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Study Shows Stadiums and Arenas Received $3.2B in Federal Tax Breaks.

A new study from the Brookings Institution, which looked at 45 stadiums and arenas in the four major sports leagues that have been built or renovated in that time, reveals the those stadiums and arenas received $3.2 billion in federal tax breaks.

Those stadiums were financed in part with municipal bonds, which are issued by local governments. Interest on those bonds is exempt from federal taxes. Brookings calculates that the federal government lost $3.2 billion in tax revenue – and $3.7 billion if you count the windfall that high-income bondholders get.

Yankee Stadium, which opened in 2009 and cost $2.5 billion to build, topped the list of those entities getting the tax breaks. It received a federal subsidy of $431 million, and the federal government lost a total of $492 million in possible revenue.

The NFL has built or renovated 13 stadiums using tax-exempt bonds since 2000. Major League Baseball has used bonds for 12 stadiums. The NBA has built seven arenas with them, and the NHL has built four.

Brookings says that stadiums and arenas provide few economic benefits – undercutting a main argument that teams use to persuade cities to finance stadiums.

Because the tax breaks are federal, taxpayers in other states helped fund construction of the stadiums and arenas in other parts of the country. That means that people who live near teams are paying for stadium construction whether they're fans or not.

In order to qualify for federal tax exemption, cities and states can pay back only 10% of the bonds with money that comes from the stadium, such as ticket sales or the rent that the team pays to use the stadium.

Stadiums were largely built without federal funding until 1953. When baseball's Boston Braves moved to Milwaukee, they received a new publicly funded stadium. Using federal money for construction became a trend, despite attempts by Congress to stop it.

More on the effort to build a 65,000-seat Las Vegas-area stadium to house the proposed LV Raiders in Tuesday's print edition and on line at GamingToday.com.

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by Robert Mann

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