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Commentary: Super Bowl's Mercedes-Benz Stadium Has That New-Subsidy Smell.

Sunday's Super Bowl, a rematch 17 years in the making, harkens back to a thrilling 2002 title game between Tom Brady's underdog New England Patriots and the high-flying St. Louis (now-Los Angeles) Rams. But the host of this year's game, Atlanta's sparkling new Mercedes-Benz Stadium, reminds us of something less thrilling: the \$1 billion or so that politicians give away in unnecessary public handouts to professional sports every year.

The \$1.6 billion stadium was underwritten by \$248 million in local bonds. Once taxpayers pay those off, they'll then write the NFL's Atlanta Falcons an annual check for stadium operations and upkeep. Our calculations suggest taxpayers will pay around \$1.02 billion over the course of the deal. Combined with \$77 million in sales tax rebates, infrastructure investments, and city-provided land, locals could be on the hook for over five times the initial \$200 million estimate.

The story is the same in most other sports cities. And like other sports teams, the Falcons rake in buckets of money: corporate sponsorships (\$900 million) and personal seat licenses (\$267 million) could have paid for 75 percent of the stadium cost alone, not to mention annual revenue from season ticket sales (\$550 to \$3,850 per ticket), TV revenue and merchandise licensing (\$256 million), stadium concessions, and other events held in the stadium.

There are only so many tax dollars to go around. Misspending them to enhance sports industry profits means that public services must be cut, taxes have to be higher, or both. Atlanta will spend about as much on the stadium as it would cost to employ an additional 300 Atlanta police officers or educate 2,900 public school students for 30 years.

Perhaps even worse, Americans from coast to coast share the burden. The income that lenders earn on the municipal bonds typically used to finance stadium construction is exempt from federal income taxes. That means the rest of us have to pay higher taxes (or see the federal deficit climb even higher) to make up for the shortfall.

A tax exemption for stadium subsidies may sound like small potatoes, but Brookings Institution researchers estimated the loophole was responsible for \$3.7 billion in lost federal revenue between 2000 and 2014. President Obama tried to end it, as did House Republicans in last year's tax reform, but the sports industry won each time.

Lately there have been encouraging examples of taxpayers and principled political leaders standing up to the sports industry. Last fall local citizen groups in Austin and Seattle gathered signatures to force public referenda that would require popular votes on future stadium subsidies — which is meaningful, since 70 percent of Americans say they're against giving money to sports teams.

Meanwhile, a group of Atlanta taxpayers are challenging another tax exemption. Their lawsuit argues that even though the Falcons' stadium is built on publicly owned land, the fact that the team controls all events and revenue it generates means it should pay local property taxes. That could amount to \$700 million over 30 years.

And in the Washington, D.C. area, Virginia Delegate Michael Weibert has for the past two years partnered with Maryland Delegate David Moon and D.C. Council member David Grosso to advance perhaps the best idea of all: an “interstate compact” that would prohibit subsidies for a new Washington Redskins stadium. This would prevent their three governments from engaging in a taxpayer-funded bidding war to attract the team.

If all 50 states were to sign on to a similar agreement, we could permanently end the subsidy war for sports teams. As a bonus, it would eliminate a major reason that leagues restrict the number of teams, so new franchises could expand into more cities.

Fans may be excited to experience the Super Bowl at Atlanta’s new state-of-the-art facility, but they should remember that the money that subsidizes stadiums could go to much better purposes. Sunday’s spectacle will show yet again that the NFL doesn’t need — or deserve — public money.

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Jan 28, 2019 Updated Jan 28, 2019

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