[Bond Case Briefs]

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[Lawmakers Target Sports Stadium Tax Breaks.]

Three House Democrats reintroduced a bill last week that would eliminate public subsidies for the construction of professional sports stadiums.

Why it matters: Since 2000, 43 professional stadiums have been at least partially funded using $16.7 billion worth of such tax-exempt bonds, costing the federal government $4.3 billion in lost tax revenue, per a [2020 study] in the National Tax Journal.

The backdrop: Washington Commanders owner Dan Snyder is looking to build a new stadium soon, and Reps. Don Beyer (D-Va.), Jackie Speier (D-Calif.) and Earl Blumenauer (D-Ore.) hope the shared rancor over Snyder's misdeeds will help their bill succeed where similar legislation has failed.

> *"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 abuse."*
> *— Speier*

Between the lines: This bill aims to reverse the "10% loophole," which was born from the 1986 Tax Reform Act.

How it works: A team wants to build a new stadium, so it reaches a deal with the local government: issue a bond for residents to buy, and give us the money for construction.

The loophole: If the government agrees to take less than 10% of the stadium's annual revenue, the bond is exempt from taxes (i.e. bond-holders don't need to pay federal tax on income earned from the bond).

The fallout: The government still needs to pay out dividends, and if it can't use revenue earned through the stadium, it must find that money elsewhere — often through raising taxes, finding a surplus or diverting funds earmarked for other projects.

The big picture: The logic behind these subsidies is that new sports venues act as economic anchors, but "arguments that stadiums boost job creation have been repeatedly discredited," said Beyer, whose claims are backed up by numerous reports.

Axios

by Jeff Tracy

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