



Commentary: When Stadium Deals Fizzle, Taxpayers Lose

Now that they've signed Prince Fielder to a \$214 million deal, will the Tigers repay Michigan taxpayers for their subsidies?

By Jarrett Skorup | Feb. 13, 2012

The Detroit Tigers were a few wins short of going to the World Series last year. Getting that close has encouraged team ownership to open up its wallet and sign All Star first baseman Prince Fielder to a [9-year, \\$214 million deal](#) in the hopes that he will help push the team over the top as well as continue [strong attendance](#) at Comerica Park.

Since the club has all that extra revenue available and expect more from higher attendance, will they consider repaying Michigan taxpayers for the hundreds of millions of dollars that were used to subsidize the team's stadium?

Comerica Park opened in 2000 after three years of construction and a total cost of about \$300 million. The stadium was subsidized by taxpayers at somewhere between [\\$115 million](#) and [\\$189 million](#), depending on the source. The Tigers are also supported in [many other ways](#) by [city taxpayers](#). Meanwhile, the city has a [\\$200 million budget deficit](#) and an emergency manager running the schools.

Sports teams often make the argument that they bring economic benefits to the cities in which they are located, but the research on this is specious at best.

The conclusion of a [2000 report](#) from the Cato Institute says, “Despite the beliefs of local officials and their hired consultants about the economic benefits of publicly subsidized stadium construction, the consensus of academic economists has been that such policies do not raise incomes. The results that we describe in this article are even more pessimistic. Subsidies of sports facilities may actually reduce the incomes of the alleged beneficiaries.”

Numerous other studies have [examined](#) the question of stadium construction projects and found that “in virtually every case” there was no statistically significant positive correlation between construction and economic development.

Real life examples bear this out, and there is a great one here in Michigan: The Pontiac Silverdome.

The [Silverdome](#), where the Detroit Lions played before moving into Ford Field in Detroit, was built in 1975 for \$55.7 million (\$227 million today). Besides tax benefits from the city of Pontiac, the Lions received [\\$800,000 per year](#) from state taxpayers. After the Lions moved, Pontiac paid \$1.5 million a year in upkeep and eventually sold the stadium to a Canadian developer [for \\$583,000](#) in 2009.

Michigan residents can take solace in one thing; the Silverdome is far from the worst stadium boondoggle. In 2010, the New York Giants and New York Jets football teams (who actually play in New Jersey) broke ground on their shared New Meadowlands Stadium. In the meantime, the old Giants Stadium, which was demolished to make room for the New Meadowlands, still carries [\\$110 million in debt](#) from when it was built in 1976.

In sum: The bill for a now-demolished stadium is being subsidized by New Jersey residents who are, again, subsidizing a new stadium on top of the old one for two teams named for New York.

The New York Times [reports](#), “New Jerseyans are hardly alone in paying for stadiums that no longer exist. Residents of Seattle’s King County owe more than \$80 million for the Kingdome, which was razed in 2000. The story has been similar in Indianapolis and Philadelphia. In Houston, Kansas City, Mo., Memphis and Pittsburgh, residents are paying for stadiums and arenas that were abandoned by the teams they were built for.”

The preponderance of the research shows that stadium subsidies provide no net economic benefit for cities, states or taxpayers. Beyond that, they are a direct subsidy from mostly middle-class and poor citizens to rich owners and teams.

But not all sports teams operate this way. Instead of taking money from taxpayers, many pay for their stadium, property and repairs themselves — including one of the NFL's most storied franchises, [the New England Patriots](#).

As Michigan and other states continue to consider stadium financing, remember that this subsidy game has continuously been played and taxpayers always the losers.