. It is indisputably clear that public subsidies enrich the private owners of the teams. Look at the Detroit Tigers and Detroit Lions. The value of the Tigers rose from $83 million in 1995 to $290 million in 2001, the year after the team moved into their new stadium. The Lions increased in value after moving into a new stadium even more dramatically from $150 million in 1996 to $839 million in 2006. Economic benefit to the teams’ owners was certainly the case for President Bush, who in 1989 spent about $600,000 to buy a small stake in the Texas Rangers baseball team. During his ownership, Mr. Bush and his co-investors were able to get voters to approve a sales tax increase to pay more than two-thirds of the cost of a new $191 million stadium for the Rangers, as well as the surrounding development. Mr. Bush and his partners also received a loan from the public authority charged with financing the stadium to cover their private share of construction costs. By 1994, the Rangers, in their new publicly financed stadium, were sold for $250 million, a threefold increase in value in nearly 5 years, and one that was largely attributable to the new taxpayer-subsidized stadium. Mr. Bush personally came away with a profit of $14.9 million. In this case, the tax-exempt financing indisputably benefited the owners of the Texas Rangers.

Subsidies Undesirable: Private Enrichment [cont'd]

5. The stadiums provide enormous economic returns to the owners

Andrew H. Goodman, J.D. Candidate, "The Public Financing of Professional Sports Stadiums: Policy and Practice," SPORTS LAWYER JOURNAL v. 9, Spring 2002, p. 174-175.
The private use of tax-exempt bonds has become a common vehicle for the financing of major league stadiums. Many claim that such an economic arrangement unjustly diverts scarce community resources to privately owned sports franchises. Other constituencies assert that professional sports teams should be viewed as a public good, and the rewards of a new stadium inure to the benefit of the local community. It is beyond question, however, that the value of a major league team appreciates at an accelerated rate simply by gaining access to a new taxpayer-financed stadium. In addition to the owners of such teams, there are several groupings of ancillary actors who stand to benefit from stadium construction; some gain income from stadium developments, and others are enriched with the consumption of stadium by-products. A professional sporting event is essentially a private good, and a stadium is used as an exclusionary device, denying its benefits to those who do not pay. As the expense of attending a professional sporting match continues to soar, we are confronted with the reality that those who are being asked to finance America's new stadiums are increasingly becoming less able to enjoy such facilities with any degree of regularity.

6. Stadium construction is very lucrative for franchise owners

Andrew H. Goodman, J.D. Candidate, "The Public Financing of Professional Sports Stadiums: Policy and Practice," SPORTS LAWYER JOURNAL v. 9, Spring 2002, p. 188-189.
Franchises realize substantial gains as a consequence of merely competing in a new facility, and this proves even more lucrative when public funds are exploited. The dispensation of benefits begins as owners are relieved of the bur-den of facility finance costs. Amortization and interest costs alone can total between $ 10 to $ 20 million per year for the 25-to 30-year life of stadium bonds; the life of the bonds now often exceeding the life of the facility. Under negotiated terms, owners invariably receive the lion's share of new and expanded stadium related revenue streams, which can be derived from luxury suites and club seats, personal (or permanent) seat licenses (PSLs), stadium naming rights, signage and advertising, revenues from additional events, parking facilities, and increased gate receipts and concessions. Most of these lucrative revenue streams are not shared with fellow team owners and, as a consequence of the 1986 Tax Code, cannot be tapped to pay back more than 10% of the debt service on a bond issuance. Additionally, it is common practice for American cities to allow professional sports venues property tax abatements. As a result of such generous revenue streams and the alleviation of the financing costs associated with new stadiums, the values of individual professional sports franchises continue to skyrocket.

7. The stadiums have created enormous windfalls for team owners

Dr. Mark Rosentraub, Professor, Sports Management, University of Michigan, MAJOR LEAGUE WINNERS: USING SPORTS AND CULTURAL CENTERS AS TOOLS FOR ECONOMIC DEVELOPMENT, 2010, New York: Taylor & Francis, p. 18-20.
Team owners and players have also benefited from the decision by cities to compete for franchises through the provision of subsidies for the building of new facilities. The tax money raised to reduce the owners' costs of building and maintaining new facilities lowers a team's operating costs. In an era when fans crave experiences and are willing to pay premium prices to attend games in beautiful facilities, this has meant huge new revenue streams generating the potential for higher profits and players' salaries that have reached unprecedented levels. Simply put, the hundreds of millions of dollars borrowed by state and local governments to pay for new facilities have allowed team owners and athletes to realize new, previously unheard of levels of financial success that seemed unimaginable when Indianapolis and Baltimore launched this building spree. These two cities—focused on rebuilding their downtown areas—were then joined by a score of communities fearing being left with crumbling center cities or tarnished images if they were not home to major league teams. An "arms race" to provide team owners with new venues replete with new and lucrative revenue sources ensued. With a substantial portion of the construction or maintenance costs for these revenue streams supported by tax dollars, revenue levels exploded. This helped increase the value of teams to stratospheric levels and gave players the opportunity to demand a larger share of the revenue from the luxury suites, club seats, enormous retail centers (team shops), numerous restaurants, and other attractions that were built into these sports palaces.

Subsidies Undesirable: Public Choice Problems

1. The allocations are naturally skewed—very few people lobby because the gains are so big

Aaron Gordon, journalist, “America Has a Stadium Problem,” PACIFIC STANDARD, 7—17—13, www.psmag.com/navigation/business-economics/america-has-a-stadium-problem-62665/, accessed 8-20-14.
In the world of stadium financing, the few people who stand to gain millions (or billions) from subsidies (owners, developers, contractors, leagues) will invest heavily in lobbyists and campaigning efforts to see that their project is approved, whereas regular voters who only stand to lose $20 per year will invest very little in fighting an issue they may or may not care about. Public choice economics (and common sense) say this is a terrible way to decide how to allocate tax dollars because it kind of goes against the whole democracy thing. Unfortunately, more and more often, it seems to be the way tax dollars actually are allocated. When I asked Professor Bradbury if he thinks the issue of stadium financing is fundamentally a public choice problem, he said, “You have classic concentrated benefits and dispersed costs, and politicians have time preferences. They want to get re-elected now, and paying it off later is someone else’s problem.” While Professor Johnson was more direct: “I think that’s really what’s going on here.” He recalled that voters in Pittsburgh initially voted down referendums on funding new stadiums for the Pirates and the Steelers, but they got built anyway (which is not an uncommon occurrence).

2. Teams continue to look for new ways to get public subsidies

Neil deMause, journalist, “Do Cities Gain from Subsidizing Sports Teams?” ALJAZEERA AMERICA, 8—21—13, http://america.aljazeera.com/articles/2013/8/21/pay-to-play.html, accessed 8-20-14.
City officials say they had little choice. Glendale mayor Jerry Weiers, who in his acceptance speech last fall warned the Coyotes, "Glendale is not your cash register," has now resigned himself to paying for pro sports, saying, "The council made its decision, and my job at this point is to do everything in my power to make this thing a success." His predecessor, Elaine Scruggs, insisted that paying the Coyotes was cheaper than letting the team leave: "What shall we do — lock it up, turn off the lights and then pay the debt on the arena?" The answer, say many economists and sports business experts, is very likely yes. There's no way a city like Glendale will see enough of a boost to its local economy to make lease subsidies pay off. And, they warn, the Coyotes deal is a sign of a new trend in the sports industry: After a 20-year period during which, according to Harvard researcher Judith Grant Long, about $18 billion in public money was spent on a wave of new stadiums and arenas, team owners looking for a leg up on their competition are now demanding additional cash to run the buildings they got for free. "They always do come up with clever little tricks," says Rick Eckstein, sociology professor at Villanova University and co-author of the book Public Dollars, Private Stadiums. "Just when we think we’ve seen it all, they come up with something else."

3. Public financing is inefficient and invites corruption

Andrew H. Goodman, J.D. Candidate, “The Public Financing of Professional Sports Stadiums: Policy and Practice,” SPORTS LAWYER JOURNAL v. 9, Spring 2002, p. 206.
There are also other negative effects inherent in large public stadium undertakings that fail to be accounted for in studies supporting new facilities, chief among them may be the inefficiency of government as compared to the private sector. State and local governments often lack the requisite business acumen, information, and timing to make sound and informed marketplace decisions, and the opportunity costs are often substantial. In enticing the relocation of private businesses from their optimal location, the overall economy may become less efficient; as tax revenues are decreased and output is diminished, taxes on other businesses are likely to be increased to compensate for such inefficiencies. Repeatedly, public financing schemes leave communities disillusioned due to great bureaucratic transaction costs, and worse, political corruption.

Subsidies Undesirable: Remote Viewership

- **Stadium utility is in decline—increased broadcast access to sporting events**

Logan E. Gans, J.D. Candidate, "Take Me Out to the Ball Game, But Should the Crowd's Taxes Pay for It?" VIRGINIA TAX REVIEW v. 29, Spring 2010, p. 775-776.
The communications revolution is an underrated reason why the public funding of stadiums through tax-exempt bonds and state taxes might be unnecessary for many areas. Before the invention or widespread usage of cable or the internet, many people had to rely on the local newspaper, radio, or broadcast television to get access to sports, and even then, their access was often limited to only local teams. Moreover, watching the game in person was the best way to see many games, as even televised games were often tape delayed. Today's consumers are not limited to following their local teams, however. Many sports teams have developed national television deals, such as WGN and the Chicago Cubs, NBC and Notre Dame Football, and NESN and the Boston Red Sox. Today, cable and satellite television allows many broadcasts of teams that do not have national deals as well. For example, the Boston Celtics, Cleveland Cavaliers, and Los Angeles Lakers each had twenty-four to twenty-five games televised nationally on either ABC, ESPN or TNT during the 2009-10 NBA season, with many other games scheduled on NBA TV, a station consumers can also acquire on premium cable plans. Thus, consumers may not feel so drawn to their local teams anymore, as it is easy to follow major teams from other cities and regions. Consequently, local taxpayers might oppose higher taxes for stadiums of teams they do not necessarily follow that closely or even cheer for at all. Accordingly, demand for a publicly financed stadium might not justify the cost in revenue forfeited by the federal government due to the section 103(a) exclusion from taxable gross income of interest from state and local bonds. In addition, broadcast quality upgrades in high-definition television over the past decade enable consumers to get great views of local games from home. Many fans might prefer to watch the free high-quality broadcast of a local game from the comfort of their living rooms, rather than pay to watch from the upper decks of a new tax-financed stadium.

Subsidies Undesirable: Spending Tradeoffs

1. Sports subsidies trade-off with infrastructure projects

Neil deMause, journalist, "Do Cities Gain from Subsidizing Sports Teams?" ALJAZEERA AMERICA, 8—21—13, http://america.aljazeera.com/articles/2013/8/21/pay-to-play.html, accessed 8-20-14.
Even public money with strings attached could go to fill other city needs, say budget watchdogs. Ryan Splitlog of Common Cause Georgia, a nonprofit, nonpartisan citizens' lobby, notes that the money going to the Falcons comes from hotel-motel tax revenue that is designated for promoting tourism and convention business. "I think you could paint with a pretty wide brush stroke when talking about what that means for the city of Atlanta," he says, suggesting fixing the "atrocious" roads and sidewalks in the blocks surrounding the convention center campus as one example. "You could talk about infrastructure projects that improve the quality of life for people who actually live here. I think the public would get much more behind something like that." Roads and sidewalks, though, lack the lobbying power of sports team owners. Both Eckstein and Long note that party affiliation makes little difference in sports deals, with Republican and Democratic mayors equally willing to back subsidies to teams. The key factor, say sociologist Eckstein and his co-author Kevin Delaney, is to have a strong "growth coalition" of business leaders pushing for them — as when Cincinnati's powerful local chamber of commerce helped raise $1 million for a "Keep Cincinnati a Major-League City" campaign to raise sales taxes for new stadiums for the Reds baseball team and Bengals NFL franchise, more than double the city's previous record spending on any ballot initiative. Still, even Eckstein says he's still surprised at the continued willingness of mayors and city councils to hand out money to team owners time and again, even when the team already boasts a new publicly built stadium. "It just defies all reason and rationality," he says. "You see the political graveyards filled with corpses of the politicians that supported these things — they get voted out of office, they end up working for the clubs. You'd figure that these people would be savvy enough to learn that it's not in their best political interest to support these things. But they keep doing it."

2. Stadium financing cuts public services, reducing net incomes

David Coates, Associate Professor and Brad R. Humphreys, Assistant Professor, Economics, University of Maryland Baltimore County, "The Stadium Gambit and Local Economic Development," REGULATION v. 23 n. 2, Summer 2000, pp. 15-20-, p. 19.
if, as prospective team owners, developers, and politicians would have us believe, professional sports can be an important engine of economic growth, how can our estimates be correct? How can the professional sports environment reduce the level of real per capita income in a metropolitan area? A recently published volume edited by Roger Noll and Andrew Zimbalist (Sports, Jobs, and Taxes) contains a number of essays that examine in detail the relationship between professional sports and local economies. The essays in this volume suggest a number of possible answers to these questions, which fall into several broad categories. Substitution in Public Spending Public funds are often used to subsidize professional sports teams and the stadiums or arenas they play in. These public funds have alternative uses, such as maintaining local infrastructure; increasing the quality or provision of public health, safety, or education; and attracting new businesses to the area. The deterioration of local public capital or services could diminish the ability of the local economy to produce other nonsports-related goods and services, which in turn would reduce local income.

3. The funding just trades off with needed infrastructure projects

Arthur J. Rolnick, Senior Vice President, Federal Reserve Bank of Minneapolis, Testimony before the House Committee on Oversight and Reform, Subcommittee on Domestic Policy, "Professional Sports Stadiums: Do They Divert Public Funds from Critical Infrastructure?" n. 110-193, 10—10—07, p. 24-25.
While States spend billions of dollars to retain and attract businesses, State and local governments struggle to provide such public goods as schools and libraries, public health and safety, and the roads, bridges, and parks that are critical to the success of any community. Indeed, we in Minnesota have special cause to speak to the importance of adequate funding for infrastructure following the tragic collapse of the I–35 W bridges over the Mississippi River. Something is wrong with this picture, and I am going to argue only Congress can fix it. I am here today largely to discuss the wasteful nature of this bidding war among States and to offer a recommendation to end this inefficient use of scarce public resources. However, in addition, I will briefly offer a proposal for the best use of public resources for economic development—that is early childhood development. I will argue that you should think of early childhood development as economic development with an extraordinary public return. I offer more description in my full testimony that has been submitted to the subcommittee.

Subsidies Undesirable: Spending Tradeoffs [cont'd]

4. The tax exemptions on the financing instruments also cost our coffers billions of dollars

Pat Garofalo, staff, "How Americans Are Spending $4 Billion Subsidizing Professional Sports Stadiums," THINK PROGRESS, Center for American progress, 2—11—13, http://thinkprogress.org/economy/2012/09/05/801341/america-4-billion-sports-stadiums/#, accessed 8-25-14.

And NFL franchises are certainly not the only ones benefiting from taxpayer largesse. According to an analysis by Bloomberg News, taxpayers have spent $4 billion on subsidies for sports structures since 1986 via tax exemptions that come along with the bonds used to finance stadium or arena construction: Tax exemptions on interest paid by muni bonds that were issued for sports structures cost the U.S. Treasury $146 million a year, based on data compiled by Bloomberg on 2,700 securities. Over the life of the $17 billion of exempt debt issued to build stadiums since 1986, the last of which matures in 2047, taxpayer subsidies to bondholders will total $4 billion, the data show. Those estimates are based on what the Treasury could have collected on interest from the same amount of taxable bonds sold at the same time to investors in the 25 percent income-tax bracket, the rate many government agencies assume. In fact, more than half the owners of tax-exempt bonds pay top rates of at least 30 percent, according to the Congressional Budget Office. So they save even more on their income taxes, a system that U.S. lawmakers of both parties and President Barack Obama have described as inefficient and unfair. These bonds raise money to pay for construction and improvements, enabling wealthy franchise owners to avoid paying for their own stadiums or fancy new upgrades. Individuals who invest in the bonds then receive tax exemptions, lowering government revenue; so the subsidy for stadium construction "comes out of the pockets of every American taxpayer." Using bonds to finance stadium construction is nothing more than a transfer of taxpayer money to wealthy franchise owners whose teams can be worth billions of dollars.

5. The subsidy money could be spent on far more valuable public services

Judith Grant Long, Assistant Professor, Urban Planning, Harvard University, Testimony before the House Committee on Oversight and Reform, Subcommittee on Domestic Policy, "Professional Sports Stadiums: Do They Divert Public Funds from Critical Infrastructure?" n. 110-193, 10—10—07, p. 89.

Viewed locally, however, the opportunity cost of public funding for sports facilities is more tangible. If the $1 billion to $2 billion were diverted to the 50-plus U.S. cities that host major league sports facilities, the impact is sizable. Recapturing $10 million per facility per year—and many of these cities have two—would go a long way toward ensuring the effective management, maintenance, and upgrading of local public infrastructure. It is, of course, also helpful to consider diversions other than transportation infrastructure, since the mis-match in the relative scale of these two public spending issues may, quite mistakenly, infer that public funding for sports facilities is a token amount and therefore insignificant. Nationally, $1 billion per year could support a host of worthy public programs. To take one example, $100 million is the amount the Centers for Disease Control and Prevention plan to distribute to help States boost their smallpox vaccination programs. Locally, these moneys could be better spent perhaps by supporting schools, health care services, and job creation programs. $10 million could support the creation of over 200 local jobs, assuming a cost of $50,000 per job.

6. Public financing diverts money from other public goods / services

Brett Smith, Georgetown Public Policy Institute, "If You Build It, Will They Come? The Relationship Between Public Financing of Sports Facilities and Quality of Life in America's Cities," GEORGETOWN PUBLIC POLICY REVIEW v. 7, Fall 2001, p. 47.

Conversely, many critics of publicly financed stadiums argue that cities and states often make choices regarding the devotion of public funds to sports facilities at the expense of education, health care and other causes, raising massive opportunity costs. Further factoring into the equation are comparisons between public and private stadiums on several important issues. Baim (1994) discovered that privately funded facilities had lower costs, fewer open dates, more parking availability, and higher fan satisfaction and enjoyment levels than publicly funded ones. Finally, the decision about public financing of a sports facility involves the balancing of local and state politics, dealing with often temperamental and capitalistic team owners, and the prevalence of franchise shifts to other locations. These decisions form a complex set of choices for public officials regarding public or private funding for sports facilities

Subsidies Undesirable: Spending Tradeoffs [cont'd]

7. Travel industry taxes still drain public coffers—foregone taxation opportunities

Robert A. Baade, Department of Economics and Business, Lake Forest College and Victor A. Matheson, Department of Economics, College of the Holy Cross," Financing Professional Sports Facilities," WORKING PAPER SERIES n. 11-02, North American Association of Sports Economists, 1—11, p. 15.

Other funding mechanisms used to finance events and stadium construction, however, more often violate commonly held principals of public finance. Taxes on rental cars, hotels, and central-city restaurants, the second common tool used to repay stadium bond issues, while seemingly shifting the expense of the stadium to out-of-town visitors, in fact, simply make those revenue sources unavailable for use elsewhere in the city. Furthermore, only a tiny fraction of the hotel rooms or rental cars used in a city over the course of a year are purchased by visitors engaging in sports tourism. Thus, restaurant goers, for example, may serve to simply subsidize better seating for football fans.

8. Owners receive most of the benefits while the public coffers are drained

Mildred Wigfall Robinson, Professor, Law, University of Virginia, "Public Finance of Sports Stadia: Controversial But Permissible ... Time for Federal Income Tax Relief for State and Local Taxpayers," VIRGINIA SPORTS & ENTERTAINMENT LAW JOURNAL v. 1, Spring 2002, p. 155.

When one examines where the money to build comes from and how returns on the investment are realized, as well as what kinds of spin-off economic activity might result, it is small wonder that returns so far have fallen short of projections. Monies invested come from public pockets to either enable stadium construction or defray the cost of related public infrastructure improvements. Returns flow into private tills as franchise owners receive the benefits of, for example, skybox leases, club seating, naming deals, sweetheart leasing arrangements, maintenance agreements, and property tax breaks. From the perspective of state and local taxpayers, this shift in financing has been particularly undesirable. As has been noted, the 1986 amendments have resulted in a shift to earmarked general revenues from retail sales taxes, reliance on a host of excise taxes, and accounting tactics otherwise accepted as legitimate to underwrite the revenue bonds floated. Therefore, and ironically, congressional limits on local government's ability to utilize a purer form of revenue bond (hallmarking reliance on revenue from the stadium itself) in this context have led to the aggressive exploitation of a host of regressive, non-enterprise related sources to service bonds.

9. Subsidies misallocate public resources

Dennis Coates, Department of Economics, University of Maryland Baltimore County and Brad R. Humphries, Department of Economics, University of Alberta, "Do Economists Reach a Conclusion on Subsidies for Sports Franchises, Stadiums, and Mega-Events?" ECON JOURNAL WATCH v. 5 n. 3, Spring 2008, pp. 294-315, p. 297-298.

The Seattle-Oklahoma City case described above is a perfect example of the global case against subsidies. Oklahoma City offered larger subsidies than Seattle was willing to make, so the basketball franchise left Seattle for Oklahoma City. Basketball fans in Seattle lose, basketball fans in Oklahoma City gain. Perhaps there are more fans in Oklahoma City than in Seattle or fans in Oklahoma have more intense preferences for NBA basketball than fans in Seattle, so there might be some slight gain in average welfare as a result of the franchise move. By and large, however, the franchise changing cities is a zero sum game for basketball fans. The team is enriched by the larger subsidy available in Oklahoma, but the move is clearly not a Pareto improvement in the allocation of resources. From a social perspective, a better approach to maximizing welfare might be for the NBA to expand the number of franchises so basketball fans across the country had their own local team to cheer. That, of course, is not in the best interests of the current league members who derive substantial benefits, like the subsidies, from their restriction of supply.

Subsidies Undesirable: Team Extortion

1. The competition between localities is a worse-than-zero-sum game

Arthur J. Rolnick, Senior Vice President, Federal Reserve Bank of Minneapolis, Testimony before the House Committee on Oversight and Reform, Subcommittee on Domestic Policy, "Professional Sports Stadiums: Do They Divert Public Funds from Critical Infrastructure?" n. 110-193, 10—10—07, p. 25.
But from a national perspective, when competition takes the form of preferential treatment for specific businesses, it creates, at best, a zero sum game. It is more likely to create a competitive game, in fact, that mis-allocates private resources and causes State and local governments to provide too few public goods. When a business is enticed by being offered preferential favors to relocate, there is no net gain to the overall economy. Jobs are simply moved from one location to another. Furthermore, on closer examination, there will be a loss. There will be fewer public goods produced in the overall economy because in the aggregate States will have less revenue to spend on public goods. In addition to the loss of public goods, the overall economy becomes less efficient because output will be lost as some businesses are enticed to move from their best locations.

2. Teams use their bargaining power to get sweetheart subsidy deals

Matthew Glans, staff, "Research & Commentary: Taxpayer Funding of Sports Facilities," Heartland Institute, 3—21—14, http://heartland.org/policy-documents/research-commentary-taxpayer-funding-sports-facilities, accessed 8-20-14.
The increase in the number of taxpayer-subsidized stadiums has come about for several reasons. Sports teams have become a strong source of civic pride for cities, with urban leaders using teams as a means to market a city to new businesses. In the last few decades, professional sports teams have also gained a great deal of bargaining power because relocation is no longer as expensive and risky as in the past, as cities are now competing for franchises, enticing teams with tax breaks and stadium funding.

3. Communities are shaken down to get subsidies

Arthur J. Rolnick, Senior Vice President, Federal Reserve Bank of Minneapolis, Testimony before the House Committee on Oversight and Reform, Subcommittee on Domestic Policy, "Professional Sports Stadiums: Do They Divert Public Funds from Critical Infrastructure?" n. 110-193, 10—10—07, p. 24.
There is likely no major metropolitan area in this country that has not been held hostage at some point by the owner of a sports franchise who threatened to move his team elsewhere if he did not receive a new taxpayer-funded sports complex. Indeed, such economic blackmail even affects many of our smaller communities, as minor league sports teams have also learned to play this rent-seeking game. Being from Minnesota, I can personally attest to this rent-seeking game as the Minnesota Twins, after a 10-year campaign, finally persuaded a previously reluctant State legislature to hand over about $400 million in public financing for a new stadium that is now under construction. Not to be outdone, the Minnesota Vikings are currently pressing the legislature for their own share of public largesse, and who can blame them. As long as governments are willing to hand over limited public resources, these teams would be foolish not to accept them.

Subsidies Undesirable: Ticket Prices

1. New stadiums often drive up ticket prices

Logan E. Gans, J.D. Candidate, "Take Me Out to the Ball Game, But Should the Crowd's Taxes Pay for It?" VIRGINIA TAX REVIEW v. 29, Spring 2010, p. 779-780.

Furthermore, often ticket prices increase with the opening of a new stadium, as a team will want to both pay down its contribution to the new stadium or to capitalize on an increase in demand caused by the new stadium. For example, ticket prices went up for seats in the new Yankee Stadium. Increased ticket prices may price out some sports fans. Thus, locals may wind up ironically paying increased taxes for a stadium that they then have less of a chance to use because of the increased price of tickets. In fact, a rise in ticket prices may cancel out the fleeting effect of a rise in interest in a team due to a new stadium. Ticket price increases may also exacerbate any existing public animosity toward stadiums, which some locals may already derisively regard as the palaces of billionaire owners and the workplace of millionaire athletes, which are paid for by the tax revenue of lower or middle class workers. Local individuals may resent being asked to pay more for tickets to a stadium they are already funding through their taxes. During the current recession, publicly financing a stadium makes even less economic sense because even corporations who used to pay for premium tickets have had to cut back on such perks. Thus, both individual and corporate ticket buyers may be turned off by the ticket price increases that accompany the opening of a new stadium, leading to a reduction in ticket sales.

2. New stadiums don't benefit the public—divert public money and raise ticket prices

Brett Smith, Georgetown Public Policy Institute, "If You Build It, Will They Come? The Relationship Between Public Financing of Sports Facilities and Quality of Life in America's Cities," GEORGETOWN PUBLIC POLICY REVIEW v. 7, Fall 2001, p. 49.

Despite a litany of studies proving them incorrect, proponents of new stadiums continue to advocate their construction based on forecasts of economic growth and job creation. Most troubling in this situation is that state and local officials often believe the predictions and devote large sums of public funds to the creation of these sports facilities. The question remains, therefore, as to why stadium construction has expanded greatly in recent years, despite the many studies disproving their economic success. Bast (1998) attributes the recent boom to a glut of cities desiring professional sports, with a limited number of franchises to satisfy demand. He also cites the financial strength of pro-stadium forces compared to the grassroots efforts opposing them and a lack of revenue sharing between teams as reasons for the expansion in new stadiums. Bast explains the negative aspects of the increased public funding of sports stadiums as well. He claims that the diversion of public funds from other important causes and the disproportionate benefits the facilities provide for the wealthy are reasons why public subsidies for sports should be discouraged. Finally, Siegfried and Peterson (2000) demonstrated that publicly financed stadiums result in increased ticket prices and the creation of corporate seats and luxury boxes. In other words, all those who bear the burden of the costs do not broadly share the benefits of the new stadiums.

3. Only the wealthy can afford new ticket pries

Marc Edelman, Visiting Assistant Professor, Law, Rutgers University, "Sports and the City: How to Curb Professional Sports Teams' Demands for Free Public Stadiums," RUTGERS JOURNAL OF LAW & PUBLIC POLICY v. 6, Fall 2008, p. 55.

The main social benefit of stadium subsidies - the opportunity to attend games in the new stadium - skews in favor the wealthy because the current cost of attending a professional sports events precludes the lower- and middle-income segment of the population. For example, in 2008, the average price for a family of four to attend a New England Patriots football game was nearly $ 600. Meanwhile, the average price for the same family to attend a Chicago Bears game was close to $ 500. For the common American, this means that taking his family to either one of these events would cost roughly one percent of that family's pre-tax income. Recent stadium-design trends have only further priced the typical American out of the professional sports game market. For example, new seating innovations such as luxury boxes and premium seating have led to building new stadiums that contain a greater number of seats targeted for the ultra-wealthy. In turn, many new stadiums have reduced their number of traditional seats.

Subsidies Undesirable: Unnecessary

1. Sports teams will remain profitable without subsidies

Marc Edelman, Visiting Assistant Professor, Law, Rutgers University, "Sports and the City: How to Curb Professional Sports Teams' Demands for Free Public Stadiums," RUTGERS JOURNAL OF LAW & PUBLIC POLICY v. 6, Fall 2008, p. 46-48.
Despite the trend toward subsidizing professional sports stadiums, most professional team owners do not need government aid to profit. This is because, in addition to earning a high rate of return on the team's resale, most team owners have recently learned to capitalize on two important stadium-related revenue streams: stadium naming rights and personal seat licenses. Stadium naming rights are the rights of corporations to place their name on major sports stadiums. Although the first reputed naming-rights agreement goes back to 1971, when Schaefer Brewing Company paid $ 150,000 to name the Patriots' stadium Schaefer Field, sports teams did not begin to recognize the full power of selling naming rights until recently. In recent years, teams in large markets such as the New York Mets have sold stadium naming rights for as much as $ 400 million (20 year rights at $ 20 million per year). Meanwhile, teams that play in less traditional sports markets such as the Houston Texans have sold their stadium naming rights for as much as $ 300 million (30 year rights at $ 10 million per year). Although many teams that have obtained lucrative naming rights agreements have chosen to build expensive sports facilities, these kind of naming rights agreements could conceivably cover the entire cost of building a more affordable stadium or arena. Personal seat licenses ("PSLs"), meanwhile, are advance payments to purchase the right to secure a particular seat in a given venue. Although the Dallas Cowboys football team sold a limited number of "seat options" back in 1968, the NFL's Carolina Panthers in 1993 became the first team to extensively use the concept of PSLs when they privately financed their new facility, Bank of America Stadium (formerly known as Ericcson Stadium). By selling PSLs before beginning stadium construction, Carolina Panthers ownership raised $ 180 million in upfront capital. Since then, several other sports teams including the Baltimore Ravens, St. Louis Rams, and Chicago Bears have copied this strategy, similarly raising substantial amounts of money.

2. Stadiums empirically can be funded without public tax money

Scott A. Jensen, J.D. Candidate, "Financing Professional Sports Facilities with Federal Tax Subsidies: Is It Sound Tax Policy?" MARQUETTE SPORTS LAW JOURNAL v. 10, Spring 2000, p. 428-429.
Much has been written on the topic of public financing of professional sports stadiums and the issue has been considered from many different points of view. Some writers argue the benefits of building professional sports stadiums, while others consider the financial burden falling on taxpayers as a result of the stadium construction boom. Yet, even where many writers argue against all public tax subsidy of stadium construction, few seem to consider the differences in this tax subsidy policy from the point of view of federal taxpayers compared to state taxpayers. Furthermore, not all stadiums or arenas are financed with significant amounts of public tax monies. In fact, as previously discussed, many sports facilities use very little public tax financing. However, this fact only compounds the confusion. If some stadiums do not use public tax funding, what justifies the use of federal funds for those that do; or is this simply a case of bad tax policy?

3. Professional and college football are enormously profitable—do not need subsidies

Nick Gillespie, editor, Reason, "Football: A Waste of Taxpayers' Money," TIME, 12—6—13, http://ideas.time.com/2013/12/06/football-a-waste-of-taxpayers-money/, accessed 8-19-14.
As we enter the drama-filled final week of the regular college football season and the final month of the National Football League's schedule, forget about GM and Chrysler, Solyndra, or even cowboy poetry readings. Fact is, nothing is more profitable, more popular, and more on the public teat than good old American football. That's right. You, dear taxpayer, are footing the bill for football through an outrageous series of giveaways to billionaire team owners and public universities that put pigskin before sheepskin.

Subsidies Undesirable: Answers to "Attract Outside Money"

1. Stadiums only boost the economy if they bring in outside money—this is not the case

Andrew H. Goodman, J.D. Candidate, "The Public Financing of Professional Sports Stadiums: Policy and Practice," SPORTS LAWYER JOURNAL v. 9, Spring 2002, p. 204.
Economists contend that a stadium is capable of creating a positive economic impact only when a significant amount of nonresidents from outside the region enter to spend entertainment dollars they would not otherwise spend within the region, or when residents decide to spend entertainment money within the region rather than spending it elsewhere. Stanford University economist Roger Noll, noting that the majority of fans attending games live within a twenty-mile radius of a stadium, concludes that money spent at a stadium would have been used on some alternative entertainment activity in that region. Noll admits that although five to ten percent of spectators do not actually reside in areas contiguous to stadiums, entire visits are not centered around stadium events and that money spent at a sporting event would have been dispensed for other area activities. Even to the extent dollars that would otherwise be spent throughout a region are spent near a stadium, such spending may be simply deflected impact or growth.

2. Stadiums do not attract outside spending

Andrew Zimbalist, Professor, Economics, Smith College and Roger G. Noll, nonresident senior fellow, "Sports, Jobs & Taxes: Are New Stadiums Worth the Cost?" BROOKINGS REVIEW, Summer 1997, www.brookings.edu/research/articles/1997/06/summer-taxes-noll, accessed 8-25-14.
As noted, a stadium can spur economic growth if sports is a significant export industry—that is, if it attracts outsiders to buy the local product and if it results in the sale of certain rights (broadcasting, product licensing) to national firms. But, in reality, sports has little effect on regional net exports. Sports facilities attract neither tourists nor new industry. Probably the most successful export facility is Oriole Park, where about a third of the crowd at every game comes from outside the Baltimore area. (Baltimore's baseball exports are enhanced because it is 40 miles from the nation's capital, which has no major league baseball team.) Even so, the net gain to Baltimore's economy in terms of new jobs and incremental tax revenues is only about $3 million a year—not much of a return on a $200 million investment.

3. There is no net gain from national revenue streams going into the local economy

Andrew Zimbalist, Professor, Economics, Smith College and Roger G. Noll, nonresident senior fellow, "Sports, Jobs & Taxes: Are New Stadiums Worth the Cost?" BROOKINGS REVIEW, Summer 1997, www.brookings.edu/research/articles/1997/06/summer-taxes-noll, accessed 8-25-14.
Sports teams do collect substantial revenues from national licensing and broadcasting, but these must be balanced against funds leaving the area. Most professional athletes do not live where they play, so their income is not spent locally. Moreover, players make inflated salaries for only a few years, so they have high savings, which they invest in national firms. Finally, though a new stadium increases attendance, ticket revenues are shared in both baseball and football, so that part of the revenue gain goes to other cities. On balance, these factors are largely offsetting, leaving little or no net local export gain to a community.

Subsidies Undesirable: Answers to "Civic Pride / Quality of Life"

1. Stadiums do not improve local quality of life—data analysis proves

Brett Smith, Georgetown Public Policy Institute, "If You Build It, Will They Come? The Relationship Between Public Financing of Sports Facilities and Quality of Life in America's Cities," GEORGETOWN PUBLIC POLICY REVIEW v. 7, Fall 2001, p. 57-58.

The results of this analysis indicate that a conflict is present concerning the issue of the public financing of professional sports facilities. Basically, the disagreement is one of rhetoric versus reality. On the one hand, the over-riding theory held by policymakers in this field is that the building of a new or renovated stadium improves the quality of life of a metropolitan area. Therefore, the theory claims public financing for these facilities is justified as an investment for the local area's future gains in per capita income, economic growth, and crime and unemployment rates. Adherence to and belief in this theory by state and local decisionmakers, under the influence of team owners operating in a market where cities compete against one another for franchises, has created the last decade's explosion in the construction of stadiums with public money. The conclusion of this analysis indicates that metropolitan areas with lower qualities of life in the variables of interest often follow the popular rhetorical theory. These cities attempt to improve their per capita income, economic growth, and crime and unemployment rates by devoting large amounts of public funding to building new stadiums. Acting as a countervailing force to this popularly held theory is the reality of studies about the effect of public spending for sports facilities on quality of life issues. This analysis concludes that increasing the percentage of a new stadium financed with public funds does not have the desired effects. No improvements were evident in the individual wealth, crime and unemployment rates, while negative effects occurred in the variable tracking economic growth in the area. The lack of improvement in quality of life due to the increased percentages of public funding in this analysis mirrors the conclusions of previous studies performed in a similar manner, while including more franchises and stadiums from recent years. Thus, despite a series of studies over the past decade demonstrating the reality that new sports stadiums do not improve the qualities of life in the local areas that construct them, the scenario still occurs in many cities, especially those that can least afford to do so. Given the opportunity costs that shift funds from other local needs such as education and infrastructure, the willingness of policymakers to believe the rhetoric, but fail to heed the reality, is especially dangerous.

2. New stadiums do not increase local quality of life

Brett Smith, Georgetown Public Policy Institute, "If You Build It, Will They Come? The Relationship Between Public Financing of Sports Facilities and Quality of Life in America's Cities," GEORGETOWN PUBLIC POLICY REVIEW v. 7, Fall 2001, p. 44.

Since 1990, the issue of public financing of new professional sports facilities has become one of increasing importance to the residents and leaders of American cities. This analysis studies the conflict between the rhetoric and the reality of the public financing of new sports stadiums. In the first part of the analysis, I examined certain quality of life variables to determine whether cities with higher per capita income and economic growth rates, and lower amounts of crime and unemployment, devote more public funding toward new stadiums. The data indicate that areas with lower quality of life statistics spend higher rates of public money on sports facilities, attempting to improve their rankings in these categories. However, the second stage of the analysis demonstrates that these avenues for improvement are often futile. The predicted positive effects of these new facilities on the same quality of life variables are not supported by this analysis. The end result of the analysis determines that cities with lower qualities of life engage in public spending on sports facilities in order to improve this indicator but, in doing so, misuse their resources by constructing stadiums that tend not to have the desired effects.

3. Reputation effects go both ways—losing hurts the image of a city

Scott A. Jensen, J.D. Candidate, "Financing Professional Sports Facilities with Federal Tax Subsidies: Is It Sound Tax Policy?" MARQUETTE SPORTS LAW JOURNAL v. 10, Spring 2000, p. 447.

Although taxpayers would probably agree that having a sporting franchise brings exposure to the host-city, a second flaw may be that not all of the exposure is good. When a team consistently loses, will the city be thought a loser? When local athletes run into trouble with the law or perpetrate generally unethical behavior upon society is the exposure a benefit to player's host city? Perhaps the effects of positive and negative exposure are counteractive. Where a city or region might gain some advantage from notoriety, the benefits might face counteractive forces.

Subsidies Undesirable: Answers to "Civic Pride / Quality of Life" [cont'd]

4. The civic goods are still not big enough to justify public expenditure

Bruce K. Johnson et al., Associate Professor, Economics, Centre College, "The Value of Public Goods Generated by a Major League Sports Team: The CVM Approach," JOURNAL OF SPORTS ECONOMMICS v. 2 n. 1, 2—01, pp. 6-21, p. 20.
The data and analysis in this article indicate that major league sports teams generate widely consumed public goods for the residents of their cities. With 72% of the respondents identifying themselves as Penguins fans, even though less than 40% attend games, the claim that sports provide a unifying element to civic life is certainly plausible. Furthermore, a little more than half the respondents indicated they would be willing to pay for hockey-related public goods rather than lose them. However, the analysis suggests that the value of public goods generated by major league sports teams may not be large enough to justify the large public subsidies typically offered to most stadiums and arenas built today. Coupled with the overwhelming evidence of previous research that major league sports teams and their stadiums do not generate increased income for their cities, it would seem that publicly financed sport buildings represent a misallocation of resources.

5. Any civic pride benefits are not worth the cost

Scott A. Jensen, J.D. Candidate, "Financing Professional Sports Facilities with Federal Tax Subsidies: Is It Sound Tax Policy?" MARQUETTE SPORTS LAW JOURNAL v. 10, Spring 2000, p. 447-448.
Finally, assuming some immeasurable, intangible benefit exists in the pride the public feels for their team, or in the exposure the city receives because of its team, one must question whether the cost is worth the benefit. Simi-lar to the case of the diversion argument, one should consider whether there are other investments that could generate a similar or greater level of exposure and public pride. For the sake of argument, and as an example, the construction of a local zoo may provide many of the same intangible benefits at a much lower cost. A zoo could be a civic focal point for uniting community interest and increasing civic pride. It could serve as a place for family recreation and enjoyment. Additionally, a zoo would also likely have the same attractive effect, if any, for a company considering relocation to the host community area as would a professional sports team. A zoo may also have the same ability to attract broader attention by hosting special attractions such as rare touring animal exhibits. And while it is true that a zoo animal may act unruly at times, it is likely that most, if not all of the public exposure generated by a local zoo would be positive.

Subsidies Undesirable: Answers to "Development Gains"

1. Stadiums do not even boost growth in local neighborhoods

Brett Smith, Georgetown Public Policy Institute, "If You Build It, Will They Come? The Relationship Between Public Financing of Sports Facilities and Quality of Life in America's Cities," GEORGETOWN PUBLIC POLICY REVIEW v. 7, Fall 2001, p. 48-49.
In another study, Baade (2000) examined the effect of stadiums on the economics of the specific neighborhoods surrounding the facilities. As in previous analyses, he concluded that the addition of facilities did not promote economic growth. He also made other conclusions concerning the economics of sports facilities. Baade (1994) concluded that the recent trend of public financing for stadiums was troubling because it represented an opportunity cost for state and local government spending, only produced short-term economic gains and only shifted entertainment spending in the metropolitan area instead of attracting additional expenditures. These conclusions about the negligible impact of new sports facilities were echoed in the findings of Bast (1998) and Baim (1994). They both concluded that the stadiums only shifted entertainment spending and did not represent a net economic benefit for the cities and states funding them. A final study, released by Roger Noll and Andrew Zimbalist (1997), pinpointed errors in the arguments used by those supporting stadium construction, including an over-statement of indirect tax revenues, an uncertainty of revenue forecasts and the use of gross spending increases instead of net economic growth. Each of these studies disputed the claims commonly made by stadium proponents that building the facilities with public financing would spur economic growth in the area, attracting outside spending and creating new jobs.

2. Stadiums do not result in business relocation

Charles P. Rock, Professor, Economics, Rollins College, "The Case Against Public Subsidies for a New Florida Marlins Stadium," POLICY REPORT n. 31, 4—01, James Madison Institute, p. 8.
These negative conclusions about the economic development effects of public subsidies (or privately financed ones, for that matter) represent the overwhelming consensus of analysts who are not on the payroll of the professional sports teams. One of the first empirically comprehensive studies of the effects of stadiums by Robert Baade actually found that in seven of nine cities he studied, ". . . construction of a stadium in the city was followed by a reduction of the city's share in regional income." Other work on business location decisions has shown that a stadium or team has little if any effect on business location choices. As the authors of a recent, highly praised volume on the economic effects of sports put it, "There is no systematic evidence that this assertion is true."

3. Bar/restaurant gains are just anecdotal—do not prove that there is an economic benefit

Dennis Coates, Professor, Economics, University of Maryland, Baltimore County, "A Closer Look at Subsidies," THE AMERICAN, 4—29—08, www.american.com/archive/2008/april-04-08/a-closer-look-at-stadium-subsidies, accessed 8-19-14.
Newspapers routinely run articles about the great business done by bars and restaurants in the neighborhood of a stadium. Yet such anecdotal evidence is unconvincing: it simply shows that the recipients of highly concentrated benefits are easier to find than those who suffer the extremely diffuse costs. The aggregate economic studies account for the distribution of gains and losses, and they find no proof that the gains outweigh the losses.

4. Local development gains merely shift economic activity from other areas

Dennis Coates, Professor, Economics, University of Maryland, Baltimore County, "A Closer Look at Subsidies," THE AMERICAN, 4—29—08, www.american.com/archive/2008/april-04-08/a-closer-look-at-stadium-subsidies, accessed 8-19-14.
Economists Rob Baade (Lake Forest College), Mimi Nikolova (Lake Forest College), and Victor Matheson (College of the Holy Cross) provide stark visual evidence in support of this argument, comparing the impact of Chicago's Wrigley Field and U.S. Cellular Field. The economic development possibilities near U.S. Cellular Field are obviously limited by the vast parking lot and multilane highway that surround the stadium. City and regional planners Arthur C. Nelson (Virginia Tech University) and Charles Santo (University of Memphis) each find that teams that play in the central business district of a city tend to be associated with an increase in the metropolitan area's share of the regional income. Of course, this could simply be evidence of income redistribution, or of economic activity shifting from one area to another, rather than evidence of region-wide benefits.

Subsidies Undesirable: Answers to "Development Gains" [cont'd]

5. There is no urban revitalization—stadiums just divert resources from other parts of the city

Scott A. Jensen, J.D. Candidate, "Financing Professional Sports Facilities with Federal Tax Subsidies: Is It Sound Tax Policy?" MARQUETTE SPORTS LAW JOURNAL v. 10, Spring 2000, p. 442.

Economists have theorized that what actually happens is that instead of generating economic growth, stadium projects merely divert economic resources from other parts of the city or local geographic region. New stadiums do not increase the local revenue pie; they merely change the way the pie is divided and allocated. When bonds are paid from general tax revenues, money that would be spent on other projects is diverted. If the taxpayers were not paying for the construction of new sporting venues, it is reasonable to think that more funds would be available for the construction of schools, prisons, roads, and highways. This suggests that the same construction workers would have employment in the community, but on different projects. Even absent the economic growth, where the inter-city revitalization argument certainly has plausibility and historical support, one may argue that this revitalization alone justifies the use of tax subsidy to construct stadiums and arenas. However, this argument is short sighted. Although it may be a rational decision for legislatures to adopt policy and levy specific taxes aimed at revitalizing blighted areas, the decision to accomplish this through stadium subsidization may not be the best possible decision. There are other options that may be adopted which could have the same revitalizing effect while costing the taxpayer much less. Because of the other potential economic revitalization plans that exist which could accomplish the same benefit at perhaps a lower cost, the revitalization argument should not be outcome determinative.

Subsidies Undesirable: Answers to "Downtown / Urban Gains"

1. Stadiums and franchises do not increase urban employment

Dennis Coates, Department of Economics, University of Maryland Baltimore County and Brad R. Humphries, Department of Economics, University of Alberta, "Do Economists Reach a Conclusion on Subsidies for Sports Franchises, Stadiums, and Mega-Events?" ECON JOURNAL WATCH v. 5 n. 3, Spring 2008, pp. 294-315, p. 304.
Hudson (1999) examined the economic impact of professional sports on urban employment in 17 metropolitan areas over a twenty year period. This study used both the number of professional sports franchises in the metropolitan area and indicator variables for the presence of MLB, NFL, NBA and NHL franchises, as well as a variety of explanatory variables reflecting local wages, income, energy prices, population and taxes. None of the sports franchise variables were statistically significant, indicating that professional sports teams had no effect on employment in this sample of cities.

2. Urban employment does not see any gains even during the construction phase

Dennis Coates, Department of Economics, University of Maryland Baltimore County and Brad R. Humphries, Department of Economics, University of Alberta, "Do Economists Reach a Conclusion on Subsidies for Sports Franchises, Stadiums, and Mega-Events?" ECON JOURNAL WATCH v. 5 n. 3, Spring 2008, pp. 294-315, p. 306.
Miller (2002) examined the effects of two professional sports facility construction projects on employment in the construction industry in St. Louis, MO. Miller's empirical models controlled for factors that affect employment in the construction industry and accounted for the effects of wages on employment in construction. The sports variables used were indicator variables for the specific quarters in which the Kiel Center and TransWorld Dome were being built. The results indicate that the construction of these two sports facilities had no statistically significant effect on employment in the construction industry. This result rebuts the claim in promotional economic impact studies that the urban economy will experience significant increases in employment as a result of the construction of a sports facility.

3. New stadiums do not empirically drive downtown economic activity

Matthew J. Parlow, attorney, "Publicly Financed Sports Facilities: Are They Economically Justifiable? A Case Study of the Los Angeles Staples Center," UNIVERSITY OF MIAMI BUSINESS LAW REVIEW v. 10, Spring/Summer 2002, p. 515.
In addition, new sports facilities have not historically provided a resurgence in local economic activity. Research of approximately fifty cities and their activities for the past thirty-five years demonstrates that local communities are not likely to benefit perceptibly from the construction and existence of a new sports facility. In fact, such efforts often yield little, if any, profits. For example, Phoenix is getting between a 1-2% return rate on the $ 253 million taxpayer investment in Bank One Ballpark. Moreover, experts posit that, in most cases, sports teams and facilities produce a very small scale of economic activity and therefore cannot reverse the aforementioned decentralization of residential and business activity that plagues most cities' downtown areas. Therefore, because new sports facilities, for the most part, have little success in revitalizing a city's downtown area or generating new profits in this region, critics condemn the downtown revitalization investment model of using a new sports facility to spur economic growth.

Subsidies Undesirable: Answers to "Employment Gains"

1. The jobs produced are low-wage, displace better kinds of employment

Andrew Zimbalist, Professor, Economics, Smith College and Roger G. Noll, nonresident senior fellow, "Sports, Jobs & Taxes: Are New Stadiums Worth the Cost?" BROOKINGS REVIEW, Summer 1997, www.brookings.edu/research/articles/1997/06/summer-taxes-noll, accessed 8-25-14.
One promotional study estimated that the local annual economic impact of the Denver Broncos was nearly $120 million; another estimated that the combined annual economic benefit of Cincinnati's Bengals and Reds was $245 million. Such promotional studies overstate the economic impact of a facility because they confuse gross and net economic effects. Most spending inside a stadium is a substitute for other local recreational spending, such as movies and restaurants. Similarly, most tax collections inside a stadium are substitutes: as other entertainment businesses decline, tax collections from them fall. Promotional studies also fail to take into account differences between sports and other industries in income distribution. Most sports revenue goes to a relatively few players, managers, coaches, and executives who earn extremely high salaries—all well above the earnings of people who work in the industries that are substitutes for sports. Most stadium employees work part time at very low wages and earn a small fraction of team revenues. Thus, substituting spending on sports for other recreational spending concentrates income, reduces the total number of jobs, and replaces full-time jobs with low-wage, part-time jobs.

2. Employment is simply zero-sum on a national level

Arthur J. Rolnick, Senior Vice President, Federal Reserve Bank of Minneapolis, Testimony before the House Committee on Oversight and Reform, Subcommittee on Domestic Policy, "Professional Sports Stadiums: Do They Divert Public Funds from Critical Infrastructure?" n. 110-193, 10—10—07, p. 24.
But make no mistake: it is not just sports teams that demand public money from cities and States. The State and local funds spent competing for sports franchises, though conspicuous, probably represent only a fraction of the billions of dollars spent on more than 8,000 State and local economic development agencies competing to retain and attract businesses through the use of preferential— and let me underline preferential—taxes and subsidies. Businesses know they can get public funding by threatening to move, forcing State and local governments into competition for business that has become economic warfare. To be clear, from a national perspective, the so-called economic bidding war among States does not create jobs. It only moves them around from one city to another, from one State to another. This is what economists call a zero sum game. It is a zero public return. Indeed, it may be a negative sum game.

3. There is no evidence that sports teams increase employment or income

Dennis Coates, Department of Economics, University of Maryland Baltimore County and Brad R. Humphries, Department of Economics, University of Alberta, "Do Economists Reach a Conclusion on Subsidies for Sports Franchises, Stadiums, and Mega-Events?" ECON JOURNAL WATCH v. 5 n. 3, Spring 2008, pp. 294-315, p. 303.
Baade (1996) examined the economic impact of professional sports on the determination of real per capita income and the metropolitan area's share of state employment in the Amusement and Recreation industry and the Commercial Sports industry in 48 metropolitan areas over the period 1957-1989. The dependent variable, real per capita income, in these reduced form regression models was transformed using a complex function of the average level of per capita income across the cities in the sample and first differences. The 48 metropolitan areas in the sample included both cities with professional sports teams and cities with no professional sports teams. Separate regressions were run for each metropolitan area. The explanatory variables included the number of sports franchises and the number of sports facilities less than ten years old in the metropolitan area. In general, the sports facility and franchise variables were not statistically significant, and the few that were significant displayed no consistent pattern of signs. Baade (1996) concluded that there was no evidence that professional sports franchises or facilities had a positive impact on real per capita income or employment in these two industry classifications that include sports franchises.

Subsidies Undesirable: Answers to "Employment Gains" [cont'd]

4. Stadiums and sports in general do not boost overall employment

Dennis Coates, Department of Economics, University of Maryland Baltimore County and Brad R. Humphries, Department of Economics, University of Alberta, "Do Economists Reach a Conclusion on Subsidies for Sports Franchises, Stadiums, and Mega-Events?" ECON JOURNAL WATCH v. 5 n. 3, Spring 2008, pp. 294-315, p. 303-304.
Baade and Sanderson (1997) examined the employment created by sports facilities. The authors used data on employment from the Amusements and Recreation, and Commercial Sports Industry classifications of the Standard Industrial Classification for ten cities and their states covering the years 1958 through 1993. They estimated separate regressions for each city, with the dependent variable either the city's share of state employment in the Amusements and Recreation or the city's share of state employment in Commercial Sports. They found very little effect of newly constructed stadiums or from having additional professional teams on employment shares. When new stadiums were significant, their effect was to reduce the city's share of employment. An additional team statistically significantly raised the city's share in several cases, and reduced it significantly in one case. Thirteen of twenty coefficients for the number of teams were not statistically significant. Baade and Sanderson sum up their results by saying, "In general, the results of this study do not support a positive correlation between professional sports and job creation" (112).

5. Jobs claims are not real—they are just unproven forecasts

Victor Matheson, Professor, Economics, College of the Holy Cross and Brad R. Humphreys, Professor, Economics, University of Alberta, "The House that Taxpayers Built: Stadiums, Speech, and Public Funding: PILOTs and Public Policy: Steering Through the Economic Ramifications," VILLANOVA SPORTS & ENTERTAINMENT LAW JOURNAL v. 16, 2009, p. 284-285.
The claim of significant economic benefits resulting from a sports stadium's construction and operation is problematic. First, the reports of these so-called "economic benefits" are based on are forecasts, not actual counts of jobs created or income earned in and around the new stadium. In the PILOT issue and every other sports facility construction project studied, these forecasts of economic benefits are treated as factual assessments, rather than forecasts. Statistically, forecasts, in and of themselves, are not useful data unless they measure the statistical uncertainty associated with the data measured. The claimed future economic benefits from the new Yankee Stadium were never placed in this context. This severely limits their use for informing economic policy decisions. This problem has already surfaced in the Yankee Stadium PILOT decision, as the claim of thousands of full time jobs made at the time the exemption was granted has proven to be wildly overstated.

6. There is little job creation—many reasons

Scott A. Jensen, J.D. Candidate, "Financing Professional Sports Facilities with Federal Tax Subsidies: Is It Sound Tax Policy?" MARQUETTE SPORTS LAW JOURNAL v. 10, Spring 2000, p. 443.
Because of the diversion of economic resources, this suggestion is questionable. In addition, many new stadiums are being constructed in cities and areas that already have stadiums. Construction in these areas amounts to nothing more than stadium replacement. These existing teams already have athletes, managers, and team executives. The only entity that can effectively create new jobs in this area is the sport league itself by adding teams. While this has happened, the rate of expansion is held fairly tightly to ensure that team revenues, athletic talent, and fans per team are not thinned. Furthermore, workers are already employed at the current venues. Therefore the number of jobs directly created will have no significant increase, if any at all.

7. Most jobs are temporary and do little to help the local economy—poor allocation of public money

Aaron Gordon, journalist, "America Has a Stadium Problem," PACIFIC STANDARD, 7—17—13, www.psmag.com/navigation/business-economics/america-has-a-stadium-problem-62665/, accessed 8-20-14.
Economists have long known stadiums to be poor public investments. Most of the jobs created by stadium-building projects are either temporary, low-paying, or out-of-state contracting jobs—none of which contribute greatly to the local economy. (Athletes can easily circumvent most taxes in the state in which they play.) Most fans do not spend additional money as a result of a new stadium; they re-direct money they would have spent elsewhere on movies, dining, bowling, tarot-card reading, or other businesses. And for every out-of-state fan who comes into the city on game day and buys a bucket of Bud Light Platinum, another non-fan decides not to visit and purchases his latte at the coffee shop next door. All in all, building a stadium is a poor use of a few hundred million dollars.

Subsidies Undesirable: Answers to "Employment Gains" [cont'd]

8. Even if jobs are created, they are far too expensive—little bang for the buck

Scott A. Jensen, J.D. Candidate, "Financing Professional Sports Facilities with Federal Tax Subsidies: Is It Sound Tax Policy?" MARQUETTE SPORTS LAW JOURNAL v. 10, Spring 2000, p. 443-444.
Even if one sets aside the diversion argument for a moment, and pretends that some marginal level of jobs are created by sport facility projects in areas not currently hosting professional sport franchises, the jobs created are simply not worth the cost. The cost per job created significantly outweighs the benefit of creation. For example, consider the following: the State of Maryland paid $ 177 million toward the construction of a stadium in Baltimore. Assuming the 1394 jobs proponents claim were created were not the result of economic diversion, the publicly subsidized cost per job amounts to $127,000.00. This number quickly escalates when one considers hidden and indirect costs. To add perspective, the Maryland Sunny Day Fund economic development program created jobs at an average per job cost of $ 6,250.00 during the same period. While the direct economic cost per job alone provides ample basis to seriously question the wisdom of expending millions of dollars to create new employment, when one considers the type of work created it quickly becomes clear that this may be an example of poor legislative judgment. Not one single sport team plays the entire year. Not one single stadium or arena is used every business day of the year. As a result, these jobs are generally lower paying, seasonal jobs. Furthermore, the type of work is generally non-technical, and requires little or no skill, unless you consider the ability to hit a fan with a bag of peanuts from several rows away or the ability to balance a tray full of beer while scaling a flight of stairs, a skill. At a time when companies are struggling to attract workers as the available labor pool shrinks, it seems ludicrous that a state would pay such a large sum of money to create more low-end jobs.

9. Stadiums do not increase job growth—the empirical record proves

Andrew H. Goodman, J.D. Candidate, "The Public Financing of Professional Sports Stadiums: Policy and Practice," SPORTS LAWYER JOURNAL v. 9, Spring 2002, p. 205-206.
Proponents contend that stadiums create new jobs. The empirical evidence, however, flatly denies that stadiums are an effective public method for job growth. Construction interests are classic supporters of stadium building, private and public, but contractors are only beneficiaries to the extent that they were not working previously. Public reports in Maryland showed the then-proposed NFL stadium in Baltimore to be a poor civic investment and to rep-resent a significant opportunity cost. Estimates had the new stadium creating 1,394 full-time jobs at a cost of $ 127,000 per job. In contrast, the state's existing Sunny Day Fund for economic development had created 5,200 full-time jobs at a cost of $ 6,250 per job.

10. Stadiums have virtually no effect on job growth

Andrew H. Goodman, J.D. Candidate, "The Public Financing of Professional Sports Stadiums: Policy and Practice," SPORTS LAWYER JOURNAL v. 9, Spring 2002, p. 203.
Furthermore, at least two economists conclude that the effect of stadiums and sports teams on job growth in the entertainment and recreation industry is not "measurably different from zero," claiming that other entertainment or recreation industry employers would engage those employed with stadium related jobs. Unless fans are spending their savings, the same economists contend that money and jobs are simply transferred from one entertainment activity to another. Moreover, sports franchises may represent only a sliver of a city's economy as small ($ 80-$ 100 million) businesses, in contrast to other business organizations in the urban landscape.

Subsidies Undesirable: Answers to "Employment Gains" [cont'd]

11. Job claims are inflated—include many positions that are just shifted

Victor Matheson, Professor, Economics, College of the Holy Cross and Brad R. Humphreys, Professor, Economics, University of Alberta, "The House that Taxpayers Built: Stadiums, Speech, and Public Funding: PILOTs and Public Policy: Steering Through the Economic Ramifications," VILLANOVA SPORTS & ENTERTAINMENT LAW JOURNAL v. 16, 2009, p. 285-286.
Among the most abused and commonly cited justifications from subsidy-seekers is the claim of tangible economic benefit of construction jobs created during stadium construction projects. This justification is commonly used due to its apparent self-evidence. One has to simply drive by a construction site and observe workers busy at work to confirm these claims of economic benefits in the community. This view, however, is overly simplistic and does not identify the true value of these projects. Determining the actual net economic benefit generated by sports stadium construction projects requires calculating the number of jobs that are created or improved that would not have otherwise been in the absence of the project. Moreover, it requires considering how many of the workers filling those jobs would have been unemployed if the project had not taken place. According to economic theory, only this small subset of the total number of jobs created by a stadium construction project can be counted as part of the economic impact of the project. Calculating this number cannot be accomplished by a simple inspection of the construction site, and assuming that every worker observed on the job site represents new economic benefit to the local economy is erroneous.

12. Any jobs created come at a very high cost

Garrett Johnson, J.D. Candidate, "The Economic Impact of New Stadiums and Arenas on Cities," UNIVERSITY OF DENVER SPORTS & ENTERTAINMENT LAW JOURNAL, 2011, p. 16.
Not only is it rare for many new jobs to be created from building a new stadium or arena, it can also be extremely expensive for taxpayers. In July 1990, the Arizona state legislature authorized the construction of a retractable roof stadium for the expansion Arizona Diamondbacks. The Arizona Office of Sports Development commissioned Deloitte & Touche to conduct a study to estimate the total number of full-time jobs that would be created by the team being in town. The firm concluded that only 340 jobs would be created and that each job would cost the taxpayers of Arizona approximately $ 705,800.

Subsidies Undesirable: Answers to "Mega-Events"

1. Claims of the value of "mega-events" are highly exaggerated

Robert A. Baade, Department of Economics and Business, Lake Forest College and Victor A. Matheson, Department of Economics, College of the Holy Cross," Financing Professional Sports Facilities," WORKING PAPER SERIES n. 11-02, North American Association of Sports Economists, 1—11, p. 9-10.
Of course, as noted by Baade, Baumann, and Matheson (2008), "leagues, team owners, and event organizers have a strong incentive to provide economic impact numbers that are as large as possible in order to justify heavy public subsidies." Sports leagues frequently utilize rosy economic impact statements and dangle mega-events such as the Super Bowl and baseball's All-Star Game in front of cities in order to encourage otherwise reluctant city officials and taxpayers to provide significant public funding for new stadiums to the benefit of existing owners. Unfortunately, the methodology used to formulate estimates of economic impact is fatally flawed, resulting in a consistent bias toward large, but unrealized, impacts. Economic impact predictions are done in a reasonably straight-forward fashion. In the case of either an event or a franchise, the total number of visitors to the event or the team is estimated along with an average level of spending for each sports fan. The number of

2. Hosting mega-events like the Super Bowl offers no appreciable economic benefit

Dennis Coates, Department of Economics, University of Maryland Baltimore County and Brad R. Humphries, Department of Economics, University of Alberta, "Do Economists Reach a Conclusion on Subsidies for Sports Franchises, Stadiums, and Mega-Events?" ECON JOURNAL WATCH v. 5 n. 3, Spring 2008, pp. 294-315, p. 309.
Porter (1999) may have been the first academic economist to carefully examine the effects of Super Bowls on local communities. His evidence, based on an analysis of Super Bowls in Florida and Arizona, indicated that hosting the Super Bowl had no detectable impact on the taxable sales of the host city. As previously mentioned, Coates and Humphreys (2002) also found no effect of hosting a Super Bowl on the level of real per capita personal income in a metropolitan area. Baade, Baumann, and Matheson (2008) examined taxable sales in Miami, Tampa, and Orlando, Florida for the effects of hosting Super Bowls and All-Star Games, and having local teams participate in the World Series or other league championships. The only event to have a consistent effect on taxable sales during their time period, 1980 through 2005, was Hurricane Andrew. The sporting mega-events had little effect on taxable sales, but on average may have reduced the sales.

Subsidies Undesirable: Answers to "Multiplier Effect"

1. There are few economic benefits—multipliers are very low

David Coates, Associate Professor and Brad R. Humphreys, Assistant Professor, Economics, University of Maryland Baltimore County, "The Stadium Gambit and Local Economic Development," REGULATION v. 23 n. 2, Summer 2000, pp. 15-20-, p. 17.

The Mythical Multiplier The methodology used by impact studies has been criticized on a variety of grounds. All impact studies use multipliers to estimate the effect of each dollar spent directly on sports on the wider local economy. Critics argue that at best the multipliers used in prospective impact studies overstate the contribution that professional sports make to an area's economy because they fail to differentiate between net and gross spending and the effects of taxes. In computing the benefits of the investment in a stadium, the appropriate focus is on net benefits, that is, on benefits that would not have occurred in the absence of the stadium. Impact studies rarely consider this issue. One could think of this concern as the substitution effect. Specifically, because of sport- and stadium-related activities, other spending declines as people substitute spending on one for spending on the other. If the stadium simply displaces dollar- for-dollar spending that would have occurred otherwise, then there are no net benefits generated. To consider the spending on stadium- and sport-related activities as all benefits is, therefore, to widely overstate the value of the investment. A key issue for getting the right sense of the value of the stadium investment is, consequently, how much of stadium- related spending substitutes for otherwise intended spending and how much is net gain in spending. An important question related to the size of these substitution effects, and on the appropriate size of sports spending multipliers, is the size of the relevant geographic area. A stadium or arena will have more added effects on a very narrowly defined community than on a largely encompassing community. The reason for this is that the more narrowly the host community is defined, the more of the spending at the stadium and the nearby restaurants, bars, and hotels will come from outside the community. However, that spending will come largely at the expense of the home communities of the fans that travel into the stadium from outlying areas. The substitution effect for the broadly defined area is quite large, but for the narrowly defined stadium community it is much smaller. What this points out is that stadiums and sports teams may be a tool for redistributing income in which the people from suburbs subsidize businesses in the city.

2. Stadiums do not provide a meaningful economic return—only substitute for other entertainment spending, have a very weak multiplier effect

Garrett Johnson, J.D. Candidate, "The Economic Impact of New Stadiums and Arenas on Cities," UNIVERSITY OF DENVER SPORTS & ENTERTAINMENT LAW JOURNAL, 2011, p. 14-15.

Scholars give several reasons why economic development will not occur as a result of having a professional franchise or building a new stadium/arena. The first is that consumer spending on professional sports is by and large a substitute for spending on other entertainment related activities. Because of this, there is not a great deal of new spend-ing or income produced. A second explanation given is that there is a relatively small multiplier effect concerning spending at sporting events. The money spent at these venues typically goes towards the salaries for players, many of whom only live in the host city during the season. Studies show that wealthy individuals spend a smaller fraction of their income than individuals with less money, and much of the spending by professional athletes occurs in places other than the city in which they earned it. A final reason given by scholars is that stadium subsidies tend to reduce the net spending spawned by construction of a new facility. Imposing new taxes can cause the economy to run less efficiently and may actually reduce the number of visits by tourists or visiting fans if taxes on hotels or rental cars become too excessive.

3. Economic gains are small—stadium spending has a weak multiplier effect

Dennis Coates, Professor, Economics, University of Maryland, Baltimore County, "A Closer Look at Subsidies," THE AMERICAN, 4—29—08, www.american.com/archive/2008/april-04-08/a-closer-look-at-stadium-subsidies, accessed 8-19-14.

Second, compared to the alternative goods and services that sports fans may purchase, spending related to stadium attendance has a relatively small multiplier effect. This is because spending at the stadium translates into salaries for wealthy athletes, many of whom live outside the city where they play. High-income individuals generally spend a smaller fraction of their income than low- and middle-income people—and much of the spending professional athletes do occurs in a different community than where they earned it. So the money paid to players does not circulate as widely or abundantly as it would were it paid to people with less wealth and more attachment to the city.

Subsidies Undesirable: Answers to "Studies Prove"

1. Studies supporting stadium subsidies are wrong—many methodological errors

Charles P. Rock, Professor, Economics, Rollins College, "The Case Against Public Subsidies for a New Florida Marlins Stadium," POLICY REPORT n. 31, 4—01, James Madison Institute, p. 8-9.
The Noll and Zimbalist (1997) volume of papers by several specialists in economics and professional sports teams comes to an even more damaging conclusion: "The studies in this volume uniformly conclude that metropolitan and central city economic development is not likely to be affected by a sports team or facility" (p. 496). If this is reality, then how can the hired consultants of teams trying to influence politicians to vote for subsidies come to such diametrically opposite conclusions that show all sorts of economic benefits due to new stadiums? They engage, almost systematically, in miscalculating several benefits and costs and methodologically commit several errors that bias their results in their own (or their employers') favor. First, they "confuse new spending with spending that is diverted from other local activities." Second, they "attribute all spending by out of town visitors to the sports team regardless of the motive for the visit." Third, "They overestimate the multiplier by ignoring crucial characteristics of sports spending." Fourth, "They apply this inflated multiplier to gross spending, rather than local value added." Fifth, "They omit the negative effects from the taxation that is used to finance construction and operating deficits of the facilities." Sixth, when the studies try to go beyond seat-of-the-pants estimates and engage in basic cost-benefit analyses, the errors become even more serious. For example, "some assume that the site has zero opportunity cost or that a stadium does not impose additional security, infrastructural, or environmental costs on the city." The most recent, systematic, and in-depth study of the effects of sports facilities on urban redevelopment also reaches a pessimistic conclusion: there is little measurable impact, and some results are actually negative. "By themselves, sports teams are not economic engines; they have too few employees and involve too few direct dollars to be a driving force in any city or county's economy."

2. Studies purporting job effects are flawed—methodological errors

Dennis Coates, Professor, Economics, University of Maryland, Baltimore County, "A Closer Look at Subsidies," THE AMERICAN, 4—29—08, www.american.com/archive/2008/april-04-08/a-closer-look-at-stadium-subsidies, accessed 8-19-14.
The typical economic impact study gathers data on all aspects of spending related to a stadium, including the money spent to build it and the money spent by fans in connection with the stadium (including on tickets, at restaurants, and at hotels). The impact of this spending ripples outward into other areas of the economy through a multiplier. By linking spending to employment, the study then calculates how many jobs a stadium has created. It does not perform a cost-benefit analysis, which would address the opportunity costs of raising taxes to pay for a stadium and consider alternative uses of those funds. Academic researchers have examined the prospective economic impact studies and found a variety of methodological errors in them, all of which raise doubts about the magnitude of the predicted spending and job increases. Other scholars use data from multiple years before and after stadium construction to measure the impact of the stadium. These ex post studies reject stadium subsidies as an effective tool for generating local economic development.

Subsidies Undesirable: Answers to "Tax Revenues"

1. There is very little evidence for jobs or revenue claims

Garrett Johnson, J.D. Candidate, "The Economic Impact of New Stadiums and Arenas on Cities," UNIVERSITY OF DENVER SPORTS & ENTERTAINMENT LAW JOURNAL, 2011, p. 15-16.
Politicians first cite the increase in jobs that will be created by building a stadium or arena to house a professional franchise. The theory goes that new facilities will bring people to the area around the stadium where they will ultimately spend their money on food, lodging, souvenirs, etc. Thus, this demand will increase the need for lower in-come and part-time jobs such as waitresses, hotel staff, and sales associates. However, scholars are quick to rebut this by citing the lack of evidence over the past twenty-five years, showing that a professional franchise in a city leads to a substantial increase in new jobs. They also point out that the increase in demand will only be minimal and that most of the created jobs are indeed part-time, and not full-time employment since professional sports are seasonal. If a football stadium is used strictly for football games and is not a multi-purpose facility, then it might not be used more than fifty hours a year. Additionally, the owners, administrators, and players usually receive most of the revenue produced from spending on sports events. If players and owners only live in the city during the season, there can actually be a decrease in net spending and in theory job losses in the service and trade sectors.

2. Teams are increasingly monopolizing all of the revenue streams from new stadiums

Marc Edelman, Visiting Assistant Professor, Law, Rutgers University, "Sports and the City: How to Curb Professional Sports Teams' Demands for Free Public Stadiums," RUTGERS JOURNAL OF LAW & PUBLIC POLICY v. 6, Fall 2008, p. 44-45.
In addition, the number of new facilities that sports teams are demanding is also rising. From 1950 to 1959, sports teams moved into only seven new sports facilities, as compared to twenty-one from 1960 to 1969, twenty-five from 1970 to 1979, fourteen from 1980 to 1989, thirty-two from 1990 to 1998, and already more than forty since 1999. A significant percentage of the increase in new stadiums built over the past decade is attributable to baseball and football teams, which once shared community stadiums, beginning to demand their own separate facilities. Another component of the increase is based on teams with greater frequency declaring their facilities obsolete. For example, in 2002, owners of the Spurs basketball team demanded that the city of San Antonio build them a new public arena, even though their current arena was just ten years old. 6 Finally, in recent years, teams have even begun to negotiate the right to keep sports facilities' non-sports related revenues. For instance, when the State of Maryland in 1998 built its new state-of-the art football stadium for the Baltimore Ravens, Maryland agreed to provide the Ravens' ownership with rights to all of the stadium's revenues, including those derived from rock concerts held during the NFL off-season. Similarly, in Miami-Dade County's recent stadium agreement with Marlins ownership, the county agreed to provide the Marlins owners with 100% of all non-baseball related revenues, including revenues from rock concerts, other sporting events, and even the sale of the stadium's naming rights. In sum, these three trends have created "such a confusion of interests [that] ordinary tax payers are now expected to subsidize the already immense wealth of . . . an indescribably small number of owners." In other words, subsidized sports stadiums have gone from being an exception in the world of professional sports to something far closer to the rule.

Subsidies Undesirable: Answers to "Wage Gains"

1. Any wage gains in the entertainment sector are off-set by losses in other areas

Dennis Coates, Department of Economics, University of Maryland Baltimore County and Brad R. Humphries, Department of Economics, University of Alberta, "Do Economists Reach a Conclusion on Subsidies for Sports Franchises, Stadiums, and Mega-Events?" ECON JOURNAL WATCH v. 5 n. 3, Spring 2008, pp. 294-315, p. 305.
Coates and Humphreys (2003) used the same approach as in their earlier work, but used the analysis to explain wages and employment in two sectors of the economy that are closely linked to activities in stadiums and arenas: the services and retail sectors. The services sector includes both hotels and amusements and recreation as sub-sectors, while the retail sector includes eating and drinking establishments. By looking at employment and earnings in these sectors rather than in the metropolitan area, their analysis is focused where sports-led development advocates contend much of the impact will be. Coates and Humphreys' (2003) evidence suggests that positive effects in earnings per employee in one sector, Amusements and Recreation, are counterbalanced by negative effects on both earnings and employment in other sectors. Their evidence also suggests that professional sports reduce real per capita income in cities both because of substitution effects, where private expenditures are switched between sectors of the economy but are not increased, and in the creation of relatively low paying jobs.

2. Data from strikes proves that sports franchises do not affect overall income/wages

Dennis Coates, Department of Economics, University of Maryland Baltimore County and Brad R. Humphries, Department of Economics, University of Alberta, "Do Economists Reach a Conclusion on Subsidies for Sports Franchises, Stadiums, and Mega-Events?" ECON JOURNAL WATCH v. 5 n. 3, Spring 2008, pp. 294-315, p. 304-305.
Coates and Humphreys (2001) used sports strikes as a natural experiment to test for an economic impact of professional sports on the level of income per capita in urban areas. The paper used the vector of "sports environment variables" from Coates and Humphreys (1999) and augmented this with indicator variables for five work stoppages in the NFL and MLB during the sample period. Work stoppages in professional sports leagues are useful for analyzing the economic impact of professional sports franchises because they represent periods when there are no sporting events to draw outside visitors to a city, the primary driver of economic impact in promotional economic impact studies, and they are unexpected, infrequent events. Coates and Humphreys found that real income per capita in metropolitan areas did not fall during work stoppages in professional sports leagues, supporting the emerging consensus in the literature that professional sports has no tangible economic impact on local economies.