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Negative Implications: The Subsidization
of Sports Stadiums and the Perspective
of Seattle Arena

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The Subsidization of Sports Stadiums
and the Perspective of Seattle Arena

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1. Before writing new material, I accepted or rejected all the comments in my draft.
Yes No
2. After completing #1 above and before writing new material, I turned on “Track Changes.”
Yes No
3. If I created a table for this revision, we used the Table Template as the basis for formatting and structure.
Yes No
4. The general themes in the comments on my drafts were:

I need to make a clear distinction between the T-LPF and the S-LPF models. I also need to clear up the section when I talk about the impact area/defining the area of interest for Seattle Arena.

5. I responded to them by:
I defined what the S-LPF and T-LPF models were and then I went into greater detail about them in my section titled “Seattle Arena’s Financing Model”. I also talked about both of these models a little bit more in my introduction. I made the section when I talk about defining the area of interest accurately much clearer.

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Professor Matt Warning

Econ 411A

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Negative Implications:

The Subsidization of Sports Stadiums and the Perspective of Seattle Arena

Abstract: This paper adds to the literature on the subsidization of professional sports arenas.

Rather than focusing on subsidization and the effect of sports arenas on a national scale, this paper focuses exclusively on the plans for Seattle Arena in Seattle's SoDo District. I delve into the economic impact analysis paper for Seattle Arena in order to provide evidence that the negatives of building this arena outweigh its positives especially from a financial standpoint.

This is done in conjunction with the analysis of the Traditional Lease Purchase Financing model (T-LPF) which is the most widely used arena lease purchase agreement used by professional sports franchises and their respective city's and Seattle's Lease Purchase Financing model (S-LPF). This paper's analysis of the economic impact analysis paper as well as the two financing models seeks to spark further debate about arena subsidization in order to benefit the public in future arena agreements.

Introduction

The governments of cities everywhere preach to taxpayers that building sports stadiums and arenas in order to keep or attract professional sports teams is an easy way to benefit the city from an economic stand point. Stadiums and arenas are praised by city officials as economic engines that generate a plethora of benefits to their respective cities and regions. A valuable

resource that city officials use to convey the positive benefits of subsidizing and building a sports stadium is an economic impact analysis paper (EIA). The main goal of an economic EIA is to evaluate the effect of an event such as building a stadium on the city's or region's economy. City governments put these reports together in order to convey changes in business revenue, profits, wages, and jobs among other variables.

Additionally, the franchise itself or the benefactor of the new stadium wants to prove that they are a quality investment and that they will be a huge asset to the host city in the future. The majority of economic impact analyses convey the notion that taxpayer money would be allocated effectively and efficiently in order to make the city profit from their investment. Stadiums are enormous investments, costing upwards of \$450 million to build. Propheter and Hatch, (2014) conclude that franchises in the "Big 5" which includes the National Basketball Association, the National Football League, the National Hockey League, Major League Baseball, and Major League Soccer receive upwards of \$1 Billion in government subsidies every single year.

When a city ultimately decides to build a stadium and come to an agreement with a professional team, the vast majority of agreements are based on the Traditional-Lease Purchase Financing (T-LPF) partnership model. In this sort of lease-purchase financing model, the authority (the city or county in which the arena is built) issues municipal bonds in order to finance the stadiums construction. Additionally, the local government contributes land through a ground lease agreement and the arena tenant pays rent equal to the amount of debt service plus the ground lease. As a result, in this scenario the city owns the arena while the private sector and their team uses/manages it (Propheter & Hatch, 2014). The Seattle-Lease Purchase Financing (S-LPF) partnership model, which is a relatively new phenomenon in the realm of sports stadiums, is regarded as a one of a kind model due to its unique structure that will solve the

negative implications of stadium construction and ultimately improve public sector outcomes. A few of these benefits realized by the public sector include that the investment group covers all construction over-runs, maintenance costs, and capital improvements (Propheter & Hatch, 2014). The S-LPF model is characterized as a model in which both the public and private sectors contribute to construction. This method is designed to save taxpayers money and reduce the investment risk. I discuss these two different lease purchase financing models in greater detail in the section titled “Seattle Arena’s Financing Model”.

Due to the absence of assumed benefits from hosting the franchise, citizens in communities that subsidize and host them are starting to catch on to the fact that stadium subsidization is not beneficial and that public funds could be allocated more efficiently elsewhere. Coates and Humphreys (2008) claim that “the clear consensus among academic economists is that professional sports franchises and facilities generate no ‘tangible’ economic impacts in terms of income or job creation and are not, therefore, powerful instruments for fostering local economic development”.

In this paper I examine subsidization and the cost to the public of hosting a professional sports franchise. I compare previously built stadiums to the plans for the Seattle Arena in Seattle’s SoDo District. This approach allows me to look deeply into the unique public-private financing model and economic impact analysis of Seattle Arena and ultimately determine if it will have a positive effect or a negative effect. Past studies have failed to address this type of stadium financing structure. Advocates for the Seattle Arena claim that their public-private plan is “one of a kind” and will benefit the Pacific Northwest region as a whole by attracting an NBA team as well as an NHL expansion franchise (City of Seattle, 2015). However, these claims are

up for debate due to the fact that the majority of sports stadiums have a small impact to their respective areas.

In section two, I review past literature about stadium subsidization and discuss significant findings about this topic to date. In section three, I look at the claims of economic impact analysis papers and how they are exaggerated. Following that, I look at the financing plans for Seattle Arena and how their public-private financing structure will affect the city of Seattle. In short, the public-private financing structure is designed to save taxpayers a significant amount of money while also mitigating a large portion of the risk. In section five, I give a detailed analysis of the claims of the EIA paper for Seattle Arena. In section six, I present my concluding remarks.

Literature Review

The common consensus among scholars is that the subsidization of sports stadiums has a minimal to negative return on investment for the host city. More generally, scholars believe that EIA's do not accurately convey the true impact of stadiums and that they misrepresent their projects to taxpayers by inflating their numbers. Being one of the most widely recognized scholars in this field, Crompton, (1995) shows that many economic impact analyses are biased and that there is pressure from both city officials as well as the franchise itself to convey profits and positive benefits to the host city residents. In addition, Crompton discusses several sources of misallocation in which he effectively describes multiple ways that economic impact analyses inflate their numbers and misinterpret multiplier effects that the stadium will have. In particular, indirect impacts such as the "ripple effect" dramatically overestimate the recirculation of the initial spender's dollars in the local economy. Opportunity costs, as well as financial costs are

also regularly absent from stadium impact documents. Baade and Matheson (2011) claim that EIA's fail to account for the substitution effect, crowding out, and the misallocation of money which dramatically inflates numbers in order to appeal to taxpayers.

Coates and Humphreys (2008) delves deeper into the literature of subsidization and ultimately finds that the promotional literature behind these analyses are flawed. They also generate several interesting statements regarding the failure of stadiums and arenas when it comes to attaining measurable economic benefits. These claims that look at estimators, model specifications, as well as geographic location determine that there are no tangible benefits associated with sports stadiums. In fact, they claim that economic activity decreased in the areas surrounding professional arenas. These claims are analyzed further in section three. In a separate study Coates, (2007) measured the private benefits of stadium and arena construction among each of the four major professional sports in the United States. He found that consumer surplus is less likely to justify stadium or arena construction. This is because attendance demand and the annual cost of financing the facility is much greater.

The most common way that stadiums are financed is through public funding . However, Groothuis et al (2004) took a different approach and looked into civic pride as a way of measuring the benefits of a professional sports franchise. In order to do this, Groothuis measured the civic pride that a professional sports team brings to an area once a stadium is built as well as increases in the areas aggregate income from spending on lodging, meals, and travel among others (Groothuis, 2004). This is similar to the multiplier effects explained by Crompton (2008) but the civic pride generated by the city of Seattle will be an interesting aspect to look at in the economic impact analysis because of how loyal Seattle sports fans are. In fact, Santo

(2005) claims that the relationship between sports related variables and income levels rose in Seattle after Safeco Field (1999) and CenturyLink Field (2002) were built (Santo, 2005).

Zimbalst and Long, (2006) break down construction costs, public development costs, lease agreements, maintenance, and facility revenues of franchises among others. Long, (2005) breaks down the average subsidies awarded to each pro sports league depending on the cost of each team's stadium or arena. Long concluded that the real cost of public funding is underreported by an average of \$50 million per facility which is about a 40% increase in the total public cost. This information will prove to be a great example to draw back on when looking at the public-private funding model of the Seattle Arena in order to see if the subsidies paid by the public would be less when following this financing structure.

The Economic Impact Analysis Paper

When a city is trying to attract a professional sports team or thinking of building an arena, the first step in the process is to write an EIA. The main goal of an EIA paper is to evaluate the effect of a particular construction project on the city's or region's economy. These reports are conducted to show the changes that the project will have on profits, wages, business revenues, employment, and multiple other variables. However, when analyzing these reports, it is important to realize that several of impacts can be overstated.

When writing an EIA, a city government wants to cater to taxpayers by extrapolating multiple benefits that a professional sports franchise would bring to the city. In doing this, they portray increased economic activity through multipliers. One common multiplier is used on increased net income and employment in the area in order to spark interest. The employment multiplier measures the effects of visitor spending on employment in the host city. In doing this,

it shows how many full-time job opportunities are supported as a result of visitor spending. However, when looking deeper at the employment multiplier, you are able to see that it has a few noticeable flaws. First, it assumes that current employees are not completely utilized, so an increase in visitor spending will ultimately lead to an increase in employment (Crompton, 1995). When looking at this claim, it is easy to see that in most cases there would be no need to have additional workers. You simply meet the additional demand by utilizing the existing workforce. Therefore, the fact that the employment multiplier is based on the principle that current employment is not utilized completely and that employment will increase as a result of building a stadium is overstated.

In addition, professional sports teams only play a limited number of games each year which also hampers the employment multiplier. Because the multiplier explicitly wants to show how many full-time jobs are created as a result of visitor spending, it doesn't account for this fact. No matter what professional sports league you look at only half of their games are played at home and the season lasts anywhere from six to nine months. As a result, those employed at the stadium or arena only work half that time and are likely to have another job to supplement their income (Crompton, 1995). The only time that additional workers can be employed would be when hosting a playoff game or another large event. In this case, additional employment would be temporary at best.

The second prominent source of overstating of benefits in an economic analysis paper is found by using sales instead of household income multipliers. When a city government makes their pitch to the residents of a community, they often claim that the areas surrounding the stadium or arena will greatly benefit. A common component in an EIA is to have the stadium built in a downtown area due to the fact that these areas have become stagnant overtime as a

result of urban sprawl (Coates & Humphreys, 2008). These claims are centered around the belief that building a stadium in a downtown setting will attract a variety of new jobs and businesses. A sales multiplier measures the direct and indirect effects of visitor spending on the city and the business that it creates whereas an income multiplier measures the effect of visitor spending on changes in household income in a city (Coates & Humphreys, 2008). When analyzing these two multipliers, it is easy to see that statements about generating increased business and income could be misleading. For example, if visitors to an NBA basketball game were expected to bring in one million dollars in sales for a particular game how much of that money would actually be seen by the city and its residents? It is hard to say. Hotels, restaurants, retail shops, and other businesses would receive some of the profit, but most of the direct revenue leaks outside of the city or is saved by beneficiaries of this income.

The sales and income multiplier assumes that all of this money stays in the local economy which is never the case. Therefore, the analysis paper overestimates business revenues stemming from an event because much of the income is ultimately spent elsewhere. In addition to that, the residents of a city want to know how much their incomes will change as the result of building a stadium which is unclear. The impact of sales has no impact on an individual's standard of living yet the combination of the sales and income multipliers make it appear that it does (Crompton, 1995).

When looking into the economic impact analysis paper in greater depth, it is easy to see that city governments claim that professional sports generate large positive externalities for their city and the surrounding area. In reality the aggregate income of the surrounding area and the effect on employment is marginal at best (Groothuis, 2004). I look at the effect of these multipliers in accordance with the plans of Seattle Arena in the following section.

Seattle Arena's Financing Model

In 2008, the city of Seattle lost one of its most beloved profession sports teams. The Seattle Supersonics of the NBA were sold to an Oklahoma City based investment group in 2006 and the team was relocated prior to the 2008-2009 NBA season. The main cause of the move was the fact that there was a lack of public funding to build the Supersonics a new arena. Many Washington State residents were outraged by the move. In a few short years following the move, the city of Seattle and Washington State had found the answer to their woes of losing their NBA team. In 2012, an investment group lead by Chris Hansen struck a deal with Seattle and King County to finance a new \$490 million arena in the city's SoDo District (Propheter & Hatch, 2014). The construction of this facility is currently at a standstill, the agreement is intact and ready to be executed when the investment group is able to acquire an NBA or NHL franchise.

The vast majority of professional sports stadiums and arenas are constructed under the traditional T-LPF public private partnership model. Under this arrangement, the host city issues bonds to finance facility construction while also entering into a series of lease agreements between the city and the tenant to finance the debt incurred from the stadium (Propheter & Hatch, 2014). The city government then provides the land for the project through a ground lease agreement, where the franchise would have an annual rent payment that is the same amount as the yearly debt service as well as the leases payment. This is the most commonly used lease purchase financing structure but it has several differences when compared to the S-LPF.

The plan for Seattle Arena however, follows the S-LPF model which is unprecedented in modern day sports facility agreements. The S-LPF strategy allows the city to bypass voter approval for the debt incurred in the project while also providing security to the franchise by

offering non-appropriations (Propheter & Hatch, 2014). By doing this, the franchise is able to secure a long-term lease agreement with the city and will not have to worry about relocation or being vacated from their new arena. The S-LPF Model is different from the T-LPF model in two main ways. First, the total of the public's payments is less than the total cost of the stadium and the difference is covered by the investment group or owners of the franchise. The difference is also guaranteed by the investment group and/or franchise in exchange for the rights to the facility revenue over the lifetime of the lease (around 30 years or more). Additionally, two lump sum payments are paid by the city of Seattle and King County to the investors in the form of subsidies. The proposal required the city and county to subsidize construction up to \$200 million with the exact amount contingent on the investment group's success at securing an NHL franchise. If Seattle is able to land both an NHL team and an NBA team \$120 million would be paid by the city and \$80 million would be paid by King County. The total amount of public debt would be \$454 million if both franchises are awarded and 60% of this would be financed by local taxes (Propheter & Hatch, 2014). Once the arena is finished and ready to be occupied by the NBA and/or NHL franchise(s), the ground lease is negated and ownership of the site is transferred from the city of Seattle to the investment group who receives all revenue from the operation of the arena. Ultimately, this financing model is designed to save taxpayers money and reduces the risk for both parties.

Seattle Arena Site Analysis

When the investment group led by billionaire Chris Hansen is able to acquire their NBA and/or NHL franchise(s), the construction of Seattle Arena will begin. The SoDo site will be located next to Safeco Field (Seattle Mariners) and CenturyLink Field (Seattle Seahawks). The Seattle Arena is expected to have a total capacity of roughly eighteen thousand seats for NBA

games and seventeen thousand for NHL games (City of Seattle, 2015). As a result, the city of Seattle would have a standard NBA/NHL joint arena with maximum attendance levels near the averages for both leagues. However, much like the economic impact analysis papers that have come before it, several multipliers were used to inflate the numbers for Seattle Arena. One mistake in the Seattle Arena paper is the failure to define the area of interest accurately.

Table 1 below shows makes it apparent that Seattle is trying to define its area of interest as all of King County. There are several pieces of information that these data reflect when they were used in Seattle Arena's EIA. First off, these numbers do a poor job of defining the number of people that will be attending NBA or NHL games in Seattle Arena. Simply defining the area of interest by including all of the largest cities in King County is by no means an accurate measurement. This is a common tactic used by city governments in order to appeal to franchise owners and city residents. They estimate the area of interest this way to show franchise owners that their market could generate a substantial amount of revenue and residents that huge economic impacts will be forthcoming. This tactic was used to lure the expansion NFL franchise the Carolina Panthers to Charlotte in 1993. They transformed a city of roughly 396,000 into a region of 9.7 million people. Even though Charlotte's metropolitan area has roughly 1.2 million residents, the city government counted everyone within 150 miles of Charlotte as a potential fan in order to secure their bid (Crompton, 1995). Although the city of Seattle didn't go to the lengths that the city of Charlotte did, they undoubtedly did a poor job of estimating the potential fan base of their NBA and NHL teams for better or for worse. In order to create a more accurate EIA, a more approximate estimation of fans that would travel regularly to games from Pierce County, Skagit County, and Snohomish County among others would be much more beneficial when trying to define an area of interest. A possible way to do this would be by taking a poll to

get an estimate of season ticket holders as well as the location from which they will be traveling from to attend games.

Table 1. King County Population Estimates				
City	2010	% of Total	2013 Estimate	% of Total
Seattle	608,660	31.50%	626,600	31.60%
Bellevue	122,363	6.30%	132,100	6.70%
Kent	92,411	4.80%	120,500	6.10%
Renton	90,927	4.70%	95,540	4.80%
Federal Way	89,306	4.60%	89,720	4.50%
Auburn (Part)	62,761	3.20%	64,320	3.20%
Redmond	54,144	2.80%	55,840	2.80%
Shoreline	53,007	2.70%	53,670	2.70%
Kirkland	48,787	2.50%	81,730	4.10%
Sammamish	45,780	2.40%	48,060	2.40%
Burien	33,313	1.70%	48,030	2.40%
Issaquah	30,434	1.60%	32,130	1.60%
Des Moines	29,673	1.50%	29,730	1.50%
SeaTac	26,909	1.40%	27,310	1.40%
Mercer Island	22,699	1.20%	22,720	1.10%
Maple Valley	22,684	1.20%	23,910	1.20%
Kenmore	20,460	1.10%	21,170	1.10%
Tukwila	19,107	1.00%	19,160	1.00%
Covington	17,575	0.90%	18,100	0.90%
Bothell (Part)	17,090	0.90%	17,440	0.90%
Lake Forest Park	12,598	0.70%	12,680	0.60%
Woodinville	10,938	0.60%	10,990	0.60%
Snoqualmie	10,670	0.60%	11,700	0.60%
Enumclaw	10,669	0.60%	11,100	0.60%
Newcastle	10,380	0.50%	10,640	0.50%
Other Incorporated	42,904	2.20%	43,910	2.20%
Other Unincorporated	325,000	16.80%	253,100	12.80%
Total King County	1,931,249		1,981,900	
Source: Economic Impact Analysis Paper (The City of Seattle)				

The second multiplier that is inflated in the Seattle Arena paper is the employment and income multiplier. When professional sports leagues consider expansion or franchise relocations, they frequently highlight the potential economic benefits of a new franchise in order to minimize the team's or league's required contribution to the funding of the stadium or arena in which the

team will play (Baade et al., 2008). In doing this, they are able to give the residents of the city very generous estimates of revenue projections and fans. A typical economic impact study such as the one done by the city of Seattle estimates the number of visitors an event or team is expected to draw, the number of days each spectator is expected to stay in the city, and the amount each visitor will spend each day. Combining these figures, an estimate of the "direct economic impact" is obtained below. This direct impact is then subjected to a multiplier, usually around two, to account for the initial round of spending recirculating through the economy. The additional spending is known as "indirect economic impact." Therefore the total economic impact is about twice the size of the initial spending (Baade et al., 2008).

Based on the annual arena impacts, one can see that there is a huge disparity between the impacts projected in Seattle and all of King County. Despite the disparities between the direct and the indirect and induced categories in the table below, there is an obvious difference between the total impacts. In theory, the area that is in the immediate vicinity of the stadium should see the majority of the profits from both direct and indirect impacts. The EIA paper done by the city of Seattle does the exact opposite. According to their estimates, King County as a whole would realize an annual benefit of about \$18.3 million more than the city of Seattle (City of Seattle, 2015). That is a significant gap in realized income especially when (with the addition of Seattle Arena) SoDo District would have three professional sports stadiums that house teams from each of the four top North American professional sports leagues. Additionally, the estimated onsite and offsite impacts for King County as a whole are estimated to be approximately \$313 million on an annual basis and supply nearly 2,500 jobs. These estimates are extremely generous given the prior research done by Alexander, Kern, and Neill, (1999). Professional sports franchises claim that they will bring hundreds of millions into an economy and thousands of full time jobs.

However, in most cases they only generate about 10%. This is similar to the amount of revenue that a single large grocery store brings into a local economy (Alexander et al., 1999).

Table 2: Total Annual Arena Impacts			
Total Arena Impacts	Output (Millions)	Earnings (Millions)	Jobs
City of Seattle			
Direct	\$41.20	\$21.60	565
Indirect and Induced	\$20.30	\$8.20	138
Total Impacts	\$61.50	\$29.70	702
King County			
Direct	\$46.30	\$25.10	667
Indirect and Induced	\$33.50	\$13.70	227
Total Impacts	\$79.80	\$38.80	894
Onsite and Offsite Impacts (City of Seattle)			
Direct	\$197.80	\$79.50	1,570
Indirect and Induced	\$60.00	\$23.60	476
Total Impacts	\$257.80	\$103.10	2,045
Onsite and Offsite Impacts (King County)			
Direct	\$208.10	\$88.10	1,672
Indirect and Induced	\$105.10	\$42.00	802
Total Impacts	\$313.10	\$130.10	2,473
Source: Economic Impact Analysis Paper (The City of Seattle)			

Table 3 below shows the 10 year financial projections of Seattle Arena. As noted earlier, the city of Seattle and King County are projected to make upwards of \$313 million annually due to the direct and induced economic impacts of Seattle Arena. When looking closer at table 3, it is easy to see that the prior estimates given in the EIA were overstated. The net revenue projections are much closer to the estimate made by Alexander et al. (1999) which is that the revenues of professional sports teams is equal to that of a large grocery store. When looking at table 3, there is a gradual increase in the total revenues of Seattle Arena over the first ten years.

The revenues of the arena can be attributed to parking, concessions, tickets, and local media sponsorships among others (Zimbalist and Long, 2006) and have an average revenue stream around \$250 million annually. The total expenses of Seattle Arena also gradually increase over Seattle Arena’s first 10 years of operation. The total expenses of Seattle Arena include the cost of operating, maintenance, and improvement costs, all of which are paid by the investment group under the S-LPF model. It is also important to remember that under the S-LPF model that the city of Seattle and King County do not receive any revenue from the operation of the arena. Once the ground lease agreement is negated and the arena is up and running, all revenues go directly to the investment group (Propheter & Hatch, 2014). Therefore, in total the investment group will have annual revenues of approximately \$30 million annually and the city of Seattle and King County will not receive any monetary benefits from Seattle Arena.

Table 3: 10 Year Financial Projections (\$ millions, not accounting for inflation)

Years	Total Revenues	Total Expenses
Year 1	\$221.30	\$190.90
Year 2	\$240.60	\$207.20
Year 3	\$250.30	\$213.10
Year 4	\$251.80	\$217.70
Year 5	\$261.30	\$222.50
Year 6	\$265.70	\$228.70
Year 7	\$274.10	\$233.70
Year 8	\$275.20	\$238.70
Year 9	\$284.60	\$244.00
Year 10	\$284.70	\$249.20
Source: Economic Impact Analysis Paper (The City of Seattle)		

Conclusion

The proposed agreement between the city of Seattle and the investment group to build Seattle Arena in Seattle’s SoDo District hinges on the ability to get an NBA and an NHL

franchise. As of now there has been a very real possibility of Seattle to get these two professional sports franchises in the near future due to talks of franchise relocation and league expansion. As noted earlier, the main goal of an EIA is to evaluate the effect of an event such as building a professional sports arena on the city's economy. The EIA done by the city of Seattle portrays a variety of benefits that the city and King County would receive from building Seattle Arena. However, when taking a closer look at the EIA it becomes apparent that the Seattle Arena will have significantly smaller impacts than it originally claims.

One of the biggest claims in this EIA is that the S-LPF model will make this investment much safer for taxpayers because its underlying structure decreases investment risk by a large margin when compared to the T-LPF model. The S-LPF model does this by transferring the ownership of the facility over to the investment group once the ground lease is negated. As a result, the investment group takes over the facility and is responsible for all maintenance, improvement, and excess construction costs (Propheter & Hatch, 2014). This part of the S-LPF financing model is very beneficial for King County residents and will save taxpayers a lot of money, but this model also has several drawbacks. This model requires that residents of Seattle and King County subsidize construction costs of the arena up to \$200 contingent on whether or not both NBA and NHL franchises are awarded to the city. This is a very large contribution that covers approximately 41% of the construction costs (Propheter & Hatch, 2014). In addition, the city of Seattle and King County will not receive any revenue from this agreement due to the fact that all revenues go directly to the investment group. Therefore, the EIA overestimated the direct and induced impacts incurred by building Seattle Arena and the revenues received annually. It has become very apparent in the literature surrounding sports stadium subsidization that the public receives negligible benefits from hosting a professional sports franchise. Despite

the several positive benefits in the S-LPF financing model, it is easy to see that improvements must be made in the future in order to get revenue into the hands of taxpayers and away from investors.

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