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Munis for Pro-Sports Stadiums Would Lose Tax Exemption in House Bill.

- **Legislation introduced this month by three House Democrats**
- **'Much-needed public funding' not needed for pro venues**

Democratic Congress members Don Beyer, Earl Blumenauer and Jackie Speier have introduced a bill that would end the tax-exempt status for new sales of municipal bonds that finance professional sports stadiums.

The legislation, proposed this month and called the "No Tax Subsidies for Stadiums Act of 2022," says that any bonds sold to finance or refinance capital expenditures for a facility that's used for professional sports games or practices wouldn't be eligible for tax-exemption, a key feature of most municipal bond sales.

Stadium bonds are a controversial corner of the \$4 trillion municipal market, where states and cities raise money to finance infrastructure projects. For years, local governments have vied with each other to lure professional teams with both lucrative subsidies and low-cost borrowing. Because the income earned from investing in most municipal bonds is often exempt from federal and state taxes, they typically pay a lower yield than taxable securities, reducing issuers' financing costs.

The sponsors of the legislation say that benefit shouldn't extend to professional sports facilities.

"This issue comes down to communities being held hostage," Blumenauer, a representative from Oregon, said in a press release. "The NFL and these other sports leagues are a money-making machine that are rich enough to build their own facilities, and we don't need to divert much-needed public funding to these projects. Let's instead focus on spending our tax dollars on creating communities where all of our families can thrive."

In the press release, Speier, a representative from California, put the proposal in the context of allegations of sexual harassment against Daniel Snyder, owner of the NFL's Washington Commanders. The team played the last two seasons as the Washington Football Team after dropping the racial-slur Redskins title in 2020. Beyer is a representative from Virginia, where there's bipartisan backing in the state legislature for an effort to build a stadium for the team.

"Taxpayers-subsidized municipal bonds should no longer be a reward for the Washington Commanders and other teams that continue to operate workplaces that are dens of sexual harassment and sexual abuse," Speier said.

The Washington Post reported on the three representatives' proposal earlier.

Bloomberg Markets

By Danielle Moran

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— *With assistance by Amanda Albright*

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