FIELDS OF FAILURE: THE SCANDAL OF TAXPAYER FUNDED STADIUMS

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CITIZENS AGAINST GOVERNMENT WASTE

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Fields of Failure: The Scandal of Taxpayer Funded Stadiums

Introduction

From time immemorial, people have gathered to watch and participate in sporting events. As early as 776 BC, Greek city-states sent their best athletes to compete every four years in a series of athletic events to honor the gods at Olympia, which inspired the modern-day Olympics that began in 1896. Today, people around the world continue to gather to see their local and national teams across many sports face off against their rivals. These teams help provide everyone across a country or in a small town with a way to come together and form civic bonds.

The impacts of sports teams often transcend the games themselves. Following the Boston Marathon Bombing in 2013, the people of Boston rallied around the success of the hometown Major League Baseball (MLB) Boston Red Sox when the team won the World Series. Similarly, the people of Houston found hope in the Houston Astros when the franchise won its first World Series just months after the city was devastated by Hurricane Harvey in September 2017. Fans also create bonds that go beyond where they reside. For example, supporters of the National Football League's (NFL) Buffalo Bills have formed a tight knit "Bills Mafia" that travels around the country to support the team. And dedicated fans for baseball, basketball, and hockey teams in New York sometimes outnumber the hometown fans in arenas and stadiums in other cities where they live across the country.

Unfortunately, aside from instilling civic pride, sports teams have become a detriment to taxpayers in many places. Recognizing the power they have over local communities, team owners and league leaders have sought to use their positions to force local residents to finance the construction of the stadiums in which their teams play. According to a December 22, 2022, CNBC report, since 2000, publicly constructed facilities have cost taxpayers more than $43.1 billion.[1] Stadium subsidies are so pervasive that a blog, "Field of Schemes," was created in 1998 to examine and publicize how approximately $2 billion annually is provided in public subsidies for new professional sports facilities.[2] Team owners and elected officials have long justified this substantial use of the taxpayer's money with claims that they would lead to increased economic growth and development. Many studies, however, show that publicly funded stadium projects provide little to no economic benefits to local communities.

Citizens Against Government Waste has long argued that taxpayer funded stadiums have become a scourge on the nation, costing taxpayers billions of dollars each year in new expenses and lost tax revenues. But with the exposure and publicity of these issues come opportunities for reform. Proposals range from changes to the tax code to greater civic participation to increased accountability to voter input on stadium financing. Without such changes, taxpayers across the country will continue to subsidize billionaire team owners and some of the richest sports leagues in the world while fans watch their beloved hometown teams leave town at the whims of owners seeking a better deal. While no one is suggesting that teams can never move from one location to another, steps should be taken to help protect taxpayers from being forced to cover bad investments.

[1] Darren Geeter, "Taxpayers are paying billions for the renovations and construction of NFL stadiums. Here's How," CNBC, December 22, 2022, https://www.cnbc.com/2022/12/22/taxpayers-are-paying-billions-for-nfl-stadiums-heres-how.html.
[2] *fieldofschemes.com*, "About," https://www.fieldofschemes.com/about/.

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History

Professional sports first gained popularity in the United States with the rise of professional baseball in the mid-19th century and the birth of American football near the end of the century. Yet, publicly funded professional sports stadiums did not become common until decades later. Before 1953, only three professional sports stadiums were constructed using public assistance. These facilities—the Los Angeles Coliseum and Chicago's Soldier Field, both completed in 1923, and Cleveland's Municipal Stadium, which opened in 1931—were constructed to lure the Olympic Games to their respective cities.[3] However, ever since the city of Milwaukee enticed the Boston Braves to move west with the promise of a publicly funded stadium in 1953, public financing has become the rule, rather than the exception.

The foundation for today's subsidies was laid when the federal income tax was first adopted in 1913. The statute excluded the interest earned on state and local bonds from the tax code. This exemption has allowed state and local governments to sell bonds to pay for projects without paying federal taxes that would add to the cost. When cities and states provide financing for professional stadiums, they often use public bond sales, allowing them to build new facilities at the taxpayers' expense without the additional interest earned on the bond revenues being taxed.

The increased use of tax-exempt bonds to pay for sports facilities has led to numerous efforts to reform the tax code and remove the exemption for certain public bonds. The most prominent reform came in the Tax Reform Act of 1986. Under the Act, in order to qualify for a tax exemption, a bond must cover a significant part of the cost of a project, like stadium construction, and be paid for through tax revenues unconnected to that project. In theory, the reform would disincentivize the use of tax-exempt bonds because it would increase the amount of money that state and local governments would have to pay to qualify for the bond and they would have to turn instead to new taxes to cover the bonds. In practice, lawmakers have willingly supported higher bonds and implemented targeted taxes to pay for the new stadiums, nullifying the intent of the Tax Reform Act.

Milwaukee's successful efforts to coax the Braves into leaving Boston became the standard for other cities to follow. Over the ensuing decades, other cities began offering subsidies to teams to persuade them to move. Team owners and sports leagues began to play incumbent cities against potentially new locations, forcing them to bid against each other to fund the construction of new stadiums. For example, in 2021, within months of reports that the Buffalo Bills were considering a move from upstate New York to Austin, Texas, the team secured a record $850 million for a new stadium after Governor Kathy Hochul (D), who was born in Buffalo, pushed the funding through the state legislature.[4]

As part of an effort to make taxpayer subsidies more palatable, stadium facility construction is being tied to projects like building new retail, housing, and infrastructure

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[3] Ted Gayer, Austin J. Drukker, and Alexander K. Gold, "Tax-Exempt Municipal Bonds and the Financing of Professional Sports Stadiums," Brookings Institute, September 8, 2016, p. 6, https://www.brookings.edu/research/why-the-federal-government-should-stop-spending-billions-on-private-sports-stadiums/#revenue-loss.

[4] David Lazar, "Bills threatening to move to Austin amid Buffalo stadium talks," *New York Post,* August 3, 2021, https://nypost.com/2021/08/03/bills-threatening-to-move-to-austin-amid-buffalo-stadium-talks/.

improvements. In 2022, both houses of the Virginia legislature passed bills that would have provided public support of up to $1 billion for the construction of a stadium and retail facility to help convince the NFL's Washington Commanders to move from their current home in Landover, Maryland to a location in Virginia.[5] After purchasing land in Arlington Heights, Illinois, the NFL's Chicago Bears released a plan for a proposed stadium that would include 326 acres of retail, housing, and entertainment space instead of upgrading Soldier Field, which was built in 1924 and last renovated in 2003.[6]

Finally, talks are underway for the construction of a replacement of the RingCentral Coliseum, current home of the MLB's Oakland Athletics, to help prevent them from moving to Las Vegas, Nevada, where the NFL's Raiders play after leaving Oakland in 2020. The discussions have centered on a demand from the team that taxpayers foot the bill for $1 billion in infrastructure improvements around the preferred new site. The inclusion of facilities and infrastructure beyond the stadium itself will substantially increase the cost of those projects for taxpayers.

A study of the cost of the most expensive sports stadiums found that 10 of the 30 most costly venues were constructed during or after 2017.[7] As franchise owners demand ever more extravagant facilities, often in conjunction with housing, retail, and infrastructure improvements, the cost of stadiums will continue to rise in the years to come. Without reforms, including changes to the use of tax-exempt bonds, the cost to taxpayers will increase as well.

The Pitfalls of Stadium Subsidies

Contrary to claims that stadiums generate additional revenue or create new jobs, study after study has found that the construction of a new athletic facility has little to no positive impact on local economies. One economist estimated that the contribution of a professional baseball team is similar to that of a "mid-sized department store," while a professional football franchise "has even less" of an economic impact.[8] Some studies found that publicly funded stadium projects have a detrimental economic impact on the surrounding area.[9] The negative impact is magnified when municipalities choose to spend money on a stadium rather than public needs.

The most common argument in favor of taxpayer subsidized facilities is the promise of economic growth where they will be built. But spending at or near stadiums is subject to the "substitution effect."[10] Outside of major events, stadium seats are usually filled with

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[5] Mike DePrisco, "VA legislature passes bills for Commanders stadium project," February 16, 2022, NBC Sports, https://www.nbcsports.com/washington/commanders/virginia-state-legislature-passes-bills-commanders-stadium-project.
[6] NBC Chicago, "What Would Bears' Stadium Complex in Arlington Heights Look Like? These Renderings Give an Idea," November 11, 2022, https://www.nbcchicago.com/news/local/what-would-bears-stadium-complex-in-arlington-heights-look-like-these-renderings-give-an-idea/2994285/.
[7] Zachary Philips, "New report ranks the 30 most expensive sports venues," *Construction Dive*, March 2, 2021, https://www.constructiondive.com/news/new-report-ranks-the-30-most-expensive-sports-venues/595739/.
[8] Mark Scheer, "Little economic benefit from new stadium," *Investigative Post*, December 13, 2021, https://www.investigativepost.org/2021/12/13/little-economic-benefit-from-new-stadium/.
[9] Michael Farren, "The Hidden Costs of Stadium Subsidies," *Medium*, May 18, 2017, https://medium.com/concentrated-benefits/the-hidden-costs-of-stadium-subsidies-fbc079f335f3.
[10] John Siegfried and Andrew Zimbalist, "The Economics of Sports Facilities and Their Communities," *Journal of Economic Perspectives* Vol. 14, No. 3.

predominantly local residents. When city residents choose to attend an event at a stadium, they shift their spending from one area to another. For a stadium to generate new revenue in a given area, event attendees would have to continue other spending at the same level as they do outside of the spending on the event. Unfortunately for subsidy proponents, this does not happen. Event attendees will usually reduce other discretionary spending to offset the extra funds needed to attend the occasional sporting event.

A September 2016 Brookings Institute study supported the substitution effect by finding that, "any economic activity generated while attending a game, will largely if not entirely be offset by reduced spending on other local leisure activities."[11] When cities play host to major sporting events, many businesses see a decline in revenue because local residents choose to avoid the extra traffic and activity they provide. For example, after Super Bowl 50, restaurant owners in San Francisco reported "a 40 to 50 percent reduction in reservations and services."[12] Instead of bringing in additional patrons, the Super Bowl drove patrons away, costing business owners money.

The construction of retail and housing facilities near stadiums has a similar economic impact. Building retail or housing facilities near a stadium pulls businesses and residents from one part of a metro area to the stadium neighborhood. When consumers begin to spend at the businesses constructed in conjunction with a stadium or arena, they will necessarily spend less money at similar businesses in the surrounding area. Consequently, those other businesses will lose customers and may have to cut employees or close shop. Instead of boosting jobs and spending for an entire city or region, a stadium project built with a significant retail portion leads to no net change in jobs and income at best, while unnecessarily costing all taxpayers money.

Some stadium advocates also claim that new stadium facilities will lead to higher property values, and, subsequently, higher property tax revenues. An examination of the impact of the construction of Truist Park, home of the MLB's Atlanta Braves, calls this claim into question.

Before construction began in 2014, Cobb County, Georgia leaders argued that the new facility would bring increased economic activity and tax revenue to the area. Cobb County Board of Commissioners Chairman Tim Lee went as far as to declare the proposal "a home run for Cobb County."[13] Notably, the construction of Truist Park also included a mixed-use development that some team owners have pointed to as part of the future of stadium construction, making it an ideal model for examination. The development not only failed to generate "significant increases in economy activity," but also failed to produce higher property values in Cobb County.[14] The lack of higher property assessments undermines claims of

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[11] Gayer, et al., p. 5.
[12] Rick Paulas, "Sports Stadiums Are a Bad Deal for Cities," *The Atlantic*, November 21, 2018, https://www.theatlantic.com/technology/archive/2018/11/sports-stadiums-can-be-bad-cities/576334/.
[13] Dan Klepal, "Cobb town hall meeting about Braves stadium draws hundreds," *The Atlanta Journal-Constitution*, November 13, 2013, https://www.ajc.com/news/local-govt--politics/cobb-town-hall-meeting-about-braves-stadium-draws-hundreds/bXG2M9eXoYxLW0Zro149KJ/.
[14] John Charles Bradbury, "Does hosting a professional sports team benefit the local community? Evidence from property assessments," *Economics of Governance,* Vol. 23, p. 221, May 27, 2021.

increased property tax revenue and undercuts the assertion that a stadium would lead to higher economic development.

Arguments that domed stadiums can host a variety of events outside of their main sport activities also fall flat upon close examination. A study of major events held at NFL stadiums between 2000 and 2019 found that the average NFL stadium hosted a meager 4.9 non-NFL major events each year.[15] Most of these events, which include soccer matches, college football games, and concerts, fail to fill stadiums to capacity. Other highly attended events like the NCAA Final Four, the College Football Playoff, and the Super Bowl also rotate among different venues each year, thereby limiting the potential to bring in revenue.

Moreover, a city's chances of hosting a major event diminish as more cities turn to domed facilities in an effort to draw these major events. Even when a city hosts a major event, it is more likely to lose than make money. In the lead up to events, and during events themselves, local residents and out of town attendees combine to overload public infrastructure, requiring host cities to spend extra money to keep things running smoothly.[16] The added costs of acquiring, running, and cleaning up after major events can negate any economic benefits they may generate.

The lack of economic gains is magnified by the reality of who keeps the profits generated from stadium activities. In most cases, the only return on investments that taxpayers "receive" is from increased taxes put in place to pay for the stadium, which usually target hotels or other segments of the hospitality industry. But this money does not go back to taxpayers or toward improvements to the locality in question, it is used to pay off the bonds used to finance the stadium. And the professional sports teams generally keep profits made from sporting events and naming rights deals for stadiums.

The costs associated with stadiums funded through public bonds do not end at the local or state level. As noted, bonds used to pay for many stadiums are exempt from federal taxes, so municipalities that utilize them pay no federal taxes on revenue raised to pay off the bonds. In practice, this means that taxpayers at the national level will miss out on tax revenue that would otherwise be collected. Subsequently, people who will never attend games at a stadium indirectly foot the bill for its construction. This system has amounted to an estimated $3.2 billion in federal subsidies to stadium projects between 2000 and 2016, with an estimated federal tax revenue loss of $3.7 billion.[17]

The costs to taxpayers is compounded by incessant demands for facilities renovations. Often portrayed as an alternative to the construction of a new facility, renovations allow a stadium or arena to remain in use beyond its original life span. When it comes time to pay for renovations, taxpayers once again foot the bill.

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[15] Jon Styf, "Estimates of non-NFL events such as concerts at proposed Tennessee Titans' stadium likely inflated," *The Center Square*, November 30, 2022, https://www.thecentersquare.com/tennessee/estimates-of-non-nfl-events-such-as-concerts-at-proposed-tennessee-titans-stadium-likely-inflated/article_1377de5c-70e9-11ed-95a9-8fbeb8260197.html?utm_campaign=blox&utm_source=twitter&utm_medium=social.
[16] Tanvi Misra, "The Host City Always Loses the Super Bowl," *Bloomberg*, February 5, 2016, https://www.bloomberg.com/news/articles/2016-02-05/super-bowl-50-already-has-a-loser-san-francisco-taxpayers-and-the-poor.
[17] Gayer, et al., p. 3.

Over time, demands for new or renovated facilities have led to an "arms race" in which teams compete for the best facilities in the country. In some instances, teams can demand taxpayers provide expensive renovations to keep their facilities competitive with the rest of their leagues. So-called "state-of-the-art" clauses require municipalities to provide continued funding for such updates.

Perhaps the most egregious of these commitments is in the lease for the Cincinnati Bengals' Paycor Stadium, formerly known as Paul Brown Stadium. Paraphrasing a clause in the team's lease with Hamilton County, Ohio, "if 14 NFL stadiums have something, then taxpayers must buy the Bengals that thing."[18] As a result, Hamilton County taxpayers are on the hook for any upgrade to the stadium that is made in 14 other NFL stadiums, no matter how expensive it may be or where it may be added. Because the stadium deal was never put directly before taxpayers, they have no say in how their money is spent for the length of the lease and any renewals.

The Buffalo Bills' $850 million deal was preceded by the Las Vegas Raiders' $740 million deal, leading observers to believe that the next deal would hit $1 billion. Right on cue, as noted, Virginia legislators considered but ultimately rejected two bills that would have allocated $1 billion in state bond money to the construction of a new stadium, housing, and retail facility for the Washington Commanders.[19] And the Athletics' deal for a new stadium in Las Vegas may approach $1 billion.[20]

Stadium subsidies have an impact beyond spending substitution and lost tax revenue. Whenever a municipality spends money on the construction of a professional sports facility, it diverts funds from other needs, like infrastructure, public education, and other projects commonly funded by state and local governments. Moreover, publicly funded stadiums continually absorb public resources long after initial construction is completed.

At an October 10, 2007, hearing before the House Committee on Oversight and Government Reform Subcommittee on Domestic Policy, then-Harvard Assistant Professor of Urban Planning Judith Grant Long testified that, initial stadium subsidies are "the tip of the iceberg."[21] Not only do stadium projects take away funding from other areas, but they also require continual public spending on infrastructure and facility improvements over time. This has a significant impact on cities and municipalities that fund stadium projects. Reallocating the money spent on stadiums toward local civic needs, Professor Long told the subcommittee, "would go a long way toward ensuring the effective management, maintenance, and upgrading

[18] Aaron Gordon, "The Stupid Sports Stadium Clause That's Screwing You Over," *Vice*, April 7, 2015, https://www.vice.com/en/article/nzpgxq/the-stupid-sports-stadium-clause-thats-screwing-you-over.

[19] Ryan Lanier, "Virginia Should Think Twice About Building a New Stadium for the Commanders," *The WasteWatcher*, Citizens Against Government Waste, March 4, 2022, https://www.cagw.org/thewastewatcher/virginia-should-think-twice-about-building-new-stadium-commanders.

[20] Mick Akers, "A's Float $1B price tag for Las Vegas stadium, source says," *Las Vegas Review Journal*, May 27, 2021, https://www.reviewjournal.com/sports/baseball/as-float-1b-price-tag-for-las-vegas-stadium-source-says-2363707/.

[21] House Committee on Oversight and Government Reform, Subcommittee on Domestic Policy, "Professional Sports Stadiums: Do They Divert Public Funds from Critical Public Infrastructure?" October 10, 2007, https://www.govinfo.gov/content/pkg/CHRG-110hhrg51756/pdf/CHRG-110hhrg51756.pdf.

of local public infrastructure."[22]

Houston's experience with public stadiums is a prime example of prioritizing subsidies over public needs. Between 2000 and 2011, Houston and Harris County spent a combined $605.5 million in taxpayer funds on the construction of stadiums used by teams in the MLB, NFL, National Basketball Association (NBA), and Major League Soccer (MLS), in addition to hosting an array of other sporting events and concerts.[23]

Six years after the completion of the last stadium, the city experienced heavy flooding from Hurricane Harvey, some of which was caused by the inability of the city's infrastructure to handle the heavy rains. A September 5, 2018, *Washington Post* article noted that, Houston poured hundreds of millions of dollars into professional stadiums while the city's flood prevention infrastructure "continued to erode with little more than a band aid investment" to keep it viable.[24] The choices made by Houston and Harris County's leaders exacerbated the impact of natural disasters on the city's residents.

Despite ample evidence of their negative impact, cities, counties, and states throughout the country continue to invest hundreds of millions of dollars in taxpayer money on professional sports. Among the most baffling facilities completed using public funds is the construction of a major league baseball stadium in a rural Iowa cornfield, paid for in part by taxpayer funds from the American Rescue Plan Act (ARPA), which provided $350 billion to state and local governments across the country for COVID-19 "relief."[25]

Billed as an effort to attract an annual MLB game and attract fans to Dyersville, Iowa, with a population of 4,477, the permanent stadium seeks to tap into lasting enthusiasm for the 1989 Kevin Costner film *Field of Dreams*. In 2021, the MLB constructed a temporary stadium with a regular seating capacity of 3,000 that expands to 8,000 for MLB games to host what some believe will become a somewhat regular "Field of Dreams Game." The larger seating capacity is less than most MLB spring training stadiums and nearly 80 percent greater than the population of Dyersville. MLB games were held at the stadium in 2021 and 2022, but there will not be one in 2023 due to construction of a youth complex at the site.

To help facilitate construction of the stadium, the city of Dubuque, Dubuque County, Travel Dubuque, and the Dyersville Economic Development Corporation created the nonprofit Iowa Ballpark, Inc. Funding for the permanent stadium included $12.5 million from the $100 million Destination Iowa Fund created by Iowa Governor Kim Reynolds (R) with ARPA funds.

Without justifying themselves to taxpayers and giving vague promises of economic gains, it should come as no surprise that Iowa gave the green light to a major league baseball stadium in

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[22] Ibid.
[23] Kevin B. Blackistone, "Houston spent massively on new stadiums, not its aging dams. As Harvey proved, that was a very bad choice," *The Washington Post*, September 5, 2018, https://www.washingtonpost.com/sports/houston-spent-massively-on-new-stadiums-not-its-aging-dams-as-harvey-proved-that-was-a-very-bad-choice/2017/09/05/94d006de-923a-11e7-aace-04b862b2b3f3_story.html.
[24] Ibid.
[25] Kim Norvell, "Iowa's Field of Dreams stadium could host events year-round in Dyersville under $50 million plan," *Des Moines Register*, May 10, 2022, https://www.desmoinesregister.com/story/news/2022/05/09/field-dreams-iowa-2022-game-stadium-permanent-dyersville-movie-site/9703611002/.

a rural Iowa cornfield. The "Field of Dreams" project shows just how out of control the taxpayer funded stadium scam has become.

Solutions

Every level of government is involved in subsidizing stadium construction. The solutions are therefore not going to come solely from Congress, state legislatures, or county and city officials. Taxpayers should be included in reforming the process by which their taxes should be spent on sports facilities, there should be a reconsideration of sports arenas as a public good, and incentives to pour money into these projects should be reduced.

The simplest solution would be to shift the cost of paying for the construction and renovation of professional athletic facilities from taxpayers to private entities and individuals. Several professional league stadiums and arenas built in the past several years have shown that private individuals can finance these projects. SoFi Stadium, home of the NFL's Los Angeles Rams and Chargers, and the host of Super Bowl LVI in 2022, was built without any public funding. Likewise, Steve Ballmer, owner of the NBA's Los Angeles Clippers, is privately financing the construction of the Intuit Dome to house his team beginning in 2024.

And in contrast to the handout to the Las Vegas Raiders and proposed subsidy to move the Oakland Athletics to the same city, the Vegas Golden Knights' T-Mobile Arena was paid for by its owner, Bill Foley. Public money, he said in 2017, is better spent "on firefighters, teachers, and policemen" than professional stadiums.[26] These facilities, among others, show that local and state governments do not need to hand out hundreds of millions of dollars to subsidize the construction of professional athletic stadiums.

Changes in stadium financing are unlikely to occur until public subsidies are made more untenable by reforming the tax code. But past reforms like those included in the Tax Reform Act of 1986 have ended up encouraging local leaders to spend more on stadium bonds, the facilities, and surrounding infrastructure.

Several bills introduced in the 117th Congress aimed to make this goal a reality. H.R. 9151, the Strengthening Public Undertakings for Retaining Sports Act, introduced by Rep. Tony Gonzales (R-Texas), aimed to make it more difficult for teams to threaten to leave a locality unless they received taxpayer subsidized renovations or the construction of a new facility.[27] Despite its intentions, however, this proposal would have invited serious government overreach and failed to bring about the desired change.

H.R. 6806, the No Tax Subsidies for Stadiums Act of 2022, co-sponsored by Reps. Earl Blumenauer (D-Ore.), Jackie Speier (D-Calif.), and Donald S. Beyer (D-Va.) would have amended the tax code to remove any ambiguity about the ability of local governments to fund

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[26] Catherine Campo, "Taxpayer money should be spent on public services—not stadiums, says Las Vegas Knights owner Bill Foley," *CNBC*, December 24, 2017, https://www.cnbc.com/2017/12/22/las-vegas-hockey-team-owner-tax-dollars-are-better-spent-on-public-services.html.

[27] Strengthening Public Undertakings for Retaining Sports Act, H.R. 9151, 117th Congress (2022), https://www.congress.gov/bill/117th-congress/house-bill/9151.

professional stadiums using tax exempt bonds. Without the exemption, local governments may be less willing to foot the bill for a stadium and pay the taxes on the bonds.

In addition to reforms to the federal tax code, state governments can simply refuse to provide taxpayer funds for stadiums. Most importantly, states can also take steps to disincentivize local governments from footing the bill for stadium projects. For example, states can act within the constraints of their respective constitutions to require a public vote on stadium bonds, bringing them before the taxpayers who would foot the bill for stadium boondoggles, and provide more transparency to the process. Numerous polls conducted over several decades show that public opinion runs strongly against public subsidies of professional stadiums. Bringing the subsidy debate before the public would at least give taxpayers a voice in how their money is spent.

On the local level, absent constraints from state lawmakers, government leaders should allow a vote on the use of taxpayer money for professional stadium projects. This would allow the people who would purportedly benefit from the construction or renovation of a stadium to decide whether to fund the project. Further, local taxpayers are likely to be fans of the athletic teams in question. Giving them the power to decide whether to provide a bailout or let them go elsewhere would insulate politicians from blame should a team choose to relocate after failing to gain majority support in a referendum.

Some local efforts to place constraints on publicly financed bonds have been successful. In 2019, residents of Boise, Idaho, voted overwhelmingly to approve a ballot measure that requires a majority of voters to approve stadium projects that use more than $5 million in public funds.[28] Boise's reform came 13 years after another successful reform effort in Seattle, Washington.

Initiative 91, adopted in 2006, requires Seattle to consider other uses of public funds before financing sports facilities. Under the initiative, which was approved by 74 percent of voters, public money spent on professional sports would have to generate a higher return on investment than if it were invested in 30-year U.S. treasury bonds. This reform not only created "a check on elected officials eager to placate team owners' demands," but also "subtly shifted the terms of the debate to put the burden of proof on team owners' grandiose economic claims."[29] Other cities and states should consider adopting similar reforms to prevent poor investments and bring transparency to the stadium spending process.

Conclusion

[28] Eric Boehm, "Boise's New Stadium Referendum Requirement Should Be A Model for Other Cities," *Reason*, November 15, 2019, https://reason.com/2019/11/15/boises-new-stadium-referendum-requirement-should-be-a-model-for-other-cities/.
[29] Neil DeMause, "Want to Avoid Getting Screwed on Arena Deals? Look to Seattle," *Deadspin*, September 6, 2017, https://deadspin.com/want-to-avoid-getting-screwed-on-arena-deals-look-to-s-1800657108.

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Publicly subsidized professional sports stadiums have become a scourge on taxpayers' wallets. Cities as large as New York and as small as 4,477-person Dyersville, Iowa, have poured billions of dollars into building facilities for professional sports teams with the promise that they will bring in additional revenue, jobs, and civic pride. As a result, taxpayers across the country, many of whom will never attend a professional sporting event in their lives, are forced to fund projects that could easily be paid for with private dollars.

Study after study has demonstrated that publicly subsidized stadiums have little to no positive impact on local economies. With this in mind, federal, state, and local lawmakers and government officials should begin taking steps to reduce opportunities for professional sports leagues and professional team owners to receive billions of dollars in subsidies and bailouts with little return for taxpayers and their local economies. As cities and states continue to battle it out and engage in bidding wars for teams, reforms like requiring referendums on subsidy proposals, changes to the federal tax code, and bans on subsidies for professional sports facilities will save taxpayer money and end the stadium subsidy scam while allowing fans to continue the ancient tradition of rallying around their local teams.