



Nevada Lawmakers Consider Wooing Sports Team with Taxpayer Subsidies

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Nevada lawmakers are considering calling a special session of the state's legislature to consider a proposal that would make available taxpayer subsidies for a proposed football stadium in Las Vegas.

The proposal is meant to help convince the Oakland Raiders, a privately owned National Football League team, to move from Los Angeles to Las Vegas.

In April, Oakland Raiders owner Mark Davis met with local and state lawmakers about the proposal in a meeting facilitated by Las Vegas casino owner Sheldon Adelson. The new stadium is estimated to cost about \$1.4 billion, \$750 million of which would be subsidized with state tax revenue collected from visiting tourists and the use of tax increment financing (TIF) districts created around the stadium.

TIF districts are used to pay for government capital projects, funding the government works project by directly diverting tax revenue from nearby taxpayers to the project. The new sports stadium would be specifically exempted from taxes paid by other businesses in the district.

'Substantial Loss for Taxpayers'

Michael Schaus, communications director for the Nevada Policy Research Institute, says subsidizing sports teams is a bad deal for taxpayers.

"Generally, the net result is a substantial loss for taxpayers," Schaus said. "Ancillary costs such as security, infrastructure, and additional government-funded amenities inevitably bring the costs higher than projected and are generally not accounted for in the initial analysis."

“More important, however, is that such schemes are still taxpayer-funded subsidies,” Schaus said. “Simply put, taxpayers shouldn’t be the ones shouldering the price tag for a privately owned sports franchise.”

Lower Taxes for All

Schaus says the proposed targeted tax break comes at the expense of everyone else.

“Really, what we should be taking away from the proposed tax break for the Raiders is that low taxes do, in fact, encourage economic growth,” Schaus said. “So why aren’t we lowering taxes for everyone else as well?”

Bad Track Record

Chris Edwards, director of tax policy studies at the Cato Institute, says the government should stay out of the central-planning business altogether.

“Governments wouldn’t know how to find projects with positive returns if their life depended on it,” Edwards said. “Government economic planning has a failed record for more than a century. Leave economic development to the private sector.”

“An irony with governments subsidizing sports facilities is that sports are popular with the masses, yet governments subsidize activities like symphony orchestras for the exact opposite reason: because they are not popular and not able to raise their own money,” Edwards said. “The truth is governments should not be subsidizing either popular or unpopular entertainment activities.”