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Think-Tanks Agree: Arena Wouldn't Pay

By Dave Nimmich – 12/8/12

VIRGINIA BEACH Mayor Will Sessoms proposed that city residents pay \$195 million (recently increased to \$241 million) for a basketball arena. I would like to point out that leading conservative and liberal think tanks all agree that stadium subsidies are a bad use of taxpayer money that, in general, only enriches the owners of sports franchises.

For example, the libertarian Cato Institute has consistently published articles arguing against such subsidies. One such article noted the rosy predictions routinely offered by local officials and paid consultants, but concluded that the evidence suggests that bringing a professional sports franchise to a city and building a stadium or arena to accommodate the new team will have no effect on the growth rate of income - except that it may reduce income in that city.

According to the article, one major reason the predictions of income growth are not realized is because families that attend games will spend less on other activities, including recreation and dining out. In other words, money that would previously have gone to local businesses will now go to the owners of the sports franchise and operators of the arena.

The liberal-leaning Brookings Institution also has published numerous articles advocating against stadium subsidies. In one article, the authors said that in every case they had studied, a new sports arena or stadium has an extremely small, and perhaps even negative, effect on economic activity. These authors also noted that local officials often ignore the fact that spending inside a stadium substitutes for other local recreational spending, such as movies and restaurants.

As economic experts on both sides of the political spectrum agree that stadium subsidies are a bad deal for local taxpayers, I urge Virginia Beach residents to contact the City Council and oppose the mayor's misguided proposal.

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Virginia Beach