# ATRA OPPOSES SB1149

## *Sales TIF for Professional Sports Teams Combines Two Bad Ideas*

While ATRA has long opposed the public subsidy of stadiums and arenas for private sports clubs, Tax Increment Financing (TIF) makes the idea worse by using one of the riskiest and least transparent mechanisms. SB1149 proposes that a *community engagement district* which builds an arena or community facility be allowed to keep half of the TPT revenues generated inside the district that would otherwise go to the state. The other half would be split by the state and the amount shared with local governments. These "recaptured" revenues would be leveraged for debt service which would repay the municipal bonds sold to pay for the facility over more than 30 years.

The fundamental problem with TIF is it becomes the first draw on the state general fund before any other priority is considered. It skips the appropriations process altogether and diverts state resources for decades. All of the State's many requests for funding should compete in the budget process, not receive special carve outs before the debate begins.

The public subsidy of stadiums and arenas for the use of private franchises is always contentious. To the extent taxpayer funding occurs, it should be as transparent and straightforward as possible with local voters determining how much they will participate. Using this TIF mechanism to require the state's taxpayers pay for local projects is the equivalent of the scorned "pork barrel spending" at the Federal level.

The State of Arizona should not ask taxpayers in Yuma or Flagstaff to use their state tax dollars to offset a public subsidy in Maricopa County. The simplest reason is these special TIF districts only beget more districts, creating a "path dependency" as other jurisdictions rightly ask when it will be their turn to leverage the state for a local project. This is not an abstract slippery slope argument: past sales tax TIF measures in Maricopa County resulted in Pima County demanding similar treatment which led to the maligned Rio Nuevo project.

The notion that a private entity has claim to the TPT taxes generated by their business is a curious one— a treatment all businesses could certainly use. Further, the claim that a new stadium and surrounding retail would substantially alter the disposable income in Maricopa County and all money spent there would be foregone revenue or brand new money is entirely unsupported.

Finally, as is often the case in TIF districts, there is the potential that the concept could fail and taxpayers would be left holding the bag. Rosy revenue projections do not always come to fruition. The bill calls for financial backing from a municipality, meaning it's their taxpayers credit on the line if the bonds go unpaid. No jurisdiction could allow that to happen— just as Glendale cannot stop paying the debt service on their current arena for the Arizona Coyotes. State Taxpayers cannot know the exact odds of this gamble and shouldn't be asked to participate.