

R013-0506

10 **A RESOLUTION CONCERNING**
20 **LIMITING STATE FUNDING FOR**
30 **STADIUMS IN MARYLAND**

40 **WHEREAS:** For the most part, cities, counties and states use a combination of
50 broad-based taxes (i.e. sales and property taxes) or special taxes
60 (i.e. taxes on alcohol and tobacco consumption, hotel rooms and
70 car rentals) to help build and operate sports stadiums; and,

80 **WHEREAS:** Since the market size is not as important, teams do not frequently
90 have problems leaving a market in search of a more lucrative
100 stadium (i.e. the former Los Angeles Rams moved to the Trans
110 World Dome in St. Louis and began earning more from luxury box
120 leases and variety of corporate sponsorship deals); and,

130 **WHEREAS:** A team's indifference to the market as long as the venues are
140 state-of-the-art makes them more willing to leave if the offer from
150 another place is superior; and,

160 **WHEREAS:** Owners of franchises have become experts at manipulation, using a
170 threat of moving to another city to persuade state and local
180 politicians to provide them with lavish new stadiums and arenas at
190 little or no cost (i.e. Cleveland lost its football team to a city that
200 offered a \$200 million stadium for free, with Art Modell, the
210 franchise owner, keeping all the revenue and the people of
220 Maryland never seeing a return for their money); and,

230 **WHEREAS:** The appropriation of funds can be dangerous, as one city building a
240 new stadium for their professional team makes the other teams
250 jealous and greedy; and,

260 **WHEREAS:** If one team gets a new stadium with increased revenues, their
270 ability to put together a superior team unjustly increases; and,

280 **WHEREAS:** This leads to the claim that the owners of a professional team in
290 one city must be given open-ended access to the public treasury in
300 order to compete with other teams, because the other teams have
310 been given open-ended access to their city's or state's treasury;
320 and,

330 **WHEREAS:** As a result, there is no limit to the amount of money that can be
340 demanded using this logic, with each team owner conjuring up his
350 or her demands; and,

360 **WHEREAS:** In this case, the teams are the only entities that profit from such
370 arrangements, with major financial consequences faced by the city;
380 and,

390 **WHEREAS:** Wrongfully argued benefits of a stadium to a city include: generate
400 economic growth through high levels of new spending in a region;
410 create a large number of jobs; revitalize declining central business
420 districts; change land-use patterns; and,

430 **WHEREAS:** Although these tactics are often artfully crafted, skillfully

440 presented and believed by enough people in a city or a region to
450 proceed with funding, scholars concur that stadiums do not deliver
460 the benefits they promise; and,

470 **WHEREAS:** According to Roger G. Noll and Andrew Zimbalist, those
480 arguments contain bad economic reasoning that leads to
490 overstatement of benefits of stadiums; economic growth takes
500 place where a community's resources become more productive;
510 building a stadium is good for local economy only if a stadium is
520 the most productive way to make capital investments and use its
530 workers; and,

540 **WHEREAS:** Stadium jobs, both during and after construction, are not ones that
550 are the most productive; construction crews are often from national
560 firms and not locally based; most stadium jobs during games and
570 other events are low-wage service jobs; and

580 **WHEREAS:** Stadiums are alleged to create new jobs as part of their economic
590 benefits package, however, sports teams actually make up a
600 miniscule portion of a city's income (i.e. in Chicago, the five pro -
610 teams generate less than 1% of the personal income of the city; the
620 1998 NBA lockout may have been a misfortune for Bulls fans, but
630 it has had roughly zero effect on the Chicago economy; those who
640 would have gone to the game are taking their dates to dinner or to a
650 club instead; there is a transfer rather than a net loss of activity);
660 and,

670 **WHEREAS:** The arrival of a professional sports team in a city provides
680 households with a new entertainment option; a stadium would
690 most likely decrease the business other entertainment venues
700 experience, potentially putting those establishments in jeopardy;
710 and,

720 **WHEREAS:** Although teams can instill civic pride in the community,
730 professional sports by no means have a monopoly on civic pride;
740 public arts plans, beautiful parks systems or vital downtowns and
750 neighborhoods are examples that instill similar feelings of pride in
760 cities and regions; and,

770 **WHEREAS:** Assuming that civic pride will be strong enough to be willing to
780 cover the costs of a stadium or arena is unwise; and,

790 **WHEREAS:** Several cities, including Milwaukee, San Francisco, San Jose,
800 Seattle and Pittsburgh have listed referenda on their ballots to raise
810 taxes for stadiums, only to see them fail; and,

820 **WHEREAS:** Studies have shown that citizens are unwilling to take on stadium
830 costs; a research team headed by Bruce K. Johnson used
840 community surveys to place a dollar value on the civic pride and
850 employment generated by the Pittsburgh Penguins; the economics
860 team asked residents how much they would pay to keep the
870 franchise in town; they found that keeping the Penguins was worth
880 about \$66 million to the residents of Pittsburgh, far less than the
890 \$200 million or more needed for a new arena; and,

900 **WHEREAS:** The money that states or cities use to build stadiums means that

910 much less can be spent on other uses; and,

920 **WHEREAS:** Stadium spending diverts funding from more important public
930 services, such as crime prevention, road building and schools; and,

940 **WHEREAS:** The cost of a proposed stadium/ convention facility for the NFL
950 Chicago Bears, for example, is nearly half the entire budget of the
960 Chicago Public School; Oakland, CA can't afford to heat its
970 schools and is deciding whether to cut back a number of police and
980 firefighters due to a deal its city council made to bring back the
990 Raiders; and,

1000 **WHEREAS:** Voters in Minneapolis and Pittsburgh told sports teams owners that
1010 they were sick of being on the donating end of the "vast corporate
1020 welfare machine that is professional sports;" and,

1030 **WHEREAS:** Corporate sponsors may help to pay for the stadium, but
1040 only a fraction of the actual amount it costs to fund the stadium;
1050 taxpayers spend millions more, yet full credit for the stadium is
1060 given to that sponsor (i.e. fans objected to 3Com Corp. receiving
1070 rights for only paying \$500,000 to put its name on San Francisco's
1080 Candlestick Park); and,

1090 **WHEREAS:** The 1986 Federal Tax Reform Act (which denies federal subsidies
1100 for sport facilities if more than 10% of the debt service is covered
1110 by revenues from the stadium), did little to stop stadium
1120 construction; local subsidies tended to increase to keep rents below
1130 10% of debt service; the pattern of limiting federal funding only
1140 leads to increased state and local funding for construction.

1150 **THEREFORE BE IT RESOLVED:** That the Maryland Student Legislature
1160 urge the Maryland General Assembly create legislation to limit state funding for
1170 stadiums in Maryland; and,

1180 **BE IT FURTHER RESOLVED:** That the proposal to limit state funding be listed as
1190 referendum on ballots to acquire the opinion of the people of the state o
1200 Maryland.

1210 **MANDATES:** Governor Robert Ehrlich
1220 Lt. Governor Michael Steele
1230 Maryland General Assembly

SPONSOR:

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