

Play ball!

State financing of sport facilities continues to be a hot issue.

BY CHESTER HICKS

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In Wisconsin, the hottest political football tossed about this legislative session was a bill to help finance renovation of the Green Bay Packers football stadium.

Officials in Wisconsin were not alone in debating the merits of financing sports facilities — similar debates occurred in Arizona, Connecticut, Florida, Minnesota, Ohio and other state legislatures in recent sessions.

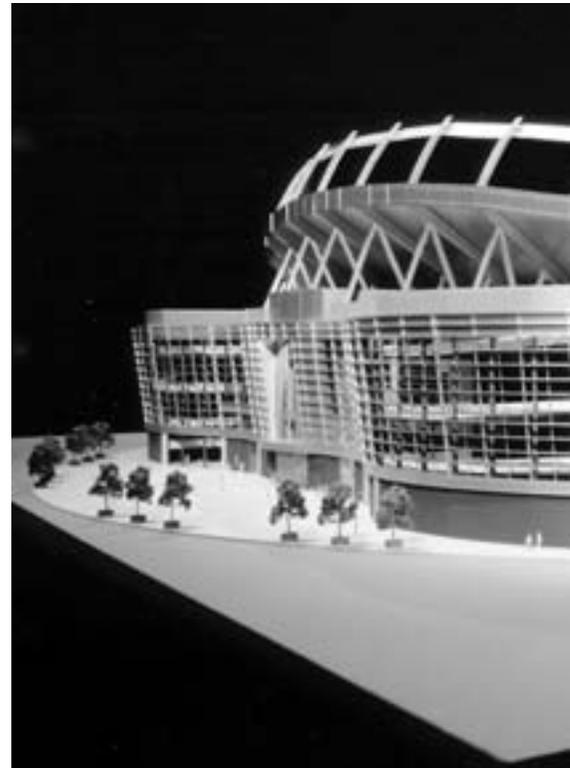
While the Packers did not threaten to relocate, professional sport franchises elsewhere have threatened to move if they don't receive aid for new facilities and some have moved. Often, what determines whether a franchise will stay in an area depends on the willingness of state and local governments to foot the bill for the renovation or construction of a sports facility.

Whether there are any significant public benefits associated with the high costs involved depends on who you ask. Numerous studies by economists have concluded that sports stadiums have little, if any economic impact for a state or regional area based on the number and the wages paid of jobs they generate.

However, studies by private consulting firms, such as Deloitte & Touche, have concluded that sports facilities can economically uplift blighted central cities, as well as become a source of civic pride. Regardless of the validity of the opposing arguments, state governments continue to allow local voters to decide whether to institute a new tax or taxing district to fund the construction of sports arenas. Issues surrounding the debate of stadium financing focus on the three R's: Revenue, Renovation and Referendum.

Revenue

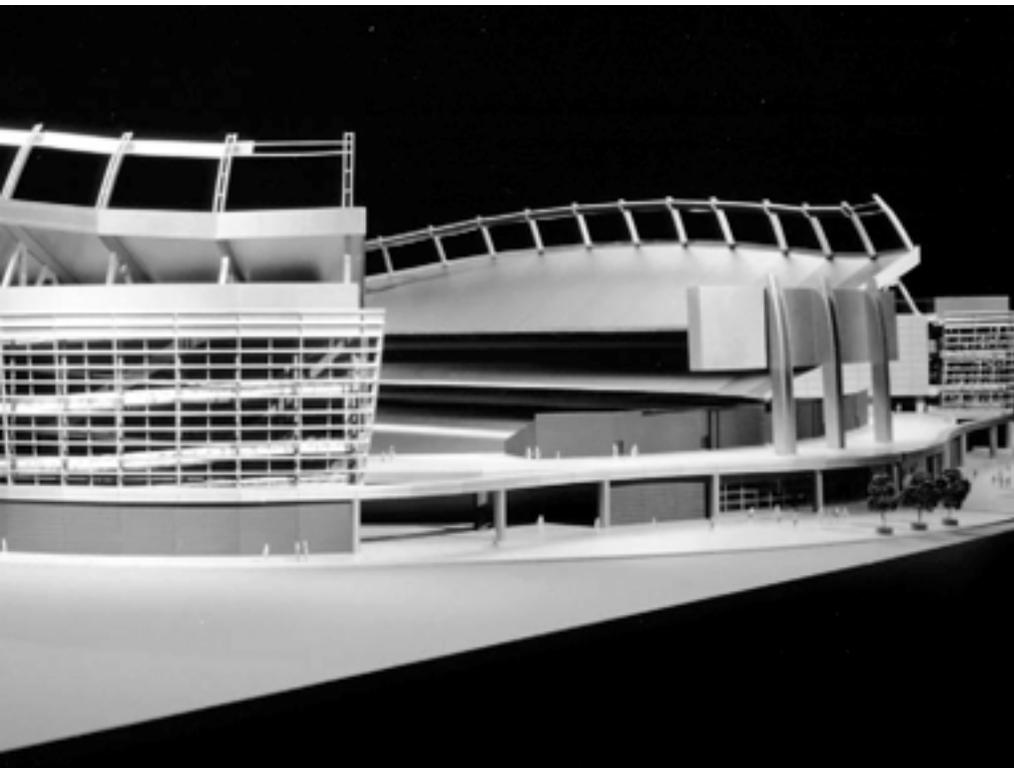
If there is one word that explains the rationale behind public subsidies for



sports stadiums, it is revenue. The astronomical increase in players' salaries has forced team owners to search for other revenue streams that help cover their expenses. Revenue also comes in the form of new taxes, tax increases or taxing districts that help governmental entities pay for stadium construction.

Stadiums generate revenues in a variety of ways, and in today's world of professional sports, they are the keys to profitable teams. This is why many team owners claim they cannot afford to keep teams in old stadiums unless they receive earnings from special luxury seating, food and beverage concessions, team paraphernalia and merchandise, and stadium advertising.

Team owners argue that a new stadium will generate more revenues, putting the franchise in a better position to bid for quality players. This will result in a better team that will draw more fans, which will result in more revenues. This argument is supported by the fact that most teams playing in new stadiums have improved as teams



Voters in a local taxing district approved funds to build Mile High Stadium for the Denver Broncos. Photo credit: HNTB Sports Architecture

and in fan attendance.

John Shaw, president of the National Football League's St. Louis Rams, said venue-related revenues have increased by 25 percent since the team moved into the new Trans World Dome in 1995 and began earning more from luxury boxes and a variety of corporate sponsorships.

"The stadiums in L.A. are economically obsolete," said Shaw, whose team won the 2000 Super Bowl. "The last year we were in Anaheim we were the lowest revenue-generating club in the league. Now, we are the second highest, and that is directly a factor of stadium economics."

However, such an argument may not fly so well in Minnesota. In November 1999, voters in St. Paul denied a 0.5 percent sales tax to help fund a new ballpark for professional baseball's Minnesota Twins. As far as arguments that the current Metrodome has inadequate revenue streams, Gov. Jesse Ventura offered a counterargument.

"Maybe the Twins need to fill it up

once," he said. "The Twins need to put a winning team on the field first, and then come back and say they can't make it."

Renovation

In Wisconsin, during this legislative session, policy-makers locked horns regarding a \$295 million proposal by the Green Bay Packers to renovate Lambeau Field. Several senators either polled their constituents on public financing or submitted alternative proposals.

The proposal called for the creation of a stadium district that could issue \$160 million in revenue bonds or borrow \$160 million from the state public-land trust. This September, residents of Brown County, where Lambeau Field is located, will vote on a 0.5 percent sales tax that would be used to pay off the bonds or loan.

Two Wisconsin senators, Roger Breske, D-Eland, and Alberta Darling, R-River Hills, sponsored polls, both

online and through a toll-free number, to gauge the support or opposition to the Packer plan. "Ever since I was elected to the state Senate, I have relied upon the people I represent for their input and suggestions about state government," Breske said. "This is just another way for them to contact me."

"The Packers have said that they support a referendum," Darling said. "I think of this as a way that I can offer my constituents their own form of a referendum, to ensure that their voice is heard."

After the Assembly had approved the measure 73-22, Senate Majority Leader Chuck Chvala kept the proposal off the floor, saying he was concerned about the possibility of a gubernatorial line-item veto of the proposed legislation. However, five days after the legislative session was scheduled to end, Chvala relented and the Senate on April 6 approved the proposal 28-5.

"We have assurances, which we believe are adequate, from the governor, the Green Bay Packers and others, to believe that this package, as it stands, the substantive aspects of this package, will remain intact," Chvala said.

"Finally, it appears the people of Brown County will get the opportunity to vote on the Lambeau Field renovation plan as they should," Gov. Tommy Thompson said.

Referendum

As in Wisconsin, policy-makers often refer the taxes to pay for sports facilities to voter referendums.

In the waning hours of its session, the Arizona Legislature April 18 approved a measure to let Maricopa County voters decide the fate of a new \$331 million stadium for the Arizona Cardinals. The bill passed the House with the minimum required 31 votes. Six representatives changed their votes after earlier voting down the proposal.

Senate Bill 1220 would raise most of the money by taxes on hotels and rental cars in the county. The vote will take place Nov. 7. Under the bill, the



This artist's rendering shows what Green Bay's Lambeau Field would look like following proposed development.

Cardinals will keep all NFL revenues and stadium-naming rights. The public authority that would own the stadium would be responsible for maintenance and operation costs.

Gov. Jane Hull had appointed a task force to develop plans for a new stadium. The Legislature did not designate a site for the new stadium, leaving it up to Phoenix, Mesa and Tempe to compete for the site. The Cardinals now play in Tempe.

In 1996, voters in Hamilton County, Ohio, approved a half-cent county sales tax increase to pay for new stadiums for the NFL's Cincinnati Bengals and baseball's Cincinnati Reds. The football stadium, named after Paul Brown, former Bengals head coach and general manager, will cost \$400 million, including costs of land, piping, road building and other expenses. As construction continued for the opening kickoff this fall, so did the controversy, with several lawsuits filed over aspects of the public financing.

A legislator in Colorado, whose Boulder district in 1998 voted against a six-county tax to build a new NFL stadium for the Denver Broncos, presented a bill in the 2000 session to expand the tax base to more surrounding areas. Colorado voters two years ago empowered a newly established Metropolitan Football Stadium district to issue a \$260 million bond and raise taxes by \$39 million to build a stadium in Denver. This session, Rep. Ron Tupa, D-Boulder, sponsored H.B. 1367 to add another 80,000 people to the current six-county taxing district to help pay for the new \$364.2 million Broncos stadium.

Tupa said the taxing district is inequitable because it does not include areas 15 miles from the stadium, while including areas 40 miles away. Tupa's bill would have required a vote by all 2.2 million electors in the six-county district, not just the areas Tupa wants annexed into the district. Tupa said the bill was killed on the floor of the House

in a move supported by legislators whose districts in the surrounding area were not paying the tax.

"It's not right and it's certainly not fair," Tupa said. "You have football freeloaders who are freeloading off the rest of us."

The strategy used in Denver of grouping the stadium with other local area projects made it easier to gain voter approval. The strategy, developed by Rick Horrow, the NFL's consultant on facility development, typically joins a tax for a stadium with school projects, a convention center or a center for the arts. Such proposals are difficult to

oppose.

"The public is put in the position of approving or not approving infrastructure in one integrated package," Horrow said. "No group of constituents ever supports all infrastructure development. But most agree that retooling of infrastructure is necessary."

In another instance of this strategy, Oklahoma City approved a nine-project, \$265 million package in 1993 that included money for riverfront development, a state-of-the-art library, a convention center, a canal, a minor-league stadium and a music hall.

This session, lawmakers in Connecticut approved a similar project that includes a \$771 million riverfront development in Hartford, called Adriaen's Landing, as well as a \$90 million football stadium for the University of Connecticut Huskies. State spending will total \$455 million on the project.

Just as lawmakers this spring debated public assistance for new sports facilities, the cry of "Play ball" opened new major league baseball parks in Detroit, San Francisco and Houston. Moreover, with a half-dozen major league baseball teams clamoring for new digs, more legislators likely will be weighing the three R's of revenue, renovation and referendum. ★

Green Bay's Lambeau Field redevelopment

Cost	\$295 million
Public funds	\$169.1 million
Seats	71,000 (vs. 60,890 current)
Suites	167 (vs. 198 current)
Club seats	6,260 (vs. 1,920 current)