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Prospects of Sports Stadium Financing in the U.S.

The use of tax-exempt municipal debt for the construction of sporting facilities has been a very common practice amongst many government entities. The commonly held belief amongst many politicians (who often decide on the governmental subsidies for these infrastructures) and their constituents is that big sporting infrastructure construction has a substantial positive impact on local economies.

However, there have been many counter-arguments stating the opposite and arguing against the governmental subsidies to construct sporting venues. In the Tax Reform Act of 1986, there were propositions introduced to limit the use of public funding for sporting stadiums, because unlike other publicly funded infrastructures (roads, water and wastewater infrastructures, bridges, and so on,) sporting facilities provide benefit to a small number of people. Even under President Obama's administration, there were proposals that were brought forward on the use of tax-exempt bonds for stadium construction – eventually they were rejected by the Congress.

In this article, we'll take a closer look at the governmental subsidies for the construction of sports stadiums, their net impact on local economies and whether this type of municipal debt is worth holding or adding on to your investment portfolio.

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