

8 Reasons to Reject Publicly Financed Stadiums For Professional Sports Teams

1. **Public Money for Private Gain.** Providing public subsidies for private stadiums in corporate welfare plain and simple. Public subsidies for stadiums go directly into the pockets of team owners and players by increasing profits, player salaries and raising the re-sale value of the team. According to one study, a new stadium increases team profits by an average of \$11 million annually, payroll salaries by \$14 million and increases team book value by \$90 million.[\[1\]](#) The billionaire team owners and the players profit, but the taxpayer doesn't see a dime.
2. **Negligible Economic Benefits.** Contrary to the claims of stadium boosters, the wide body of economic research shows that new stadiums have little (and even negative) impact on the local economy. Stadiums don't create new wealth; they simply redistribute existing entertainment dollars from one form of entertainment to another. People spend more on sporting events but spend less on movies, restaurants and other local entertainment.
3. **Costs Outweigh the Benefits.** A study by the Kansas City Federal Reserve Bank[\[2\]](#) found that a typical baseball or football stadium costs taxpayers \$188 million while generating only \$40 million in long-term benefits from jobs and tax revenues. The costs of a stadium outweigh the benefits by more than 4 to 1!
4. **Destroys jobs and drives down wages.** Recent studies suggest that stadiums actually destroy more jobs than they create and reduce local income overall.[\[3\]](#) Because sports teams require relatively few employees to operate, and most of the jobs are low-wage temporary positions, they cause overall employment and income in a city to decrease when they drive out other local businesses (which provide more jobs at better pay).
5. **Stadiums can be built with private money.** In their analysis of professional sports stadiums built between 1989 and 2001, University of Dayton economics professors Marc Poitras and Larry Hadley conclude that public subsidies to build stadiums are unnecessary -- new stadiums could recover all of their construction costs if they were built with private money.[\[4\]](#) The Atlanta Braves' Turner Field was built in 1997 with 100% private funding; San Francisco Giants' SBC Park was built in 2001 with over 96% private funding.
6. **Doesn't Improve Team Performance.** A study of the impact of new stadiums on team performance concludes that there is no strong statistical evidence to support the claim that teams perform better after a new stadium is built. In fact, in football, basketball and hockey team winning percentages actually decrease on average after a new stadium is built. Only in baseball do team records improve -- by an increase of 8 wins (per season) on average.[\[5\]](#)
7. **Doesn't improve team attendance.** Research also shows that new stadiums have little impact on long-term attendance. A study of the impact of new stadiums on attendance shows that attendance increases by over 10,000 per the game the first season (the "honeymoon" period) but quickly dissipates to less than 2,500 per game in the fifth season. Case in point is the

Milwaukee Brewers \$400 million Miller Park where attendance fell 40% last year from the stadium's opening season in 2001.

8. **Diverts resources from funding priorities.** The costs of a stadium are even higher when you factor in the opportunity costs. Money spent on a stadium is money that could have been spent on schools, roads, and public safety -- service which benefit *all* Minnesotans.

Source: Taxpayers League of Minnesota

[1] Craig Depken, "The Economics of Sports Arenas: A Property Rights Approach" (Summer 2003): www.uta.edu/depken/ugrad/sports/stadiums2003.ppt

[2] John Rappaport & Chad Wilkerson, "What Are the Benefits of Hosting a Major League Sports Franchise?," *Kansas City Federal Reserve Bank Economic Review* (First Quarter 2001): www.kc.frb.org/publicat/econrev/PDF/1q01rapp.pdf

[3] Dennis Coates & Brad Humphreys, "The Effects of Professional Sports on the Earnings of Individuals: Evidence from Microeconomic Data," University of Maryland-Baltimore County Economics Department Working Paper 03-104: www.umbc.edu/economics/wpapers/wp_03_104.pdf

[4] Marc Poitras & Larry Hadley, "Do New Major League Ballparks Pay for Themselves?," University of Dayton, School of Business Administration, Working Paper 03-6E: www.sba.udayton.edu/research/working_papers/wp6.pdf

[5] Depken *ibid.*