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Follow the Leader: The Effect of Elite Support on Ballot Referendums for Publicly Financed Sports Stadiums

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Abstract

Since the 1960s, most professional sports facilities have been financed through a mix of private and public funds. Team owners contribute private capital to the project, but the majority of the funding comes from the taxpayer. These public dollars are drawn from the supplementation of existing taxes, or the creation of new taxes in the cities or surrounding counties where the sports franchise operates, and are usually subject to a public vote. In most cases, local citizens do not support the use of taxpayer dollars to fund professional sports stadium subsidies. Previous research demonstrates that the local politicians and corporate executives who benefit from hosting a professional sports franchise can influence voter opinion by reframing the tax increases as a means to remain a "major league city," and by claiming that the economic value of the project will exceed its costs. In this paper, I argue that local political and corporate elites employ their respective strengths and influence to create a positive frame of stadium subsidies for professional sports franchises and thus generate voter support for these subsidies. I examine the legislative processes that provided public funding for the football and baseball stadiums built in Pittsburgh and Cincinnati in the late 1990s. I then use these two cities as a basis for comparison to modern cases in Arlington, San Diego, and Las Vegas, three cities that are currently negotiating financing terms on new professional sports stadiums.

Keywords

Public Finance, Referendums, Frames, Sports, Taxes, Corporate Elites, Local Politics, Humanities, Social Sciences, Political Science, Matthew Levendusky, Levendusky, Matthew

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Follow the Leader: The Effect of Elite Support on Ballot Referendums for Publicly Financed Sports Stadiums

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Abstract:

Since the 1960s, most professional sports facilities have been financed through a mix of private and public funds. Team owners contribute private capital to the project, but the majority of the funding comes from the taxpayer. These public dollars are drawn from the supplementation of existing taxes, or the creation of new taxes in the cities or surrounding counties where the sports franchise operates, and are usually subject to a public vote. In most cases, local citizens do not support the use of taxpayer dollars to fund professional sports stadium subsidies. Previous research demonstrates that the local politicians and corporate executives who benefit from hosting a professional sports franchise can influence voter opinion by reframing the tax increases as a means to remain a "major league city," and by claiming that the economic value of the project will exceed its costs. In this paper, I argue that local political and corporate elites employ their respective strengths and influence to create a positive frame of stadium subsidies for professional sports franchises and thus generate voter support for these subsidies. I examine the legislative processes that provided public funding for the football and baseball stadiums built in Pittsburgh and Cincinnati in the late 1990s. I then use these two cities as a basis for comparison to modern cases in Arlington, San Diego, and Las Vegas, three cities that are currently negotiating financing terms on new professional sports stadiums. Finally, I consider the modern cases to evaluate any new trends that may have developed in the recent decades. The stadium deals of the 1990s involved a large percentage of public funding and in some instances created disastrous economic effects for the cities and counties that approved the funding. The subsequent financial fallout for the local government and taxpayers can be used to inform contemporary voters about the potentially negative impact these subsidies can have on county and city governments, as our present decade is exhibiting a similar "stadium boom" push. This paper aims to show the effects that corporate and political elites can have on reframing sports stadium subsidies as positives so as to influence the passage of the tax increases that provide the public funds.

Section I:

Introduction:

The economics of sports leagues cause its member teams to move or spring up in cities where the market appears most financially viable. By constantly chasing successful or strong markets to sustain league revenue growth, professional sports leagues create demand for new stadiums in new cities. City and local governments often bear some of the cost and use taxpayer dollars to fund stadium development, in an effort to prevent existing teams from leaving or for the purposes of attracting new teams. In 1995, the Quebec City Nordiques relocated to Colorado, leaving the city of Quebec without a professional sports team and the Colisée de Quebec without a National Hockey League tenant for the first time in twenty-three years (Fortin, 2015). During its sixty-eight year existence, the arena had hosted teams in Canadian and American hockey leagues alike, with the Quebec Remparts of the Quebec Major Junior Hockey League (QMJHL) and the Nordiques of the National Hockey League (NHL) constituting the arena's main occupants until the Nordiques departure in 1995.

Desperately wanting to attract another NHL team to play in Quebec City, the local politicians proposed construction of a new hockey arena in 2009 that would draw its funding from city, province and federal governmental sources. Quebec City Mayor Regis Labeaume and the Premier of Quebec Jean Charest announced to the public their intention to fund a new stadium and bring an NHL team back to the province's capital. Their initial stadium-funding plan included no financial contribution from private citizens or corporations, relying solely on the taxpayer to cover the cost of a new stadium with no indication that the city would receive an NHL team to offset the public cost. After falling to garner federal funding support for the new stadium, Labeaume tripled Quebec City's commitment to the project to $187 million, and borrowed $125 million over a twenty-five year period to cover the city's contribution (Gagnon, 2011). The province of Quebec provided $200 million dollars in funding, as Charest argued that the province's capital city "should have modern facilities" (Gagnon, 2010). The combined $387 million in taxpayer dollars from the city and province were approved without a public vote, despite a poll that showed that fifty-five percent of respondents in Canada opposed the use of public funds for professional facilities (Star, 2011 B). A dissenting majority of citizens had no say in the allocation of the hundreds of millions of their taxpayer dollars, as stadium-seeking politicians controlled the city and province's purse strings.

A new funding source emerged for the proposed Quebec City stadium in the form of the CEO of Canadian media giant Quebecor. Karl Peladeau publicly offered to commit "tens of millions of dollars" to the stadium, and eventually struck a deal with the city to purchase naming and management rights to the proposed stadium, with the financial terms conditioned on the city being able to attract a new NHL team (Star, 2011 A). To be sure, none of Peladeau or Quebecor's funding was used to construct the new arena, but rather to offset its costs after completion (*Ibid.*). Like most media companies that are involved in stadium financing deals, Quebecor stood to benefit from the existence of a new professional team in its region – Quebecor could use the content created by the team to create value for their company through broadcasting and distribution rights. The political-corporate alliance of Labeaume, Charest and Peladeau sought to use public dollars to construct a new stadium in Quebec City, with the private funding commitment to the project increasing if the city received an NHL team, and only after construction had been completed. The actions of three powerful figures in Quebec bypassed public opinion and ensured that the proposed $400 million stadium would be built completely with public funds. The Videotron Centre broke ground in 2012 and was eventually finished by 2015 and its management rights were sold to Peladeau for $33 million (Zeisberger, 2015).

The construction of the Videotron Centre in Quebec City becomes even more problematic given the uncertainty of the city attracting an NHL team to play in the new and expensive arena. The politicians and Peladeau made their funding commitments to the Videotron Centre with the knowledge that there would be no immediate NHL tenant. Gary Bettman, the commissioner of the NHL, gave no clear indication to the city that it would receive a team through relocation or expansion, but noted that the only way that the city could receive a team was through the construction of a new stadium (Gagnon, 2010). Bettman's non-committal stance made the Videotron Centre a potentially disastrous public expenditure. In 2014, the NHL publicly announced that it hoped to find teams for Quebec City, Seattle, Toronto and Las Vegas in time for the 2017 NHL season (Gagnon, 2014). The NHL not only coerced Quebec City to fund a new arena, but also placed it in open competition with three large cities. After a two-month process, the NHL granted Las Vegas, not Quebec City, an expansion team in 2016 because the league considered the city to be "the entertainment capital of the world" that could help enhance the reputation of the league (Traikos, 2016). The NHL gave preference to a city with a larger economic pull and a largely tourist population over a smaller city with a proven NHL background and a rich culture of hockey fandom.

In the absence of an NHL team, the Videotron Centre continues to host smaller events and the Quebec Remparts. It is the largest stadium in the QMJHL, and represents both a failed public expenditure and excessive willingness by politicians and corporate actors to chase professional sports teams against the wishes of the public. Four months after it opened, the Videotron Centre had already run up a $1.4 million debt. The agreement between Peladeau and the Quebec City government required that the city and province pay at least half of any operational deficits incurred by the facility, despite Peladeau and Quebecor maintaining management rights to the stadium (Valiante, 2016). The expensive stadium did not attract an NHL team and charged the taxpayer with its debts even though voters had no say in the approval of public funds for the project.

Though the Canadian and American political structures differ in multiple respects, the two systems appear to be in agreement that the public must provide a subsidy to help professional franchises construct new facilities. Not all stadium financing cases involve non-electoral allocation of taxpayer funds like Quebec City – rather, public financing of professional sports stadiums is often decided through a means of direct democracy: the ballot referendum. Citizen voters are called upon to make informed choices and vote their preference on ballot referendums. If many of these publicly funded stadium plans are approved through direct democracy, and voters generally oppose using taxpayer funds for these projects, how do they pass? Local political and corporate elites and the actors who will benefit the most from the construction of a new professional sports facility employ their strengths to ensure that stadium expenditure ballot measures pass.

These actors are able to influence voter preference through control over the means by which information about the ballot measure is passed to voters, and by framing the potential public expenditure in positive terms. Direct democratic measures such as ballot referenda lack traditional cues that help voters simplify their choices. As such, local politicians use their public influence to argue that the presence of a professional sports team is necessary for the reputation of the city or region, and that stadium subsidies can persuade professional sports teams to remain in the region. Similarly, local corporate executives use their reputation in the local economy to argue that professional sports teams and stadiums create economic value for the surrounding areas, and that the public will benefit the most from stadium construction if they are the principal financiers. In this paper I will argue that the politicians and corporate executives who support public financing plans for professional sports stadiums can influence public opinion to favor such expenditures by dominating the information channels and framing the projects in favorable terms. The public stances of these actors serve as a cue for how citizens should vote on ballot measures that approve public financing for professional stadiums. The uninformed citizens are captive to the desire of powerful local actors and end up approving ballot referenda.

Multi-million dollar professional sports franchises and their billionaire owners take advantage of taxpayers by demanding public financing for new stadiums. Professional sports stadiums are expensive and often exceed their original budgets due to an underestimation of the necessary costs required to complete them. As sports facilities are generally poor financial investments, team owners look to local governments for funding sources and are able to demand them through the leverage afforded the teams by the economic growth of professional sports. The increase in the number of viable cities for a professional franchise allows owners to pit competing cities against one another, and hold out for the cities that can offer the highest public contribution toward a new stadium. To that end, they threaten to uproot and relocate their franchises, irrespective of long-standing traditions or ties to the communities in which the teams operate. Though citizens do not wish to see their hometown teams leave the community, they tend to oppose professional stadium subsidies and consider them to be a form of corporate welfare to the already wealthy franchise owners (Delaney and Eckstein, 2007).

Local corporate elites and politicians aim to capitalize on the public's desire to keep their beloved professional sports franchises in town. They attempt to sway public opinion to favor the use of taxpayer dollars for stadium building by framing the expenditure as necessary to remain an elite city, in impossibly favorable economic terms, and by assuring the public that the recipient franchise owners will contribute a substantial amount of private funds to the project. Moreover, the partnership of these elite actors comes in the form of highly organized pro-stadium tax campaigns that are aimed at convincing the voters to favor professional stadium subsidies. The coordinated support for stadium subsidies by local corporate executives and politicians serves as a powerful framing tool that is geared toward eroding voter opposition to public financing of professional stadiums through the employment of their combined strengths and reputations within the community. The spending power of corporate elites and the public influence of local and state politicians dominate the information campaigns to approve public funds for stadium construction through a referendum vote.

Elite dominance over direct democratic processes is problematic because it defeats the purpose of citizen voting. A population that does not support subsidies for professional sports franchises should be able to turn their collective opinion into public action through referenda votes. Local governments approve large public contributions to professional sports stadiums against the wishes of their constituents. Political and corporate elites employ their respective strengths to finance large information campaigns that reframe stadium subsidies as both necessary and potentially beneficial to the city. To chart the progression of elite dominance over stadium tax referenda measures, I will examine two stadium financing referenda votes in the late 1990s in Pittsburgh and Cincinnati and evaluate the effect that local politicians, corporate executives, and professional team owners had on reframing the subsidies as positives and passing the necessary taxes to finance stadium construction. I draw my information of these tax votes from the largest circulated newspapers in both cities, the *Pittsburgh Post-Gazette* and *Cincinnati*

Post, respectively. I will then use my findings from the Pittsburgh and Cincinnati cases to compare how elite strategy has changed in pro-stadium-tax campaigns since the late 1990s and examine three contemporary stadium-financing cases in Arlington, Texas, San Diego, California, and Las Vegas, Nevada using the same method. I argue that political and non-team owner corporate elite influence matters in stadium tax referenda votes, and that pro-tax politicians have developed new taxing schema to increase public support for professional stadium subsidies in these modern cases.

Related Literature on Professional Sports Stadium Construction:

Contemporary instances of private financing for professional sports stadiums are few and far between. Economists Roger Noll and Andrew Zimbalist note that prior to 1960, many professional sports stadiums were privately owned and financed by the teams that played in them (Noll and Zimbalist, 1997). Typically, two franchises shared the same multi-use stadiums and each team would combine to contribute the majority of funding – the Pittsburgh Steelers and Pirates shared Three Rivers Stadium, and the Cincinnati Bengals and Reds both played in Riverfront Stadium. As stadiums have become substantially more expensive – Three Rivers Stadium cost $55 million to complete, while the combined cost of new stadiums for the Pirates and Steelers cost nearly $497 million – teams and corporations have become less likely to contribute large sums to the stadium development projects (Barnes, 1997). Noll and Zimbalist argue that because the revenue from the new stadium is unlikely to exceed the interest and amortization costs incurred during construction, teams and private corporations do not bear the costs of construction because facilities are "not financially viable" for a private company (Noll and Zimbalist, 1997). The increase in construction costs for professional sports stadiums hoists the majority of financial burden on to the taxpayer and away from the actors that will gain from the facilities.

The growing trend in professional sports stadium construction involves at least some portion of the stadium being shouldered by taxpayer dollars. Economist Zachary Phelps reports that of the thirty stadiums constructed between 1953 and 1973, twenty-seven received $450 million in taxpayer support (Phelps, 2004). The phasing out of multi-use stadiums also contributes to a shift away from private financing, as individual franchises begin to demand their own facilities and no longer pool together private funds with other teams. Noll finds that thirty-one new stadiums were built between 1987 and 1997, with an additional thirty-nine franchises advocating for new facilities (Noll and Zimbalist, 1997). This "stadium boom" is self-perpetuating, as it affords team owners the opportunity to claim that they need new facilities in order to compete financially with rival franchises that have recently received new facilities (Brown and Paul, 2002). As the construction of single-team stadiums continues to grow, the use of some amount of public funds has essentially become the formula adopted by local governments to keep their professional franchises from relocating.

The trend toward larger public contribution to stadium projects is problematic, however, as professional sports stadiums tend to create more economic burdens than rewards. Professional sports stadiums are generally a poor investment because they often experience cost over-runs. Economist Bent Flyvbjerg defines the estimated costs of a public construction project as those that are determined "at the time of the decision to build" and that the conservative nature of these costs reflects the infancy of the project (Flyvbjerg, Holm, and Buhl, 2002). The initial cost approximations of public works projects tend to be the amount that voters decide on because voter approval ensures the project continues as planned. Noll states that the "actual magnitude" of the government subsidies allotted for such projects tends to be “greater than the estimate due to errors in estimating the costs and revenues” of the stadiums, as governments are often responsible for paying these over-runs (Noll and Zimbalist 1997).

As a result of these over-runs, voters are unwittingly agreeing to pay significantly more than the initial figure when they approve stadium subsidies for professional teams. Large public development projects often experience such significant cost over-runs. Flyvbjerg furthers this argument by stating that cost estimations for public projects happen “successively” after the project has been approved and that the initial cost estimation is “far from final” (Flyvbjerg, Holm, and Buhl, 2002). As the costs of professional sports stadiums are often underestimated and the public is increasingly responsible for paying a portion of them, the economic burden is shifted from private firms to taxpaying citizens. Such miscalculations can be devastating for counties in smaller markets; Cincinnati’s Paul Brown Stadium has cost Hamilton County $454 million, $170 million higher than its original estimate (Preston, 2016). Voters have agency in determining whether public funds will be used for stadium construction, and can avoid such financial disasters by voting them down.

Ballot referendums are the main form of political participation to approve the use of public funds for professional sports stadiums. Local politicians such as County Commissioners or state legislators propose increases to existing taxes or the creation of a new tax to provide funds for professional stadiums through a referendum. The referendum process was created to give citizens a more active role in American democracy and the policy-making process. First implemented during the Progressive era, referendum votes were designed to give citizens agency in deciding local governmental expenditure decisions and take legislative power away from a minority of powerful actors. Proponents of direct democracy contended that having citizens vote on individual pieces of legislation through referendums would create a more politically informed and active electorate (Smith, 2002). Political scientists Clyde Brown and David Paul estimate that referendums regarding tax increases draw a large voter turnout of roughly 40%, and that many such elections set local voter turnout records “for primary, secondary, or nonpresidential elections” (Brown and Paul, 2002). Citizens exhibit higher rates of turnout on referendums when tax increases are on ballot because of the local financial implications of these ballot measures and their increased political role through direct democracy.

Though ballot referendums on tax increases garner relatively large voter turnout, their inherent nature as nonpartisan issues complicates voter behavior. The increase in voter participation for ballot referendums hides the overall ignorance of the American voter to general policy issues. In *The American Voter*, social psychologist Angus Campbell argues that few voters are actually aware of “major policy issues” and their implications (Campbell et al., 1960). The American voter is largely uninformed about the political process and the legislation that it produces. Political scientists Eric Smith and Peverill Squire consider partisan labels to be the most significant cue that affects American voter behavior in elections (Smith and Squire, 1988). Voters look to politicians and political party platforms to determine how they should evaluate a given ballot issue.

Political scientist David Magleby furthers the notion that voters use their political party’s position to “simplify” the voting process, but contends that voters are unable to do so as ballot referenda and initiatives are bereft of these “party cues” (Magleby, 1995). Even though ballot referenda and initiatives are non-partisan issues that cannot be tied to the agenda of a specific political party, the positions of local politicians on such issues can have significance for voters. Magleby finds that citizens are more favorable of referendum measures that are placed on the ballot by the state legislature than they are of citizen-sponsored initiatives (*Ibid.*). Prospective voters exhibit more support for politician-sponsored referenda than citizen-sponsored initiatives because of their willingness to follow the opinions of their elected officials. Though direct democracy was created to give the public a more active role in politics and take away political control from the powerful few, citizens are more likely to ally with politicians than the public because of their reliance on politicians and political parties to determine their vote choices.

The inherent lack of information of direct democratic elections leaves uneducated voters vulnerable to the interest of powerful actors. In addition to providing citizens with signals on how they should vote on a given issue, political parties and politicians coordinate information campaigns during the election process to build support for their cause. Yet, as direct democratic processes lack traditional partisan cues and are not overtly supported by either party, voters are without a major institutional source of education for ballot propositions. The lack of political voting cues for ballot measure thus favors any group that can control the flow of information and best disseminate it to the electorate. Political scientists Caroline Tolbert, Daniel Bowen and Todd Donovan argue that campaign spending in ballot initiative campaigns gives voters a level of information through "mass media advertising" (Tolbert, Bowen and Donovan 2009).

The main medium by which voters receive information of a ballot measure is through advertising campaigns that are coordinated by politicians but funded by non-political groups. Political scientists Shaun Bowler and Todd Donovan argue that the campaigns that spend the most on information dissemination do so not to alter public opinion on the issue but rather to just create "awareness" of the ballot issue, which then allows the voter to evaluate the measure in "partisan or ideological terms" (Bowler and Donovan, 2000). Large spending campaigns are not geared to convince the public to support the ballot proposition, but rather to give the voter their own tools to consider the proposal – which in turn favors the group that can spend the most. The link between large spending campaigns and referendum success is troublesome because it defeats the purpose of direct democracy – the interests of the rich few that can finance these spending campaigns tend dominate over the uninformed public.

The nature of ballot referendums that increase taxes to provide professional sports franchises a stadium subsidy is problematic given public opinion on government expenditure in general. Voters rarely exhibit strong support for any taxing and spending measures implemented by their respective governments. Economist Sam Peltzman concludes that voters "penalize" state and federal governments that increase their spending budget by refusing to vote for those same candidates in later races (Peltzman, 1992). Voters express their dislike for growing state expenditures by rescinding their support for those who actively increased budget spending, and thus punish these politicians only after the expenditure has been made. In stadium construction cases, voters can voice their disapproval of state spending in two ways: public opinion polls and citizen initiatives that are aimed at preventing public spending for sports stadiums. Paul and Brown highlight a 1995 national survey in which eighty percent of those polled disagreed with the use of taxpayer funding to finance professional stadium construction (Paul and Brown, 2006). An overwhelming majority of American citizens disapprove of subsidies for professional stadiums.

If a large portion of the American population is against public subsidies for professional sports stadiums, how do these ballot propositions pass in referendum elections? Paul and Brown note that citizens will sponsor ballot initiatives against public financing; over fifty thousand Denver citizens signed a petition to prevent public spending on sports stadiums (Brown and Paul, 2002). These types of initiatives tend to fail, however, as evidenced by the proliferation of stadium subsidies since 1960 and the subsequent “stadium boom” of the 1990s. Although voters often voice their negative opinions on the efficacy of stadium subsidies, they rarely seem to achieve their stated goal of defeating the taxes at the polls. Paul and Brown state that stadium tax-backers won in “56 percent” of the instances in which a majority of citizens polled “initially opposed” public financing for such projects (Paul and Brown, 2006). The willingness of voters to favor politician-backed referendums that support public financing over citizen-backed initiatives that malign the public financing of stadiums ensures that taxpayer dollars are contributed to a majority of stadium construction cases. The reliance on referendum voters to follow political opinion on issues of ballot propositions gives pro-tax politicians the opportunity to build more public support for unpopular stadium subsidies.

Political elites support the use of public funds for stadium construction because of the intangible benefits that come with having a sports franchise. Local politicians frame stadium-subsidy ballot referendums as necessary for capturing the consumption value that professional teams create, and less about the overall economic effects of the proposed stadium. The use of issue framing for tax increases by politicians can influence the passage of ballot referendums. Paul and Brown find that the local political elites frame such referendums in terms of the “potential loss of the cherished professional sports franchise” (Brown and Paul, 2002). The issue is then evaluated from a sentimental as opposed to an economic perspective.

The presence of a professional sports team allows politicians to label their city as first-rate among others and to create a sense of pride among its constituents, which unites its citizens under a common interest and rooting identity. Economist Jerry Owen remarks that having a professional team can “instill pride” in the surrounding area, even for those who are not fans of the team (Owen, 2003). After signing a deal to have the New England Patriots relocate to

Hartford in 1998, Connecticut Governor John Rowland dubbed the purported move as an opportunity for those in the city of Hartford "to redefine ourselves," and claimed that a professional sports team "creates a lot of pride" (Swift and Keating, 1998). Though the Patriots ended up reneging on their agreement with Hartford, Rowland was able to justify the potential expenditure to the public as necessary to maintaining the city's reputation and pride. Pro-tax politicians support the use of public funds to build sports stadiums because of the non-economic value and prestige that professional sports teams create.

Local corporate executives and pro-tax supporters spend more on advertising to disseminate information that overtly supports stadium-financing referendums because there tends to be strong opposition against using public funds for this purpose. The few that stand to benefit from the construction of professional sports stadiums overwhelmingly favor stadium referenda ballot measures. Local corporate elites and organized interests are often proponents for the public financing of professional sports facilities. Economist Mark Rosentraub finds that by framing the tax used to generate public funds for a professional stadium as a "large-scale economic development project," corporate leaders in "local real estate, financial and media firms" support the referendums in droves (Sandy, Sloane, and Rosentraub, 2003). These business leaders then in turn attempt to influence the passage of referendums for "development projects" because they stand to benefit the most from them. Moreover, economist Rodney Fort states that the economic benefits created from stadium construction are concentrated among a small group of actors, namely "the team, the press…the industries that will build the stadium" and that such interests "have a very large individual stake in getting a stadium improved" (Fort, 1997). Corporate executives and businesses are principal stakeholders in stadium tax referenda campaigns because they reap the concentrated economic benefits from stadium construction.

These wealthy private actors justify their support of stadium subsidies by publishing economic studies that assert the stadium will benefit all citizens. Local corporate elites pay economic consulting firms to publish favorable economic studies about the proposed stadium. Noll concludes that these actors publish "bogus" economic impact studies that exaggerate the stadium's potential economic benefit by tens of millions (Noll and Zimbalist, 1997). Businesses and corporations are not the only private stakeholders in publicly financed stadium construction. The power of local media elites to influence ballot referendum outcomes can be seen in the case of Minneapolis in 1978. It is in the best interest of the media to support the use of public financing for stadiums because the teams create the content that those media outlets broadcast. Corporate and media elites favor ballot referendums that promote the use of public funds for stadiums because they benefit financially from the continued presence of the sports franchises, and publish misleading economic studies to convince the electorate that it is in their best interest to approve these subsidies. Though the voters did not support a public subsidy for a new stadium for the Twins, the city's two largest newspapers, the *Minneapolis Star* and the *Minneapolis Tribune* exhibited broad support for the initiative, and publicly financed construction began in the winter of 1979 (Quirk, 1997).

Team owners are chief among the corporate elites that benefit from the use of public funding for sports stadiums. Professional sports stadiums tend to have a mix of public and private funding, with the beneficiary franchise usually contributing at least some amount of funding to the project. Team owners use their prospective contribution of funding to the stadium construction projects as a means of making these subsidies more palatable to voters. Law professor Martin Greenberg claims that of the 20 professional stadiums constructed during the 1990s, \$2.1 billion of the \$5.3 billion spent on stadium construction came from the beneficiary sports franchises (Greenberg, 1999). In an effort to get a new stadium, Denver Broncos owner Pat Bowlen agreed to contribute at least $50 million as a stipulation of the tax, and ended up contributing up to $100 million of private funds towards a new stadium (Lowe, 1998). Team owners give private funds to publicly financed sports stadiums because they use them the most and gain from them financially by not having to assume a larger portion of the costs.

The means by which owners contribute private funding, however, is problematic in that it is essentially a transfer of private income from one group of consumers to the owner. Phelps observes that personal seating licenses (PSLs) are sold to provide private funds for the project. A PSL is a fee that fans pay for "the right to a seat" in the stadium, and generally has no value beyond reserving a fan's season ticket seat for one year (Phelps, 2004). To offset the Steelers' contribution to Heinz Field, team owner Dan Rooney sold $26.5 million in PSLs to fans of the franchise (PPG Editorial, 1998). Owners are essentially transferring private citizen income on these economically value-less PSLs to the construction of their new stadiums. Corporate elites such as franchise owners mislabel the intent of stadium subsidies as necessary for local economic development and use private citizen dollars in the form of PSLs to make the stadium subsidies more acceptable to voters.

A gap in the research on the efficacy and use of public funds to pay for professional sports stadiums is that it has largely ignored the role that a corporate-political elite coalition can play. Most researchers either focus on the influence of corporate elites and the relocation leverage that professional franchises owners possess, or the influence that elected officials may have in a referendum vote, whether in opposition or in support. In their paper on the effects of elite endorsements on stadium financing referendums, Paul and Brown state that most scholars who conduct research on the subject, including themselves, lack a complete understanding of "the factors and circumstances that determine whether these referendums are approved or rejected by voters" (Paul and Brown, 2006). The two authors' paper represents the closest attempt in the literature to explain the effects that both corporate and political elites have on public opinion on this issue, but their analysis focuses solely on the effects of either the support or opposition of these powerful groups, not on the coordination between them. Moreover, studies such as these do not consider professional sports franchise owners to be among the corporate elites that can influence the passage of referendums. The employment of the combined strengths of the two sets of powerful actors is often enough to convince voters to approve stadium tax referenda.

Local corporate actors ally with political elites to create pro-tax campaigns that raise and spend money to distribute information that frames professional sports stadium subsidies in a favorable context. Political and corporate elites gain significantly from using public funds for stadium construction so as to convince local professional franchises to remain in town. Fort notes that this collaboration is natural as the proponents of publicly financed stadiums have "higher personal stakes" which lead them to take a "more active role" in ensuring the passage of a ballot referendum (Fort, 1997). This active role prompts large corporate actors to contribute to pro-tax campaigns: Denver Broncos owner Pat Bowlen contributed $650,000 to the pro-stadium tax campaign, which helped to create a 32:1 spending ratio between the pro-tax and anti-tax campaigns (Lowe, 1998). Moreover, Brown and Paul find that there is more public support for referendums that have been sponsored by elected public officials than citizen-sponsored initiatives (Brown and Paul, 2002). The alliance of financial and political power operates to overwhelmingly dictate the outcome of votes to approve public funding for stadiums.

The widespread use of public funds for professional sports stadiums supports the notion that pro-tax campaigns succeed and create voter awareness of the perceived benefits of publicly financed stadiums. The professionalization of pro-tax campaigns through the coordinated efforts of corporate and political elites gives them a distinct advantage over unorganized anti-tax groups. Noll describes most pro-tax campaigns as "well organized with clearly defined money interests" and anti-tax campaigns as "poorly organized, poorly funded" and less likely to win even if they have public support (Noll and Zimbalist, 1997). Rich and powerful local actors support public financing for sports stadiums, while local citizens and non-political figures oppose stadium subsidies. In a forty-team study, Brown and Paul claim that pro-tax campaigns raised and spent an average of $1.4 million, as compared with $78,300 by anti-tax campaigns, with media spending disparities ranging from 2:1 to 309:1 in favor of the pro-tax groups (Brown and Paul, 2002). The combination of corporate funding with political organization makes pro-tax campaigns difficult to beat. Brown and Paul further argue that ballot referendums favor well-organized groups that try to increase government activity and not "less well-organized citizen-taxpayers" that disapprove of government activity in stadium construction (*Ibid.*).

Pro-tax campaigns leverage their strong organizational makeup and fundraising capabilities to control the flow of ballot proposition information and influence voter preferences regarding subsidies for professional sports stadiums. The median voter preference among citizens tends to be in opposition of public financing for professional sports stadiums. In most cases, voters favor the construction of new stadiums for their professional sports franchises, but advocate against the use of public funding for these projects. Noll's research indicates that while eighty percent of those polled in Minneapolis favored some form of a new stadium for the Minnesota Twins, eighty-two percent of citizens outright opposed the use of public funds for the project in 1978 (Quirk, 1997). As mentioned earlier, the media outlets in Minnesota played a role in the campaign for the use of public funds to prevent the Twins from leaving (*Ibid.)*. Similarly, in 1997, many citizens feared the Broncos would relocate for a new stadium, but fifty-six percent of those polled in Denver and its surrounding counties opposed the use of public funds for the potential construction project. The pro-tax campaign in Denver outspent the opposition $1.4 million-$13,000, and received public support from several "volunteer politicians," while the anti-tax campaign was largely ineffective and disorganized (Lowe, 1998). The combined strengths of corporate and political elites overwhelm uncoordinated anti-tax coalitions.

The legislative process by which local governments approve funding sources for professional sports stadiums runs counter to its intended goals. Progressive reformers in the early twentieth century pushed for referendum voting to create more instances of direct citizen participation in the legislative process. The political reality of direct democracy, however, demonstrates that broad public opinion on a ballot proposition is less influential than the actions of a powerful minority. Ballot proposition votes and other forms of direct democracy lack traditional partisan voting cues and political party-sanctioned information campaigns to educate voters on the issues that the vote will decide.

As such, referendum voters must look elsewhere for information about the vote to make reasoned choices. Local political elites leverage their power and influence as elected officials to convince citizens of the need to contribute stadium subsidies for professional sports teams to remain respectable cities. Politician support of stadium tax plans can influence voter behavior on ballot propositions because referendums and direct democratic processes lack traditional voter cues. By local political elites, I am referring to politicians such as Mayors, City Council members or County Commissioners in the areas that will be affected by the passage of the referendum. As ballot propositions are derived from citizens and politicians alike and are generally single-issue votes, they often lack cues for the common voter. Campbell finds that "party identification" serves as a strong indicator for voters because it allows them to understand the issue in partisan terms, and thus gives voters a shortcut to vote on ideological terms (Campbell, 1960).

In their book on voter opinion, Bowler and Donovan claim that support from elites or reference groups can operate as a "shortcut" for undecided voters in direct democracy elections (Bowler and Donovan, 2000). Brown and Paul corroborate this notion by arguing that ballot referendums lack traditional partisan electoral cues because local party organizations are not very involved in referendum votes (Paul and Brown, 2006). Moreover, the authors highlight the "familiarity" that citizens feel to their elected officials, and that this familiarity makes them more likely to use the endorsements of their local politicians as signals on how to vote (*Ibid.*). Voters will align their preferences on ballot referenda with those of their elected officials because of the emotional and ideological connection they feel towards with them. Local politicians who support public financing of sports stadiums use their public influence and position as a cue-giver to convince voters to approve stadium subsidies for teams. As such, the presence of regional political elite support increases the likelihood of adopting stadium funding plans that involve the use of some public funds.

Corporations that favor public development of professional stadiums similarly capitalize on voter ignorance to ballot measures. Corporate executives contribute large sums of funding to pro-tax campaigns and thus improve the electoral chances of stadium subsidies by funding information campaigns that frame the tax in favorable economic terms. Ballot initiatives and referenda were designed to lessen the influence of large interests in the American policy process.

Progressive-era politicians lobbied for ballot referenda in order to "counter narrow interests" by giving citizens a means to bypass a corrupt state legislature (Bowler and Donovan, 2000). Yet corporate interests remain a factor in ballot referenda because of their ability to financially support one side of the campaign. Bowler and Donovan highlight that voter knowledge of ballot referenda is limited (Bowler and Donovan 1994), and Magleby categorizes the American public as having an "idealized" notion that voters educate themselves about referendum votes (Magleby, 1995).

Citizens that exhibit a lower level of knowledge about the ballot referendum can be swayed more easily. Paul and Brown argue that local media coverage, "both paid and free" operates as the main method by which pro and anti-tax organizations interact with voters on ballot propositions (Brown and Paul, 1999). As such, the campaign that can raise and spend the most to distribute advertising and information to voters has the advantage. Bowler and Donovan equate a high financial capacity of a referenda campaign to having control of the information given to the public about the vote (Bowler and Donovan, 2000). Political scientist Graham Ramsden takes a narrower view by stating that the media are the "only source of campaign information" to the referendum voter (Ramsden, 1996). Corporate executives are better equipped to control of the main source of information about the referendum to the voter because of their immense financial capabilities to execute mass media buys. Local corporate executives frame stadium subsidies as necessary development projects that will create economic value and jobs for the city and surrounding counties, and are able to spend large sums of money on media campaigns that distribute favorable information of the proposed subsidies. Local corporate chief executives can influence the passage of public financing plans by giving large monetary contributions to the pro-tax campaigns. Whichever tax campaign receives monetary support from corporate executives should have more success at the ballot box.

Professional sports team owners promote these tax campaigns by offering to contribute millions of dollars to offset the potential cost of the stadiums, and thus ease the impending and inevitable financial burden that a professional stadium will have on the public. Private funding contributions by team owners towards stadium construction projects positively influence public support for subsidies for sports stadiums. Owners shoulder more of the financial burden of multi-hundred million-stadium projects by contributing large sums of private money towards professional sports stadium construction. Prior to the 1960, professional sports stadiums were funded almost entirely by private actors (Noll and Zimbalist, 1997). In his data set on the public-private financing split of stadiums built in the 1990s, Greenberg finds that the mean percentage of public funds used for stadium construction were roughly 60%, with several cases exceeding this mean total[1] (Greenberg, 1999). As the trend in public-private financing mix of sports stadiums skews further towards the taxpayer covering the majority of the construction costs, team owners have little incentive to commit funds to the stadium construction projects.

Team owner financial support toward stadium construction is an explicit indication to referendum voters that the franchise and its ownership group are satisfied with the public's share of the costs and will not relocate. This satisfaction can be used to build public support for the measure by demonstrating that the owner has a stake in the project. Political scientist Monika McDermott argues that those groups and individuals that publicly oppose or support the measure determine the voting cues for the typical citizen on the given referenda (McDermott, 1997). Like the local political and corporate elites, team owner financial support of the stadium construction project is a cue to voters that their beloved franchises are willing to remain in the region, should

[1] Stadiums for the Indiana Pacers and Bengals were funded with 100% of public funds

the tax pass its referendum vote. Monetary commitments by professional team owners can increase the likelihood that citizens will approve the use public funds for stadium construction. By indicating their preference that the stadium tax is passed, owners can increase the electoral chances of stadium taxes by publicly campaigning in favor of the tax.

The increase in professional sports stadium construction since the 1960's has prompted different approaches by local governments and created financing-plan trends that one can study to better understand the impact of public financing for privately owned sports franchises. Cities with differing population totals, demographics and mix of corporate entities will devise different taxing structures or bond issue structures to pay for stadium subsidies, and these plans can vary by the decade. Fort utilizes a table that charts twenty-nine public votes on stadium subsidies, twelve of which succeeded, that span from 1974-1996. The table demonstrates that all twenty-nine cases involved financing plans that tax local citizens in the areas that would receive new stadiums. The citizens who voted on stadium referenda up through 1996 were for the most part deciding whether or not to tax themselves to keep their professional sports team. It is thus interesting to examine why so many of these cases succeeded, with voters agreeing, knowingly or not, to shoulder a portion of the construction costs. Moreover, of Fort's twenty-nine self-selected stadium case votes, sales and excise tax increases had the most electoral success among voters (Fort, 1997). Tax increases on individual goods like tobacco and cigarettes create similar voter approval as stadium financing measures, as do sales taxes that are diffused over all citizens. Zimmerman offers an explanation for concentrating stadium subsidy costs on those that live in the surrounding areas because the "beneficiaries" of having a professional sports team generally live in the area where the team plays (Zimmerman, 1999).

Yet the public and the surrounding population are rarely the chief beneficiaries in professional sports stadium development projects. Fort contends that as average citizens have little at stake in the matter of ballot measures, that the "extremely high per capita stakes" of corporate actors that benefit from the presence of a professional sports franchise will dominate ballot referendums and secure subsidies for the teams (Fort, 1997). The perpetual corporate influence on direct democratic measures regarding publicly funded professional stadiums is worthy of study as it allows one to understand the changing landscape of corporate elite involvement in development projects of this type. Another trend that ought to be examined is which type of corporate interest will provide the most support for a stadium ballot measure in the form of financial contributions towards pro-tax campaigns. As previously mentioned, the media outlets in Minneapolis played a large role in the passing of a stadium subsidy in 1978 despite tremendous public disapproval for stadium subsidies in the city (Quirk 1997). Media outlets are large stakeholders in the desire to attract or keep professional sports franchises nearby, as they work in quasi-coordination with the professional team to purchase the requisite broadcasting rights for the content and distribute it to the local population. Charting the supporters of stadium subsidies over-time can indicate which contemporary industries benefit the most from the presence of teams, and whether they can sustain their financial support of such projects.

The principal stakeholders in the stadium development game often are those that force the issue to the forefront for citizen voters. Team owners create the electoral impetus to approve stadium subsidies by threatening to relocate from their city unless they receive a new stadium to help them compete financially. As previously stated, Phelps' "stadium boom" of the 1980s and 1990s created more stadiums and demand among team owners for new stadiums because their rivals had recently received new stadiums (Phelps, 2004). Franchise owners often constitute the majority of the private funding source that is used to build the stadiums that they demand from the local government. Of the nineteen teams in Greenberg's table on the private-public funding split on stadiums constructed before 2000, only two were financed completely by the local government, and only one was financed entirely by private contribution (Greenberg, 1999). Ownership groups contribute funding to their own professional stadium construction projects to signal to the voters that they will remain in the region for the right price. Team owner role in professional stadium subsidies can influence the amount of public funds that local politicians will commit to such projects. Greenberg notes that after the New England Patriots were unable to come to terms with Massachusetts on a new stadium in the late 1990's, the State of Connecticut offered Patriots' owner Robert Kraft a $374 million stadium entirely funded by the taxpayer and essentially "rent-free and tax-free" (Greenberg, 1999). Owners, especially owners of teams that appear willing to relocate in search of a better stadium financing deal, play an instrumental role in stadium subsidy referenda votes because of the interest local politicians and corporate executives have in retaining or attracting professional sports teams to their city.

The combined strengths of these elite actors exert an immense impact on the passage of stadium tax referenda. As such, these elites organize their efforts into professional campaigns that favor tax increases used to pay for a portion of the construction of stadiums for professional franchises. Though the average American opposes the use of public funds to benefit sports owners, their preferences are often overridden due to their lack of funding or organization in oppositional campaigns. I expect that local political support will positively influence the electoral chances of stadium subsidy referenda because of voter ignorance and the importance of an electoral cue in vote-choice. I expect that large monetary contributions to pro-tax campaigns will increase the likelihood of stadium referenda, as it will give these campaigns the comparative financial advantage to dominate advertising space. I expect that team owner financial contribution to stadium construction will increase the likelihood of stadium tax referenda because it is a public gesture of good faith to the voters that the team will not relocate and is a stakeholder in the stadium deal. Political and financial power serves as the bellwethers of success for ballot referendums.

In the following section, I evaluate the strength of my hypotheses regarding stadium tax referenda votes in Pittsburgh and Cincinnati in the late 1990s. To test my claims, I use articles from the *Pittsburgh Post-Gazette* and *Cincinnati Post* that catalog the referenda votes for new stadiums for the baseball and football teams in Cincinnati and Pittsburgh. I predict that all of my variables – political elite support, corporate elite support, and team owner support for stadium subsidies – will be significant in the stadium tax votes, but that political elite support will have the most effect on the vote because of the reliance on citizens to align their vote choices with those of their elected officials. I will then proceed to test my initial hypotheses regarding elite support for stadium tax measures in three contemporary stadium financing cases, to see both if my own predictions remain relevant to the study today and whether any new trends have emerged in contemporary stadium financing plans

<u>Section II:</u>

Hypotheses:

1. Political elite support: The presence of regional political elite support increases the likelihood of adopting stadium-funding plans that involve public funds.
2. Corporate executive support: Local corporate chief executives can influence the passage of public financing plans by giving large monetary contributions to the pro-tax campaigns.
3. Team owner support: Monetary commitments by professional team owners can increase the likelihood that citizens will approve the use public funds for stadium construction. By indicating their preference that the stadium tax is passed, owners can increase the electoral chances of stadium taxes by publicly campaigning in favor of the tax.

Comparative Case Study of Pittsburgh and Cincinnati:

The development of the roles that local political and corporate elites play in stadium subsidy cases over the past forty years can prompt scholars to speculate why certain stadium referenda votes passed and others failed. In order to evaluate the reasons why a stadium tax did not pass, one can choose two cities of similar size and sports history that held stadium referendum votes during a similar time period. I will examine the stadium referenda votes in Pittsburgh and Cincinnati in the late 1990's as a means for comparison of the importance that each elite stakeholder (politician, corporate executive, team owner) had in the vote. Pittsburgh and Cincinnati are ideal as a comparative case study given their similarities as cities and the concurrence with which both cities approved public funding for their professional sports teams. Both cities have populations of roughly 300,000 and are located within the same region in the

United States (Census, 2016). In the late 1990s, the professional baseball and football franchises in both Cincinnati and Pittsburgh played in multi-use stadiums, and had done so since 1970: The Pittsburgh Pirates and Steelers shared Three Rivers Stadium, and the Cincinnati Reds and Bengals played in Riverfront Stadium.

The trend away from multi-use stadiums to single-team stadiums and the "stadium boom" of the 1980s and 1990s prompted all four franchises to demand new publicly financed facilities of their own in order to remain financially competitive with their rivals, as both of the football teams and baseball teams all competed in the same league division as their respective counterpart. To help offset the costs of these stadiums and provide incentives to the teams to remain in the region, local politicians in Cincinnati proposed a half-cent sales tax increase in Hamilton County dubbed "Issue 1." The tax increase would remain for an indeterminate amount of time, and raise $50 million annually, $35 million of which would be devoted to building new stadiums for the Reds and Bengals (Horstman, 1996, E). The politicians in western Pennsylvania drafted the "Regional Renaissance Initiative," a half-cent sales tax increase in the eleven counties surrounding Allegheny and that would generate between $600-$700 million over seven years. Of the $700 million raised, an estimated $226-$258 million would be used for stadium construction for the Pirates and Steelers, and the rest would be allocated to enlarge the Convention Center and build roads and create industrial sites for the counties (Barnes, 1997).

I will evaluate my hypotheses that local political support of stadium ballot measures increases their likelihood of passage by using the two largest circulated newspapers in Pittsburgh and Cincinnati, the *Pittsburgh Post-Gazette* and the *Cincinnati Post*, respectively, to see if the local politicians publicly campaigned for the tax increases, and to what degree they attempted to build public support for the subsidy referenda. To test my hypothesis that local corporate executive financial support of pro-subsidy campaigns increases the electoral chances of stadium tax referenda, I will use the *Post-Gazette* and *Post* to see the funding contributions that both tax campaigns received prior to the vote and the subsequent expenditures that the tax campaigns were able to make. I test the significance of team owner financial contribution towards stadium development projects by using both the *Pittsburgh Post-Gazette* and the *Cincinnati Post* to examine if the owners made any public commitment to contribute funding, and to what extent the ownership group publicly campaigned in favor of the stadium taxes. I will then use the main sources of media in cities that are currently experiencing a push for publicly financed stadium development, and test the validity of my claims as well as identify whether any new trends have emerged in the stadium development game.

Given its shorter duration, the broader dispersion of the tax among many citizens and that the majority of funds were committed to public projects other than stadium building, the Pittsburgh Regional Renaissance Initiative appears more attractive to voters wary of public subsidies for professional stadiums than does Cincinnati's Issue 1. The Regional Renaissance Initiative failed and Issue 1 passed because of the role of that corporate and political actors played in their respective campaigns. The level of corporate elite involvement in the campaigns and the local political approval dictated the success of the proposed taxes at the polls.

Hypothesis 1: Political Elite Support

The presence of regional political elite support increases the likelihood of adopting stadium-funding plans that involve public funds. In single-issue elections, voters are dependent on the opinions of their elected officials for signals on how they should vote. As the crafters of the Regional Renaissance Initiative were local politicians, voters in Pittsburgh and its surrounding counties were immediately made aware of those who support the tax plan. Given the public support of the Regional Renaissance Initiative by several prominent local politicians, I expect that the stadium tax plan would have passed in Pennsylvania in 1997.

Western Pennsylvanian politicians formulated the Regional Renaissance Initiative. Pittsburgh Mayor Thomas Murphy, and Allegheny County Commissioners Michael Dawida and Robert Cranmer announced the tax plan to the public and served as its strongest proponents (Belko, 1997). In his announcement of support for the tax plan, Commissioner Cranmer labeled it as creating “real development, real jobs and real growth” that those in the region “haven’t seen in years” (*Ibid.*) The familiarity of the Mayor of Pittsburgh and the support of two Commissioners in the Steelers’ County ought to have provided a political signal for the voters to favor passing the tax. Moreover, the Pittsburgh politicians who supported the Initiative also made economic appeals to the public to generate support for the tax. Senator Rick Santorum contributed federal-level support to the stadium tax plan. Like Cranmer, Santorum argued in favor of the prospective tax by stating that it would be “progressive and not regressive” and equated the economic importance of the Steelers and Pirates with that of the steel industry to the surrounding region (Santorum, 1997). The pro-tax politicians framed the taxes as necessary for the economic value of the region to convince voters of the need to prevent the teams from relocating. The support of three local politicians and a sitting United States Senator provided the voters a reliable political cue on how to vote on the Regional Renaissance Initiative.

The majority of the local politicians, however, aligned in opposition to the proposed tax increase. Twenty-two out of the twenty-five of the County Commissioners from the eleven affected counties publicly opposed it (Staff Editorial, 1997). A former Allegheny County Commissioner, Larry Dunn, headed an organized anti-tax campaign. The oppositional campaign had the support of the Allegheny Institute for Public Policy, a newly created conservative think tank funded by Pittsburgh newspaper magnate Richard Mellon Scaife (Robinson, 1997). This widespread political and media opposition to the Initiative led the *Pittsburgh-Post Gazette* to label the politicians that supported the subsidies as a "relatively small cast" (Simonich and Schmitz, 1997), thus conveying to voters that more politicians opposed the measure than supported it.

The nearly unanimous disapproval of the tax by twenty-two County Commissioners does not support my hypothesis that local political elite support, in any form, will increase the likelihood of using public funds for professional sports stadiums. Politician disapproval is more of an indicator of the potential passage or failure of a referendum. Bowler and Donovan find that the typical voter uses electoral cues to confirm their own beliefs in direct democratic votes like referenda that offer little information to the public (Bowler and Donovan 2000). The strongest electoral cues are ones that align with a voter's previously held convictions. Moreover, Paul and Brown note that as citizens generally disapprove of tax increases, any politician-led disapproval of proposed tax increases can be very salient for undecided voters to vote against such measures (Paul and Brown, 2006). Because citizens have a tendency to be opposed to tax increases of any form and look to politicians for signals as to how they should vote on a given issue, political elite opposition to a proposed tax breeds stronger voter opposition because it acts as a cue to be equally dissenting of the tax measure. The majority of prospective voters used political elite opposition to the Regional Renaissance Initiative as a means of considering the tax increase as unpopular among elite stakeholders, and thus voted down the proposed stadium taxes.

Local political elite support for the Regional Renaissance Initiative had minimal effect on voter support for the stadium tax because of the inconsistent views of the officials who supported it. The two Allegheny County Commissioners who were supportive of the tax had previously forged an alliance to oust Larry Dunn from the County Commissioners' office (Belko, October 31 1997). By working together to halt Dunn's political career, Commissioners Cranmer and Dawida created a politically savvy enemy and, in a sense, gave life and organization to the opposition campaign. In a public debate on the tax measure, Dunn played a campaign commercial of himself and Commissioner Cranmer from their 1995 County Commission election that depicted Cranmer saying "we don't think you [taxpayers] should have to pay for a new baseball stadium. The owners of the Pirates should pay for it" (Schmitz, 1997). Dunn later labeled Cranmer's policy reversal as a "shattered campaign promise" (Belko, 1997). The strong local political opposition to the stadium-financing tax plan, and the public undermining of the politicians who supported the measure all but ensured that the Regional Renaissance Initiative failed in 1997.

The Issue 1 tax increase in Cincinnati experienced much less political backlash than the Regional Renaissance Initiative did in Pittsburgh. Both local and state politicians publicly campaigned in favor of the Issue 1 sales tax increase that would finance new stadiums for the Reds and the Bengals. Hamilton County Commissioner Robert Bedinghaus was the first politician to endorse the half-cent sales tax increase in his own county based on the argument that the "future" of Cincinnati depended on keeping the Reds and Bengals from relocating (Andry, 1996). Ohio Governor George Voinovich, Cincinnati Mayor Roxanne Qualls and the Hamilton County Republican Party would eventually join Bedinghaus in his support of the tax increase, which became official during a public rally between the three politicians and several Cincinnati Bengals' football players (Report, 1996). "Familiar" local politicians like County Commissioner Bedinghaus and Mayor Qualls and state politicians like the Governor Voinovich publicly backed the sales tax increase and labeled it an integral piece of the future for the city of Cincinnati. The supporting politicians lent their organizational skills to the pro-tax campaign, and helped it pass out literature and erect nearly nine thousand pro-tax signs throughout Hamilton County in the lead up to the election (Andry, 1996).

Few if any politicians, local or otherwise, exhibited disapproval of the Issue 1 sales tax increase. Unlike in Pittsburgh, the anti-tax campaign had no help from a former politician. The Cincinnati opposition campaign, Citizens for a Choice in Taxation, was headed by a local attorney, and struggled to match the political organization of the pro-tax campaign. The lack of strong funding sources or even a general organizational structure of the anti-tax campaign prompted the *Cincinnati Post* to predict that the March 19th vote on the Issue 1 tax will be "lopsided in favor of the tax advocates" (Horstman, 1996, A). Several African American politicians in Hamilton County politicians expressed concerns about the regressive nature of the Issue 1 tax increase. City Council member Tyron Yates opposed the sales tax increase because it "does not help low-income residents, particularly African Americans," and stated that the African American legislators of Hamilton County had not "been consulted" about how to make the tax more palatable to voters (Jackson, 1996, A). African American sentiments toward the Issue 1 tax increase were blunted, however, when the Cincinnati chapter of the NAACP issued its support of the taxes a month prior to the vote. Cincinnati NAACP chapter president Milton Hinton justified the organization's support for the increases because of the purported benefits that they would have on the Cincinnati school system and minority businesses in Hamilton County (Jackson, 1996, B). African American political support of the Issue 1 tax increase provided no clear cue for Hamilton County voters to vote down the tax increase, as its leadership was publicly divided on whether the tax would be beneficial to citizens (Sturmon, 1996).

Broad political endorsement of the Issue 1 tax increase and minimal political opposition to the tax measure significantly improved its electoral chances in March of 1996. The Issue 1 sales tax increase won by a margin of 61-39 percent, and garnered most of its support from suburban counties. The *Cincinnati Post* notes that the majority of Cincinnati's "inner city, poor and minority neighborhoods" had voted against the tax increase, with thirty percent of Cincinnati precincts defeating the tax increases. The tax had overwhelming support from the more "affluent suburban" counties surrounding the city, as it was only defeated in eight percent of precincts outside of the city limits (*Ibid.)*. The regressive Issue 1 sales tax increase passed in 1996 on the strength of wealthier voters who could afford to pay the potential tax. Lack of clear political opposition and the presence of overwhelming support of the Issue 1 tax increase by local and prominent politicians alike guaranteed the public's share of the financing for new stadiums for the Bengals and Reds.

Hypothesis 2: Corporate Elite Support

Local corporate chief executives can increase the electoral chances of stadium tax referenda by giving large monetary contributions to the pro-tax campaigns. Voters are generally less informed about referendums, and their votes are pliable to advertising and paid information campaigns. The organizations in support of the Regional Renaissance Initiative exhibited a spending and financial advantage over its opposition group. I expect that the financial advantage of the corporate-backed pro-tax campaign will help the Regional Renaissance Initiative pass because of the group's dominance of the local media, the main information channel for referendum voters.

The political campaign that lobbied for the passage of the Regional Renaissance Initiative operated with a distinct fundraising dominance over the anti-tax campaign. The pro-tax organization raised in excess of $4 million and outspent the opposition campaign by a ratio of 160:1 (O' Toole, 1997, A), largely through contributions that exceeded $50,000.[2] U.S. Steel, Pittsburgh National Corporation (PNC), Mellon Bank and the Hillman Company contributed $400,000 dollars each, and the Pirates and Steelers contributed $700,000 (*Ibid.)*. One week prior to the November election, the pro-tax group had spent $3.9 million, with $3.1 million of the expenditure "earmarked for media buys and direct mail advertising" campaigns meant to educate voters about the benefits of the proposed stadium construction (*Ibid.).* The pro-tax campaign spent more than three-quarters of its budget on media, operated with an immense spending advantage over its opposition, and thus clearly controlled the advertising space for the ballot referendum. The complete financial advantage and media control exhibited by the pro-tax campaign put the group in position to see the Regional Renaissance Initiative pass its referendum vote.

The large spending advantage and the pro-tax campaign's ties to large Pittsburgh corporations hurt the Regional Renaissance Initiatives electoral chances. The connection of the pro-tax campaign to wealthy business executives made the tax increase less appealing to local voters. The alliance that the pro-tax campaign had with rich corporations and the franchises allowed the media and oppositional groups to frame the Regional Renaissance Initiative in more negative terms. The *Pittsburgh Post-Gazette* labeled it a "stadium tax" after a public pep rally two weeks prior to the vote (Batz, 1997). In the televised debate regarding the sales tax increase, anti-tax campaign coordinator Larry Dunn argued that the corporate support of the tax by Pittsburgh banking and steel industries and the affected franchises further indicated that the

[2] 98% of the campaign's contributions were more than $50,000

increase was a “stadium tax” and only meant to provide corporate welfare for the teams (Schmitz, 1997). The increased financial capabilities of the Pittsburgh pro-tax campaign generated a largely negative public opinion, leading some to malign the campaign’s efforts as “driven by special monied interests” (Barnes, 1997).

Financial advantages in campaign spending for ballot referendums are not a strong indicator of success in a ballot referendum vote and do not support my hypothesis that stadium tax referendum success is tied to financial advantage. Overspending for or against a ballot measure prompts the voter to associate the campaign with its donors. Bowler and Donovan argue that whenever a large corporation commits funding to a referendum campaign, voters get a cue about what interests support which side (Bowler and Donovan, 2000). Law professor Daniel Lowenstein takes the argument further by stating that excessive public spending in a ballot referendum can have a negative or null effect on public opinion because of its association to the donors (Lowenstein, 1982). The voter views referendum campaigns with large financial capabilities as the corporations that create this financial advantage. Bowler and Donovan argue that spending in favor of propositions may actually have “a paradoxical effect” and create voter opposition to the proposed measures (Bowler and Donovan, 2000). Overspending on ballot referendum campaigns can create public opposition to the wealthier campaign because of the negative association that voters express toward wealthy groups and interests.

The variety of donation sources and sizes to the Cincinnati Issue 1 pro-tax campaign prevented any oppositional group from giving it a negative frame. To be sure, the Cincinnati campaign, like Pittsburgh’s, exercised a considerable spending advantage over the anti-tax group. The range of different sources from which the campaign drew, however, did not readily align the campaign’s efforts with those of wealthy actors. Ninety percent of the donors to the pro-Issue 1 group contributed $100 or less, with its largest contributor giving just $35,000. This large array of small contributions led the *Cincinnati Post* to dub the pro-tax campaign as being "fueled by small donors," and that those in charge of the pro-tax campaign had "learned a valuable lesson" from other public campaigns that had derailed due to a reliance on large corporate contributions (Horstman, 1996, C). Advantages in media spending are more beneficial in ballot referendum votes if they are less drastic. Magleby notes that financially strong campaigns make a difference in these votes by "fostering more 'no' voting," and that "one-sided spending" can increase the likelihood of referendum passage if exhibited at "lower-spending levels" (Magleby, 1995). The Cincinnati pro-stadium tax campaign was more successful than the Pittsburgh pro-stadium tax campaign because it did not grossly outspend its opposition, and received its contributions from a variety of donors so as to not inextricably tie them to one or a series of corporate actors.

Hypothesis 3: Team Owner Support

Monetary commitments by professional team owners to new stadiums can increase the likelihood that citizens will approve the use of public funds for stadium construction. The progression from privately financed stadiums before 1960 to majority-publicly funded stadiums in the 1990s gives team owners new opportunities to secure public funding for their prospective stadiums. They can leverage their public positions and financial strength to garner voter support for stadium taxes by offering to commit a portion of their own money towards the project. Though there is little academic literature quantifying the effect that team owner financial support has on stadium tax referenda, I expect that any team owner financial commitment to stadium construction and team owner public campaigning for stadium taxes will increase the likelihood that public funds are approved for such projects. I anticipate that the financial commitments from the Pittsburgh Steelers and Pirates will help the Regional Renaissance Initiative pass, and that the complete lack of financial support from the Cincinnati Bengals and Reds' ownership groups could hurt the electoral chances of the Issue 1 sales tax.

The Pittsburgh Pirates and Steelers' respective ownership groups were vocal and public in their support of the Regional Renaissance Initiative. As both franchises have operated in Pittsburgh for over eighty years, it seemed unlikely that either team would holdout for an excessive amount of public funds to remain in the region. Kevin McClatchy, the principal owner of the Pirates at the time of the vote, offered to commit $35 million in funding towards a new stadium, which constituted roughly fifteen percent of the baseball stadium's proposed construction cost. Dan Rooney of the Steelers proposed a contribution of $50 million to their new stadium's proposed construction costs, or twenty-one percent of the total costs (Robinson, 1997). Both ownership groups operated with good faith and publicly offered to supply private funding towards the new stadiums.

In order to bolster public support for the stadium tax referenda, the Steelers' ownership group openly campaigned for the passage of the Regional Renaissance Initiative. Team vice-president Art Rooney II urged supporters to pass the tax increases to prevent the Steelers from relocating from Pennsylvania by arguing that the team was in a financial situation that was worse than that of their rivals in Cleveland and Baltimore (*Ibid.*). Further, Rooney stated that the "future of the region" was at stake should the Regional Renaissance Initiative fail, and publicly campaigned for the initiative for the three weeks leading up to the vote (Collier, 1997). Political scientists David Bositis, Denise Baer, and Roy Miller examine the effects of primacy and recency on information presented to voters on local partisan political issues. They conclude that the more recent that a group makes an appeal to voters the more impactful it is, and that message recency is more significant to prospective voters than is message primacy (Bositis, Baer, and Miller, 1985). As mentioned previously, voters rely on cues for indications on how to vote on issues with limited information; the side that can produce the most information to the electorate generally wins ballot referenda (Bowler and Donovan, 2000). The recency of Rooney's public support for the Regional Renaissance in the three weeks prior to the vote should resonate with voters to support the measure.

The Pittsburgh franchise owners' public support and financial commitment to the stadium construction projects did not help the Regional Renaissance Initiative's electoral chances. The over-commitment by both ownership groups led the local media and likely referendum voters to label the Regional Renaissance Initiative a "stadium tax." As previously argued, this "stadium tax" frame proved both damning and relatively false – the Regional Renaissance Initiative would have raised $600-$700 million dollars, of which $226-$258 million dollars would go toward stadium construction, which only constitutes thirty-two percent of all funds raised (Shelly, 1997). The remaining $442-$474 million dollars would be used to expand the size of Pittsburgh's Convention Center, improve the downtown area and build roads and other infrastructural amenities in the ten counties (*Ibid.*). The franchise owners' support for the Regional Renaissance Initiative led prospective voters to believe that most of the public funds raised would be used for stadium construction, when in fact the majority of the funding was earmarked for non-stadium purposes.

By contrast, neither Cincinnati franchise ownership group proposed to commit any funding to the stadium construction projects. Bengals' owner Mike Brown publicly offered to contribute "a minimum" of $25 million towards a new stadium in Cincinnati, but when pressed by local media he “refused to provide more specifics” with regards to his funding offer (Horstman, 1996, D). As previously noted, Brown ultimately did not contribute any funding to the stadium: Greenberg’s dataset shows that Paul Brown Stadium, the Cincinnati Bengals’ current stadium, was funded entirely by the public and the revenue derived from the Issue 1 sales tax increase (Greenberg, 1999). Brown’s promise of contributing the $25 million dollars towards the construction divided opinion among voters, as 44 percent of those polled by the *Cincinnati Post* considered the potential contribution to be “not enough,” compared with 42 percent that deemed it sufficient (Horstman, 1996, E). The Cincinnati voters supported the Issue 1 tax increase without a firm financial commitment from the franchise owners. Moreover, neither owner publicly campaigned for the passage of Issue 1. After the Reds’ owner Marge Schott skipped a pro-tax rally, the *Cincinnati Post* asked pro-tax campaign manager Jeff Berding if he knew the reason for her absence: “Well, uh…no. No, I don’t. We’d invited them” (Report, 1996). Schott proved to be more evasive, stating that she could not comment because “I’m in the middle of stuff” (*Ibid.*).

The lack of substantial public support from either team owner did not prevent the local media from framing Issue 1 as a stadium tax. The Issue 1 tax increase was designed to raise $50 million dollars per year, with $35 million dollars, or seventy percent of all funds raised, earmarked for two new stadiums (Horstman, 1996, B). After Issue 1 passed, the *Cincinnati Post* published an article titled: “A landslide victory for the stadium tax” (Horstman, 1996, F). Though more of a “stadium tax” than the Regional Renaissance Initiative, Issue 1 passed because the team owners were mostly disconnected from the campaign.

The respective results of the stadium tax cases in Pittsburgh and Cincinnati in the 1990s are indicative of trends in stadium financing plans and the legislative processes behind them.

Both of the tax votes have idiosyncrasies that complicate their use as reference cases while also echoing developments in the stadium tax process. The Pittsburgh case is unique in the political organization and support of the anti-tax campaign. The large majority of County Commissioners that expressed public disapproval of the proposed tax increases proved to be a stronger cue for voters than the support of a few powerful politicians. As previously mentioned, anti-tax campaigns are generally "poorly-organized and poorly funded," yet the anti-tax campaign in Pittsburgh exuded political organization and stronger funding sources than most others (Noll and Zimbalist, 1997). A former politician chaired the Pittsburgh anti-tax campaign, while a local attorney created the Cincinnati campaign. The Regional Renaissance Initiative had little chance of electoral success because of its weak polling numbers in the lead-up to the referendum vote. The *Pittsburgh Post Gazette* reported that there was broad public disapproval for the tax, and that the tax referendum trailed by a twelve-point margin (O'Toole, 1997, B). The makeup of the taxes, however, exhibits the trend to tax the citizens in the area that will receive a new stadium. Both the Regional Renaissance Initiative and Issue 1 were sales tax increases in the surrounding counties and considered, but fared differently because of varying levels of public support from local political elites and corporate executives.

Discussion of the Comparative Case Study:

The stadium battles in Pittsburgh and Cincinnati in the late 1990's can be used as a rubric for success for those who seek to pass stadium tax referenda and offer public subsidies to privately operated professional sports franchises. Political elite evaluations of tax increases serve as valuable cues to voters about how their elected officials feel towards public subsidies of professional sports teams. Whether in opposition or support, the side with the most political elites operates as the strongest cue for prospective voters – eighty-eight percent of the County Commissioners that would have been affected by the Regional Renaissance Initiative helped ensure electoral defeat for the Pittsburgh stadium tax, while there was no sizable political opposition to the Issue 1 tax increase in Cincinnati. The local politicians in Pittsburgh were able to oppose the stadium tax subsidies because there was no clear indication that the Steelers or Pirates would leave western Pennsylvania. Steelers' owner Dan Rooney publicly stated that his intentions were to "keep this team in this region" rather than sell the franchise or seek relocation, prior to the referendum vote on the Regional Renaissance Initiative (Collier, 1997). As the Pittsburgh Steelers did little to threaten relocation to another city, the dissenting County Commissioners had no reason to support a potentially unpopular sales tax increase.

By contrast, the Cincinnati professional sports owners appeared more willing to relocate from the area and were able to strong-arm the local Cincinnati politicians into a more lucrative stadium deal. The *Cincinnati Post* published a letter to the editor that warned that the Cincinnati Bengals would "move to Cleveland" in the event that Issue 1 did not pass its vote (LTE, 1996). Bengals' owner Mike Brown took a more aggressive public stance by stating that the team had no "other options, no alternatives, no Plan B's" to remain in Cincinnati if the Issue 1 tax did not pass in 1996 (Horstman, 1996 D). Brown's insistence to leave if Hamilton County did not provide adequate funding for a new stadium forced political elites to support and campaign for the tax increase. Furthermore, Brown met with officials from Cleveland who "gently" appealed to him to relocate to Cleveland should Issue 1 fail its public vote (*Ibid.)*. Brown's decision to leverage the Bengals' potential relocation from Cincinnati compelled the politicians of Ohio and Cincinnati to throw their support behind Issue 1 out of fear that Cincinnati would no longer be a reputable city.

Corporate executive financial support of the pro-tax campaigns in Pittsburgh and Cincinnati proved to be significant not because of the financial disparities between the opposition and support campaigns, but rather because of the size and sources of the donations. The Regional Renaissance Initiative received several six-figure contributions from large corporations and both the Pirates and Steelers, which led its opponents to label it a "stadium tax" because of its connection to "monied interests" and both of the franchises. The Issue 1 pro-tax campaign operated with a similarly strong financial advantage over the opposition, but received no donations that were larger than $35,000 and the majority of its contributions came from small donors. The Pittsburgh pro-tax campaign struggled to translate its financial advantage into electoral success because of the strength of its oppositional campaign. The anti-tax campaign in Pittsburgh had political organization and strong leadership from a former County Commissioner and a solid funding base from local billionaire Richard Mellon Scaife, heir to the Mellon fortune. Steelers' owner Dan Rooney notes that the pro-tax campaign experienced tremendous "difficulty" to get their message across to voters because their opponents, notably Scaife, were giving "misinformation" about the Regional Renaissance Initiative (Collier, 1997). The presence of an organized information campaign from the anti-tax group hampered the electoral chances of the Pittsburgh sales tax increase.

The Issue 1 Hamilton County sales tax increase fared better than the Regional Renaissance Initiative in Pittsburgh because it had no strong citizen-led opposition. The anti-tax group in Cincinnati lacked the structure and financial vitality of that in Pittsburgh. To evade the "monied interest" connection that would bog down the Pittsburgh pro-tax group, the Cincinnati tax supporters "aggressively" solicited small donations at their campaign rallies to blend with their larger corporate contributions (Horstman, 1996 C). Though the anti-tax campaign manager considered the act a "transparent smokescreen", the *Cincinnati Post* continued to give the pro-tax campaign favorable coverage for diversifying its donor base. As previously mentioned, the anti-tax group in Cincinnati lacked the sense of organization and structure of its counterpart in Pittsburgh (Horstman, 1996, A). Additionally, the campaign appeared to act with fatalism toward the prospect that the Issue 1 tax would be voted down. The opposition campaign received no donation of more than $500 prior to the vote. Anti-tax campaign manager and local Cincinnati attorney Tim Mara laughed and told the *Cincinnati Post* that the "real small contributors" could be found at anti-tax campaign rallies (*Ibid.*). The lack of organizational structure and seeming indifference toward the Issue 1 sales tax vote by the opposition campaign in Cincinnati improved the electoral chances of the tax.

Professional sports team owner support proved to diminish the electoral success of the tax increases, as the public connection between the Pittsburgh franchise owners and the taxes did little to aid the Regional Renaissance Initiative at the ballot box. Rooney's insistence on remaining in the region and his public campaigning for the Regional Renaissance Initiative conveyed to prospective voters that the franchise did not require a large public subsidy to continue to play in Pittsburgh. Steelers' head coach Bill Cowher told the *Pittsburgh Post-Gazette* that he found it difficult "to imagine Dan Rooney taking the team somewhere else" and that Rooney "is a Pittsburgh person" (Bouchette, 1997). The franchise gave little indication that they would leave the region, and thus forfeited a large amount of leverage in its negotiation to secure more public funds for a new stadium. Rooney's public association with the Regional Renaissance Initiative through large financial contributions to the pro-tax campaign further damaged the tax's electoral chances because it permitted the opposition group to frame any tax-funded stadium subsidies as corporate welfare to the franchise. Anti-tax campaign manager and former County Commissioner Larry Dunn argued that the financial contributions by both the Pittsburgh Pirates and Steelers served as a cue to voters and "proves" to voters that the Regional Renaissance Initiative was a "stadium tax" (Barnes, 1997). Financial support of the pro-tax campaign by the Pittsburgh franchise owners and their weak relocation attempts demonstrated to the public that both private entities were seeking stadium subsidies merely to fit their own preference and remain in western Pennsylvania.

The franchise owners in Cincinnati adopted a less public stance regarding Issue 1 and their proposed stadium subsidies. As previously mentioned, Reds' owner Marge Schott avoided pro-Issue 1 campaign events and remained evasive when prompted about her absence by the *Cincinnati Post*. Cincinnati Bengals' owner Mike Brown acted in similar fashion, offering Cincinnati voters a loose commitment to contribute $25 million towards the construction of a new stadium for the Bengals in Cincinnati (Horstman, 1996, D). Yet when asked about his financing contribution further, Brown "refused to provide more specifics," essentially indicating that the team may contribute to the stadium construction project only after Issue 1 had passed, the stadium's main source of funding (*Ibid.)*. Instead of contributing to the pro-tax campaign and publicly committing large sums of private money toward the stadium construction project, Brown and Schott remained mostly anonymous during the Issue 1 campaign. Brown, believing himself to be a potential "lightening rod" for negative press, "deliberately" made no public appearances to support the Issue 1 tax increase (*Ibid.)*. Though Brown attributed his lack of public support for the measure because he did not possess the ability to be as "personable," it is clear that his avoidance of public events aided the Issue 1 tax increase at the polls.

It is unclear, however, that voters will continue to play a large role in the process to contribute public funding towards professional stadium construction. The aftermath of the

Regional Renaissance Initiative's defeat at the polls and the subsequent public funds that were awarded to both the Steelers and Pirates began a trend of non-electoral solutions to stadium financing. Immediately after the sales tax increase failed, the *Pittsburgh Post-Gazette* published an article postulating what the "Plan B" would be to prevent the teams from leaving the region (O'Neill, 1997). Over the next several months, the Pittsburgh franchise owners engaged in a negotiation with Regional Renaissance Initiative backers Mayor Thomas Murphy, and County Commissioners Bob Cranmer and Mike Dawida about what the taxpayer would commit toward stadium subsidies. The owners and politicians agreed on a "Plan B" to finance new stadiums for the Steelers and Pirates – the owners would increase their financial contribution by $30 million, and a Regional Asset District board would provide an annual contribution "between $10 million to $13.4 million" toward the stadium construction (Editorial, 1998). The public's financial contribution was not subject to a referendum vote, and the anti-tax campaigners played no role in the negotiation of the Plan B proposal. Despite the Regional Renaissance Initiative failing at the polls, both Pittsburgh franchises were able to receive hundreds of millions of dollars in public funding to build new stadiums. Pro-stadium subsidy politicians bypassed negative public opinion by reaching an accord with the owners and using existing tax revenue so as to avoid a citizen vote.

The effects that these variables have on the electoral prospects of stadium tax referenda can be used to make predictions about future stadium votes. Political and corporate elites that wish to pass stadium tax referenda can simply look to the stadium battles in both Pittsburgh and Cincinnati to determine which course of action they should take to secure their ends. A unified coalition of politicians can influence a stadium tax vote because voters still use politicians as the chief indicators for how they should vote themselves. Local corporate executives who favor stadium subsidies to keep or attract professional teams to their city can work in coordination to give large enough sums of money to the pro-tax campaigns and stay out of the public campaign for the taxes. Team owners that want the taxpayer to offset the costs of their proposed new stadiums can give loose financial commitments to stadium construction projects and not publicly stump for stadium tax increases to prevent oppositional groups from framing the increases as a means of corporate welfare for wealthy individuals.

Yet none of these prescriptions can adequately solve the issue of voter ignorance towards direct democratic processes like ballot referenda. Citizens are still dependent on politicians to tell them how to vote, and on expensive information campaigns that disseminate favorable content about whichever side pays for them. It will be interesting to see if referendum voters can increase their intelligence and awareness about ballot measures regarding stadium subsidies without the help of these elite actors. In recent years, there has been an uptick in the awareness and coverage of the negative effects of economic effects that public subsidies for professional stadiums have on the surrounding areas. To the point, many journalists consider Paul Brown Stadium, the Cincinnati Bengals' stadium that was entirely funded by the Issue 1 tax increase, to be the "worst stadium deal ever" because of the disastrous economic effects that the tax increases have had on Hamilton County (Preston, 2016). Journalist Darrell Preston states that the Cincinnati stadiums have increased in their cost to the public over-time because of lagging sales tax collections and a decrease in the population of Hamilton County. The Cincinnati stadiums were paid for by taxes that derive funds from local citizens, and the overall economic and population decline in Hamilton County has drained the strength of the County's funding source considerably (*Ibid.)*. This financing problem becomes self-perpetuating, as the County must refinance its debts to pay for projects that have had their funding sources funneled off to pay for the stadiums.

The increase in the variety of media sources that voters can use to make ballot choices through the proliferation of the Internet over the past two decades makes current and future stadium cases ripe for comparison with pre-Internet stadium battles. If citizen voters are opposed to stadium tax referenda and have more ways to understand the negative economic effects of publicly financed sports franchises, how will they vote on future ballot referenda? How will local politicians who support stadium subsidies change their approach? Will the types of taxes that will pay for new stadiums change? To examine these potential ripples in the stadium development game, I will look at three ongoing and recent stadium-financing battles in San Diego, California, Arlington, Texas, and Las Vegas, Nevada. I selected these three current stadium cases because they involve both electoral and non-electoral solutions to approve the public's share of the funding costs. All three cases involve teams that are threatening to relocate to receive a larger share of public dollars to finance their proposed stadium construction projects. All three cities vary in their population size and the number of large corporations that are headquartered within them (Census, 2016). These cities have a history of passing stadium subsidy referenda to pay for professional sports stadiums. Moreover, the teams in each of these cities play in stadiums of varying age: the Texas Rangers stadium in Arlington is under twenty years old (Greene, 2017), while the stadiums in San Diego and Oakland (the Oakland Raiders are attempting to relocate to Las Vegas) were built during the 1960s (McSwain, 2016). Each city is undergoing a stadium battle but the stadiums that would be replaced vary considerably in age and modern functionality.

These cases differ from the relocation battles in Pittsburgh and Cincinnati, however, in the types of taxes that will pay for the public's share of the construction costs. The proposed stadium tax measures in Arlington, San Diego, and Las Vegas transfer the burden from local citizens to tourists, be it through hotel or rental car tax fees. I will draw my information of these cases from the largest circulated newspapers in these cities. I expect that public financing of stadiums in contemporary cases will involve a smaller percentage of public contribution to the stadium construction projects and that the taxing schemes will change to target tourists instead of current residents. By placing the financing burden on visiting citizens and not the local community, local pro-tax politicians can increase voter support for these initiatives by assuring prospective voters that they will not have to pay for the new stadiums. The increase in the number of financially viable cities that can host professional sports teams has launched a new "stadium boom" in the past decade, but increased public awareness of the negative economic effects of stadiums will serve to lessen the public's percentage of the costs of stadium construction. I expect that the proposed tourism taxes in Arlington, San Diego, and Las Vegas will generate more voter support for stadium tax referenda and maintain the trend of publicly financing sports stadiums.

Section III:

Arlington Case-let: Political elite and minimal team owner support

The stadium boom of the 1990s has set the stage for a massive increase in the public share of the cost of future professional sports stadiums. Team owner leverage in stadium-financing negotiations has benefitted from the growth of professional sports leagues. Noll and Zimbalist find that as the success of small-market teams has rapidly reduced the "size of a metropolitan area that can support a team," it has created more financially viable cities that can host professional teams (Noll and Zimbalist, 1997). This increase in the number of potential cities gives professional owners significant leverage when looking for new facilities; if their current city's government refuses to contribute a satisfactory amount of funds, owners can threaten to relocate to a more cooperative city. The growth of sports leagues into smaller cities diminishes the bargaining power of anti-tax groups to block stadium tax measures by increasing inter-city competition for professional stadiums. Cities in smaller markets are competing with other cities for the right to finance professional sports stadiums for already-wealthy owners

Moreover, the rise in inflation over the past twenty years pushes stadium construction costs incrementally higher for any newer stadium that is to be built. Economist Raymond Keating estimates that there has been $5.2 billion in government subsidies for professional stadiums from 1989-99, and projects that the public will pay out $9 billion in 1999 "and the next several years" (Keating, 1999). Stadium construction costs have grown, which in turn has increased the public's share of these costs. Keating further argues that stadiums built between 1991-1997 added to the recipient franchise's value between 70 and 156 percent across the major four American sports (*Ibid.*). Professional sports owners enjoy the positive economic effects of the "stadium-boom" of the 1990s, as the taxpayer's portion of the costs continues to rise. The drive to create economic value for private owners through stadium subsidies comes at the expense of the local government that approves the public funds and its constituents.

Professional sports stadiums built in the 1990s came at a significantly lower cost than those constructed in the succeeding decades, but involved a larger share of public funding. As noted earlier, Greenberg's table of stadiums constructed during the 1990s finds that the average public contribution to stadium development projects constituted sixty percent of the funding (Greenberg, 1999). This trend of the public incurring a larger percentage of the stadium cost is no clearer than in Arlington, Texas. In 1991, the citizens of Arlington voted to approve seventy percent of the funding for a new stadium for the Texas Rangers to replace the aging Arlington stadium. (Greene, 2017). The stadium, Globe Life Park, cost $191 million to build, with the local government providing $131 million (*Ibid.)*. The public voted to keep the Texas Rangers in Arlington by financing a newer stadium for the team to maintain financial pace with other franchises that would receive new facilities during the 1990s "stadium boom," such as the Pittsburgh Pirates and the Cincinnati Reds. The new stadium ensured that the Rangers would not leave Arlington until after their stadium lease expired in 2022.

The geography of the city of Arlington and its surrounding areas, however, accelerated the pace to build a new stadium for the Texas Rangers. Arlington's proximity to the Dallas puts it in close competition with the city for sports franchises and other entertainment outlets. After the completion of $1.3 billion AT&T Stadium, Cowboys' owner Jerry Jones moved the team to Arlington from Dallas County for the first time in its history (*Ibid.*). Voters approved a half-cent sales tax increase, a two percent hotel occupancy tax, and a five percent car rental tax to pay for the Arlington's $325 million portion of the stadium financing for AT&T Stadium (*Ibid.)*. The citizens of Arlington demonstrated a willingness to assume a large public cost to lure the Cowboys away from Dallas County. The inter-city competition for professional sports teams between Arlington and Dallas resurfaced during the Major League Baseball (MLB) season of 2016. Ray Davis, the owner of the Texas Rangers, held talks with Dallas officials in May about the possibility of relocating the team if Arlington citizens voted against extending the AT&T Stadium tax increases to pay for a new stadium for the Rangers (Roland, 2016). The Rangers' ownership group claimed that though the stadium was only twenty-two years old, it needed to be replaced by a new stadium with a roof so that it could be air conditioned during Texas summers (*Ibid.*). The excessive heat of Texas and the nearness of a financially viable city in Dallas gave

Davis and the Rangers the opportunity to demand a new stadium and permitted them to choose the city based on the potential public contribution to the construction costs.

The threat of the Rangers leaving Arlington for Dallas in search of a new stadium rallied the local political elites of Arlington to propose a stadium subsidy to replace Globe Life Park. The proposed public cost of building the new baseball stadium in Arlington is capped at $500 million, and the funding is drawn from the three taxes[3] that were enacted to build AT&T Stadium, with Davis and the Rangers contributing $500 million to the project (Dickson, 2016). Arlington Mayor Jeff Williams used the meeting that Davis had with Dallas political officials in May as an opportunity to generate support for the series of tax increases that would give the Rangers a stadium subsidy to remain in Arlington. Immediately following the meeting between Davis and Dallas' Mayor, Jeff Williams held a press conference to encourage the citizens of Arlington to show support for the Rangers by extending the existing taxes because other cities, specifically "one that starts with a D," were courting Davis about a possible relocation (Madden and Dickson, 2016).

The leading politicians in Arlington made a concerted effort to keep the Rangers from relocating to Dallas by demonstrating their unified support for the existing taxes. The Arlington City Council unanimously approved a "Master Agreement" that would redirect the AT&T Stadium taxes to pay for a new stadium for the Rangers subject to public approval by Arlington voters (Cadwallader, 2016, A). Vote Yes!, the Arlington pro-tax campaign, also functioned as a political action committee chaired by Mayor Williams, and its board included the entirety of the Arlington City Council and the County's school board members (Cadwallader, 2016, C). The public unity of the Arlington politicians who endorsed the Texas Rangers stadium subsidy and

[3] A half-cent sales tax increase, a two-percent hotel occupancy tax, and a five percent car rental tax

the complete lack of any political opposition improved the electoral chances of the tax extensions because of the cue that politicians provide referendum voters.

Corporate executive desire to keep the Rangers in Arlington played an important role in extending the taxes that would pay for a new stadium for the team. The pro-tax campaign in Arlington benefitted greatly from the large comparative spending power that it enjoyed over its opposition prior to the referendum vote. As I have mentioned earlier, the campaign that spends the most on advertising and controls the flow of information about a ballot proposition to prospective voters tends to have the advantage because of how little information is otherwise provided to the public (Brown and Paul, 1999). The pro-tax campaign "Vote Yes!" received $1.5 million in total contributions, as compared to the anti-tax campaign "Citizens for a Better Arlington," which managed to raise $8,000 (Cadwallader, 2016, B). The Arlington pro-tax organization operated with a 187.5:1 spending ratio over its opponent, and was able to make large advertisement expenditures to media consulting firms of up to $600,000. The advertisements projected that the proposed new baseball stadium would generate $77.5 million a year for the city of Arlington (*Ibid.*).

The corporate-financed advertising campaign made economic appeals to the public to approve the stadium subsidies for the Rangers. Additionally, the businesses that stood to benefit the most from the construction of a new stadium offered financial support to the Vote Yes! campaign. Delaware North Companies Sportsservices Inc., the food vendor at AT&T Stadium and Globe Life Park in Arlington, contributed $250,000 to the campaign, and a stadium parking service firm from Houston contributed $60,000 (*Ibid.*). Arlington corporate elites increased the electoral chances of the stadium tax extensions by creating a large spending disparity between the two campaigns, and using that spending advantage to devise an advertising campaign that touted the positive economic development that the new stadium would generate. The citizens of Arlington voted to extend the tax increases by a 60-40 margin in November (Baker and Cadwallader, 2016).

Similar to the organization that had supported the Regional Renaissance Initiative in Pittsburgh, the Vote Yes! campaign had an overwhelming spending advantage over the anti-tax organization. As mentioned earlier, the pro-tax campaign in Pittsburgh raised $4 million and operated with a 160:1 spending ratio against the anti-tax campaign, and the pro-tax campaign in Arlington exceeded this spending ratio (O' Toole, 1997, A). Vote Yes! succeeded where the Pittsburgh pro-tax campaign failed by avoiding a public connection to "monied interests." Although Vote Yes! received several five-digit contributions, the Fort Worth Star Telegram noted that the campaign had received a plethora of contributions that ranged from $10-$250 and that those smaller contributions came from "mostly Arlington residents" (*Ibid.*). The Arlington pro-tax campaign received the majority of its funding from large corporate actors, but the local media framed them as a small-donor campaign. Moreover, Ray Davis and the Rangers offered less visible public support for a new stadium than did the Pittsburgh owners in the late nineteen-nineties. Davis and the franchise, like both the Pirates and Steelers, made a six-figure contribution to the Vote Yes! campaign, but rarely made public comments about the vote or attended in any pro-tax campaign events (*Ibid.*). The Vote Yes! campaign operated with a greater spending advantage than the pro-tax campaign in Pittsburgh, but enjoyed the same "small-donor" framing that had aided the Cincinnati pro-tax campaign in 1996.

The Texas Rangers' search for a new stadium echoes trends that can be found in contemporary stadium financing deals. The 2016 subsidies for a Rangers' stadium in Arlington involved a smaller percentage of public funding[4] than Globe Life Park, and a transfer of the costs from local citizens to visitors. Excluding the half-cent County sales tax increase, the majority of funding for the new stadium is derived from tourism taxes such as a hotel rental occupancy tax and rental car tax. One could cogently argue that the reduction of the percentage that the public would contribute to a new stadium and the shift of the taxes from local citizens to visitors increased voter support for the tax extensions. Two weeks prior to the stadium tax vote, Mayor Williams tried to build public support for the taxes by stating that "the Rangers and visitors are going to pay for 75 percent" of the new stadium (Cadwallader, 2016, A). Additionally, along with the extension of the existing taxes, the citizens of Arlington approved a ten percent ticket tax and a $3 parking tax fee to help defray the public cost of the stadium (Baker and Cadwallader, 2016). The taxes that will pay the public's percentage of the Rangers' new stadium were designed to shift the financial burden away from Arlington citizens to those that visit the city.

The strong financials of the Arlington government perhaps increased citizen approval of the tax extensions to keep the Rangers in the city. Voters demonstrated larger support for an extension of the AT&T Stadium taxes because the County had, for the most part, paid off the thirty-year bonds it took out to build the Cowboys' new stadium. Four months prior to the vote, the Fort Worth Star-Telegram reported that Tarrant County would have paid off the bond debt accrued for AT&T Stadium by 2021 (Cadwallader and Osborne, 2016). Arlington voters extended the existing stadium tax measures because they had yet to experience any serious financial restrictions from their previous public-private stadium financing deals. Furthermore, the media had a considerably lessened impact on convincing prospective voters against approving

[4] 71 percent of the funding for Globe Life Park, as previously mentioned, came from the city and local governments. The public's contribution for a new stadium is capped at 50 percent.

the "tourist" taxes. The Star-Telegram published an economic study that argued that Arlington would lose out on $300 million in the admission and parking taxes, and that the Rangers' control of stadium naming rights would cost the city $300 million (Cadwallader, 2016, A). Referendum voters gave more weight to the positive economic forecasting that was paid for by the pro-tax campaign than the negative economic reports that were published by the area's largest circulated newspaper. Voters proved to be more swayed by the campaigning of Arlington's local political elites and the city's inherent competition with Dallas than the negative economic forecast, as a Star-Telegram poll published a month before the election showed the tax vote at a 42-42 tie (Baker and Cadwallader, 2016). Local citizens were less concerned with capturing further money from a tourist tax-funded stadium and more concerned with evading paying for a stadium tax out-of-pocket. Unified political elite endorsements and minimal public support for the taxes by the Rangers owner won out against impartial economic studies.

The drive to increase team financial value through new stadium construction is not unique to Major League Baseball, but rather common to all sports. Though the San Diego Chargers play in a different league than the Texas Rangers, the teams are alike in their quest for a publicly financed stadium. Both teams use the threat of nearby cities as leverage to secure public funds for new stadium projects. The San Diego Chargers will receive a stadium subsidy if the local politicians in San Diego exhibit unified public support for tourism tax measures and team owner Dean Spanos, like Rangers owner Ray Davis, has little involvement in the pro-tax campaign.

San Diego Case-let: Political elite disapproval and maximal team owner support

Growing revenues in professional sports prompts teams and owners to maximize their franchise value at all turns. Roger Noll finds that professional sports teams and leagues have demonstrated increased revenue growth in "attendance and broadcasting," which in turn boosts the value of professional franchises (Noll and Zimbalist, 1997). This increase in team revenues breeds further development, as Noll argues that the "novelty" of a new stadium can boost a franchise's value by as much as thirty percent (Stevenson, 2016). As such, it is in the best interest of profit-maximizing owners to demand newer facilities as often as possible.

The National Football League (NFL) is now currently experiencing increased relocation efforts by its members for the purposes of acquiring majority-publicly financed stadiums in order to increase team value. This increased monetization of the NFL and professional sports in general fuels the desire of the NFL to tap into the Los Angeles market and thus give team owners more leverage in their pushes for stadiums. The St. Louis Rams decision to relocate to Los Angeles stems from a nullified agreement between the St. Louis Convention and Visitors Commission and the Rams about which group should pay for renovations to the existing St. Louis football stadium (Hunn and Pistor, 2016). The San Diego Chargers and owner Dean Spanos had petitioned the city to upgrade the fifty-year old Qualcomm Stadium or help pay for a new one to keep the Chargers in San Diego (McSwain, 2016). Similarly, the Oakland Raiders and owner Mark Davis sought for an upgrade over their own fifty year old Oakland Coliseum (Group, 2016). The NFL granted the St. Louis Rams the right to relocate to Los Angeles in January of 2016, and gave the Chargers first priority to move to Los Angeles after they extended the franchise a one-year option to relocate (Hanzus, 2016).

The stadium construction dilemma in San Diego is linked with that of the Oakland Raiders ownership group and the city of Los Angeles. Though the Chargers had the first rights to relocate to Los Angeles, the NFL gave the Raiders the opportunity to relocate there should the Chargers decline to do so (*Ibid.*). As both teams play in aging stadiums and have done so for decades, the two teams proposed that they would combine to build a privately financed stadium in Carson, California, but the NFL rejected their offer. As the league blocked the franchises' attempts to both relocate and build a stadium with little to no public funds, the Chargers began to work with the politicians in San Diego to craft a stadium-financing plan that would help offset potential construction costs and allow the teams to remain in the region.

The Measure C tax proposed an increase of the local hotel tax from 12.5 percent to 16.5 percent in order to pay for both a stadium in downtown San Diego, and a convention center annex. The NFL and the Chargers were to combine to pay $650 million in private financing to the complete a new stadium for the Chargers in San Diego (McSwain, 2016). Like the Regional Renaissance Initiative from the Pittsburgh case, not all of the funds raised would go toward stadium construction, and the team offered to contribute some amount of private funding to the project. Unlike the Pittsburgh tax increase, Measure C was designed to tax non-residents and instead transfer the public cost to tourists who traveled to San Diego to rent hotel rooms. San Diego Mayor Faulconer publicly endorsed Measure C on October 3rd, a month before the vote, saying "it is important to have professional sports that bring our community together" (Smolens, 2016). Dean Spanos and the Chargers contributed $5 million dollars to pay for advertising time to promote the passage of Measure C (Garrick, 2016, B). I expect that Mayor Faulconer's political support, the Chargers financial contribution to the pro-Measure C campaign and to the proposed stadium will increase the likelihood that Measure C passes in November of 2016.

The corporate-political alliance struck between Dean Spanos and Mayor Faulconer increased the electoral chances of Measure C. The combined support of the pro-tax campaign by

Spanos and Faulconer and the influence of the two elites attempted to convince the public of the importance of the Measure C tax increase to the city. The alternatives to Measure C, other than outright relocation, stood little chance against the financial might of the Chargers' ownership group. Former City Councilman Carl DeMaio devised a stadium-financing plan that required fans and private investors to contribute any sum between $5,000 and $700,000 towards the stadium construction costs (Showley, 2016, June 23). A group of San Diego citizens proposed "Measure D," which would raise the hotel tax from 12.5 percent to 15.5 percent and use the tax revenue to build a convention center annex and defray the cost of a majority-privately financed football stadium (Garrick, 2016, B).

As previously stated, Brown and Paul find that there is more public support for referendums that have been sponsored by elected public officials than citizen-sponsored initiatives (Brown and Paul, 2002). Though prospective referendum voters created Measure D, there was more voter support for politically endorsed referendums than citizen-endorsed alternatives. Measure D received significantly fewer donations than the Spanos-Faulconer supported Measure C. The *San Diego Union Tribune* estimated that the "coalition of groups" that opposed Measure C had only raised $15,000 (Garrick, 2016, B). Supporters of the citizen-sponsored Measure D complained that a $100,000 dollar radio advertisement purchase wrongfully stated that local taxpayers support Measure C and a publicly financed stadium for the Chargers (Garrick, 2016, October 18). The Measure C campaign received support from the highest-ranking local politician and massive funding contributions from the San Diego Chargers franchise, and tried to prevent the "monied interest" frame that the Regional Renaissance Initiative failed to escape by paying for radio ads that proclaimed that the campaign derived support from local taxpayers. I expect that the combined efforts of political and corporate elites to generate positive public opinion for Measure C will increase its electoral chances in the November election.

However, Measure C, like the Regional Renaissance Initiative, did not pass the November vote because of local political opposition to the stadium tax that would pay for a new stadium for the Chargers. Though the tax increase received the support of the Mayor, an overwhelming majority of the San Diego City Council opposed the Measure publicly. The *San Diego Union Tribune* openly stated that the process for building a stadium, with any mix of public-private funding, would not be able to continue without the support of both the City Council members and the Mayor (Smolens, 2016). The City Council is given equal import as that of the more "familiar" city Mayor. Councilman David Alvarez publicly campaigned against any tax increase that would pay for a new stadium, and was a founding member of the "No Downtown Stadium – Jobs and Streets First!" movement in San Diego that was instrumental in building voter opposition to the tax measures (*Ibid.*). Other Council representatives Chris Cate and Chris Ward urged voters to vote against Measure C (*Ibid.)*. Councilman Todd Gloria called Mayor Faulconer's endorsement of Measure C a "non-binding gentlemen's agreement" with the Chargers ownership group (*Ibid.*). Dean Spanos and the San Diego Chargers had little hope of winning over majority support from San Diego's City Council members, which hurt the electoral chances of Measure C or any stadium tax measure that would keep the Chargers in San Diego.

The fight for the proposed stadium among the city's districts further divided the Council's support. City Councilman Scott Sherman, whose district contains Qualcomm Stadium, spoke out against Measure C because the Chargers' ownership group threatened to relocate to Carson, California with the Oakland Raiders (*Ibid.*). San Diegans voted down Measure C by a margin of 56-44 percent in November. Local political opposition stemming from district disputes and animosity toward Dean Spanos for threatening to relocate proved more significant than did mayoral support or excessive team financial contribution to the stadium construction project.

Measure C also failed in its 2016 vote because of California's strict referendum passage laws. As with the Pittsburgh case, a large spending advantage over the anti-tax organization and support from "familiar" politicians like the Mayor proved less significant to voters than local political opposition against a tax increase. Pluralistic political elite opinion on a ballot measure is a stronger voting cue than corporate elite support. The California law that requires a two-thirds majority by voters to pass any ballot proposition, citizen or politician-sponsored complicated Measure C's chances at the ballot box (Garrick, 2016, C). Although Measure C never approached a majority, let alone a two-thirds majority, it still stood little chance of passing by such a wide margin.

Furthermore, the impact of political elite support for Measure C was tainted because of Dean Spanos' public connection to the stadium tax increases. The politicians who opposed a stadium subsidy used Mayor Faulconer's "agreement" with Spanos and the Chargers' ownership group as an indication that Spanos and the Chargers were receiving a lucrative stadium-financing deal. Representatives from the Chargers told the *San Diego Union-Tribune* that the team's success in securing a stadium subsidy required the public support from Mayor Faulconer, but made no mention of the City Council (Garrick, 2016, B). The oppositional City Council criticized Faulconer's involvement with Spanos and the team; Councilman David Alvarez considered Faulconer's agreement with Spanos to be too lenient and that Measure C would be conceding "giveaway after giveaway" to Spanos (Garrick, 2016, A). Public association by pro-tax politicians with the team owner can taint the influence of political elite support for a stadium subsidy. Arlington Mayor Jeff Williams received no such public backlash for supporting the

Arlington stadium subsidies because the Rangers' owner played a minimal role in the campaign to extend the tax increases. Similarly, the Cincinnati politicians who created the Issue 1 tax received minimal criticism because of the absence of the Cincinnati franchise owners from the pro-tax campaign. Team owner over-involvement in the campaign to pass stadium subsidies can diminish the cue that supportive political elites provide for undecided voters, and hurt the electoral chances of stadium tax measures.

These two modern stadium development cases support my hypotheses that political elite opposition to a stadium subsidy is significant and that public team owner support for stadium subsidies hurts the electoral chances of such ballot measures. Citizens in both the late 1990s and today are wary of affording rich owners tax benefits for new facilities but still align their vote choice with those of their elected officials. These hypotheses may be less applicable, however, to the Raiders Las Vegas relocation case, as it involves a non-electoral approval of public funding for new stadium construction. Political elite voting cues and politician support or disapproval of stadium tax referenda play has no effect on non-electoral solutions to stadium financing because citizens are not voting on the public contribution. Non-electoral means of approving public financing for professional stadiums are more reliant on local corporate executive support as the public's contribution has already been approved. As I have previously mentioned, after the defeat of the Regional Renaissance Initiative at the polls, the pro-tax politicians bypassed a public vote and approved existing tax revenue to cover the public contribution towards new stadiums for the Pirates and Steelers (PPG Editorial, 1998). Stadium construction did not get underway, however, until after the private financing contribution had been settled between the two negotiating sides (*Ibid.*). As the Las Vegas stadium development case involves a non-electoral means of guaranteeing public funds to the construction project, I expect that corporate elite support and team owner contribution to the proposed stadium will have the largest impact on the Raiders relocation efforts.

Oakland/Las Vegas Case-let: Corporate elite support of non-electoral processes

As the National Football League (NFL) gave Dean Spanos and the Chargers the first option to move to Los Angeles, the Oakland Raiders' ownership group had to seek a different solution and a new city to court for a stadium subsidy. The NFL's decision to allow only one of the two franchises the opportunity to relocate to Los Angeles reflects the league's continued intent to not over-saturate the Los Angeles football market. An owner can move their franchise only if the league's remaining owners convene and agree by a 75 percent majority vote to approve the relocation. In 1978, Al Davis, father of current owner Raiders' owner Mark Davis, tried to relocate the Oakland Raiders to Los Angeles after their lease had expired at the Oakland Coliseum. The owners voted nearly unanimously to prevent Davis from moving the Raiders, by a margin of 22-0, with five owners abstaining (Asher and Shapiro, 1982). Davis filed and won an anti-trust lawsuit against the NFL after Commissioner Pete Rozelle and other owners refused to grant Davis the right to move the Raiders to Los Angeles, as the Rams were playing in nearby Anaheim, California (*Ibid.*). This need to diversify cities within the league also drives further stadium development in other cities. Given the NFL's reluctance to over-crowd any of its member teams, Mark Davis and the Raiders had to consider options other than Los Angeles for a relocation destination.

Like the Chargers, the NFL tried to incentivize the Raiders to remain in Oakland. In their decision to allow the Rams to return to Los Angeles in January of 2016, the league offered both the Chargers and the Raiders $100 million dollars toward new stadiums should the two teams strike a deal with the local government and remain in their respective cities (Wickersham and Natta, 2016). Unlike the Chargers, Davis and the Raiders made it clear that they would not even try to build a new stadium in Oakland. Davis worked on relocating the team to Las Vegas for much of 2016, and even applied to have the phrase "Las Vegas Raiders" trademarked by August of that year (Youmans, 2016, A). During the fall of 2016, Oakland Mayor Libby Schaaf coordinated with an ownership group led by former NFL player Ronnie Lott to devise a funding strategy for a new football stadium in Oakland. Schaaf's proposed stadium in Oakland is projected to cost $1.3 billion dollars, $200 million of which would come from the taxpayer, while the rest would be financed by several private actors,[5] yet Davis and the Raiders were not part of the negotiations (Youmans, 2016, C). Following the report on Schaaf's funding framework, Davis announced that he has not been "swayed" by Oakland's plan and "remains committed to Las Vegas" (Youmans, 2016, B). Additionally, the NFL is reluctant to consider Schaaf's proposal, as league Commissioner Roger Goodell wrote a letter to Mayor Schaaf and stated that the NFL and Schaaf "had not identified a viable solution" to keep the Raiders in Oakland (Gotz, 2017).

Davis' Las Vegas alternative to building a new stadium in the Bay Area draws questions about the NFL's focus on profitability and desire to expand into untested markets. The relocation of the Chargers and Rams to Los Angeles, however disruptive to the fan bases in San Diego and St. Louis, are relatively safe bets financially for the NFL. Los Angeles is the second largest media market in the United States, and the NFL has had teams play in Los Angeles from 1946-1994 (Census, 2017). The Raiders' potential move away from the sixth largest media market in Oakland to the nation's fortieth largest in Las Vegas is, however, less financially defensible

[5] $200 million would come from the NFL, $300 million from the Raiders and $600 million from Ronnie Lott's ownership group

(*Ibid.*). Commissioner Goodell stated that the Las Vegas market has “real strengths” and is showing signs of economic growth due to increased tourism (Graney, 2016, B). Nevada’s economic reliance on tourism and outside visitors supports the trend of stadium taxes that shift the financial burden from local taxpayers to tourists. As mentioned earlier, Measure C in San Diego proposed to raise hotel room rental taxes four percentage points, up from twelve and a half to sixteen and a half percent (McSwain, 2016). The Las Vegas stadium-financing plan called for a .88 percent tax rate on all hotel room rentals in the “primary gaming corridor” of Southern Nevada (Senate Bill, 2016). This .88 percent tax rate increase will cover the taxpayer’s $750 million dollar commitment to the proposed $1.9 billion dollar cost of the new football stadium, with Davis and the Raiders contributing $500 million dollars and Sands Corp. CEO Sheldon Adelson contributing $650 million dollars (Velotta, 2016, A). The $750 million taxpayer contribution is the largest amount of public funding to pay for a professional sports stadium (Graney, 2016, A). Instead of staying in Oakland and charging the taxpayer only $200 million in construction costs, Davis decided to push for relocation to Las Vegas at the public’s expense of $750 million and the potential partnership with a rich corporate actor.

Unlike the previous contemporary case-lets, the Las Vegas financing bill did not require a public vote. The Nevada State Assembly and Senate, not the taxpayer, voted on the decision to raise the hotel room tax rate to pay the requisite $750 million dollars for the stadium. Nevada Governor Brian Sandoval created the “Southern Nevada Tourism Infrastructure Committee” in 2015 to “prioritize tourism improvement projects” in Nevada and compile a report and recommendation for action to the Governor by September of 2016 (SNTIC, 2016). The Committee suggested that the Nevada state legislature pass Senate Bill 1, which proposed the .88 percent tax increase on hotel rooms to pay for $1.9 billion dollar Raiders stadium and a separate

.5 percent tax increase on other lodging accommodations to pay for $1.4 billion dollar construction of a convention center (Senate Bill, 2016). Sandoval's endorsement of the Southern Nevada Tourism Infrastructure Committee's recommendation to pass Senate Bill 1 indicated political elite support in favor of the stadium tax. Sandoval called a special session for the Nevada legislature to vote on Senate Bill 1, and the tax passed by overwhelming majorities in the Assembly and the state Senate (Whaley and Chereb, 2016, B). Prior to calling the special session, Sandoval began to build support from local politicians in Clark County by talking with the County Commission chairman Steve Sisolak,[6] the county sheriff, and "gaming and labor leaders" from the county (Whaley and Chereb, 2016, A). Sandoval's public approval of Senate Bill 1 allowed him to muscle the tax through the state legislature, and his effort to build support for the bill among leaders of Clark County further increased its chances of being implemented. The Clark County Commission voted in favor of the Senate Bill 1 hotel taxes by a margin of 6-1 to secure the public financing portion of the Raiders' proposed Las Vegas stadium (Davidson, 2016). The political alliance among the Governor, state legislature and local Clark County officials was essential in passing Senate Bill 1 and assuring the Raiders that Nevada taxpayers would contribute to the proposed stadium.

Though there exists a political majority that supported the passage of Senate Bill 1 and the lack of public vote on the issue, the Raiders' potential relocation effort remains dependent on the support of corporate elites in Nevada. As stated earlier in the introduction, corporate elite actors that support professional stadium subsidies generally exert their financial influence by contributing large sums of money to the pro-tax campaigns to control the flow of information to the prospective voters (Fort, 1997). These information campaigns serve to convince undecided voters to vote in favor of the tax increases. As Senate Bill 1 was not subject to a public vote via

[6] Sisolak also sat on the Southern Nevada Tourism Infrastructure Committee

referendum but rather a vote in the state Assembly and Senate, Las Vegas corporate elites could not spend money to run information campaigns that would increase the electoral chances of Senate Bill 1. Yet the unique nature of financing plan that would pay for the Raiders' stadium in Las Vegas hinged on corporate financial support. $650 million of the projected $1.9 billion stadium construction cost is to be paid by Sheldon Adelson, head of the Las Vegas Sands Corporation (Garrick, 2016, B). In addition, the politicians that supported and passed Senate Bill 1 must deal explicitly with other Las Vegas corporate actors.

Senate Bill 1 mandated the creation of a nine-person "Stadium Authority Board" that will essentially oversee the collection of public funds for the project and payment to the contractors that will build the stadium, three of whom will be appointed by the Clark County Commission and three appointed by Governor Sandoval (Whaley and Chereb, 2016, B). The bill required that the Clark County Commission appoint "at least one" of the nominees from the Caesars Entertainment Corporation and MGM Resorts International; the two groups that generate the most revenue from hotel rooms in Nevada (Jackson, 2016). The design of Senate Bill 1 intrinsically tied political and corporate elites together to attract the Raiders to relocate to Las Vegas. The Clark County Commission nominated the president of MGM Resorts International to join the Stadium Authority Board, who had previously served on Sandoval's Southern Nevada Tourism Infrastructure Committee, after Sandoval labeled hotels "Las Vegas' foundational industry" (Chereb, 2016). Senate Bill 1 created the requirement for corporate elite support to ease the Raiders' relocation efforts through the Stadium Authority Board's employment of hoteliers and Adelson's proposed $650 million dollar contribution to the stadium. The passage of Senate Bill 1 and the approval of public financing were not subject to the interests of corporate elite actors, but the Raiders' relocation remains entirely dependent on corporate elite support.

Despite the passage of Senate Bill 1 and the guarantee of $750 million dollars in public financing for a new stadium in Las Vegas, the Raiders' relocation efforts are in danger. The franchise is reliant on a private financing contribution to the new Las Vegas stadium. After several months of negotiating with Davis and the Raiders, Sheldon Adelson pulled out of his $650 million dollar commitment to the proposed Las Vegas stadium, with a reporter from the Las Vegas Review-Journal stating that the $650 million "won't come from the Adelson family" (Velotta, 2017, B). Davis' contingency plan for another private financier of the stadium fell through days later after the investment firm Goldman Sachs withdrew its potential support, stating that the firm would only contribute the funds if Adelson was still involved given its long-standing relationship with his family (Graney, 2017). These two major financing defections came just two weeks after the franchise formally filed to relocate to Las Vegas with the NFL (Gutierrez, 2017). Though they have made no public stance, it is unlikely that the NFL owners will vote to allow the Raiders to relocate to Las Vegas without knowing from where a large portion of the stadium funding will come. The threat of large corporate elites pulling their financial commitment to the Raiders' proposed Las Vegas stadium jeopardizes any relocation efforts undertaken by the franchise.

The Raiders' relocation to Las Vegas is entirely unique from any other case examined here. The political dynamic of Las Vegas and the Adelson family's role in the relocation make the franchise's efforts more complex. The Clark County Commission appears to make expenditure decisions almost entirely contingent on potential financial return. Following the passage of Senate Bill 1, the Clark County Commission voted to extend the Las Vegas Monorail from the MGM Grand hotel to the Mandalay Bay hotel. Clark County Commissioner Mary Beth Scow pushed for the monorail to extend to the Las Vegas airport, arguing, "it just seems so logical" (Davidson, 2016). Clark County voted to extend a form of public transportation to create more economic benefit for the hotels along its route, but not to provide public transportation to its own airport. Moreover, the corporate elite support and private financial contribution for the Raiders' new stadium remains blocked by the Adelson family's position. Adelson's relinquishing of financial support for the stadium means that the discussions between the Raiders and the Sands Corporation are a negotiation. After publicly pulling his $650 million dollars from the stadium construction project, the Adelson family stated that their "ultimate goal" is to get a professional football stadium built in Las Vegas, irrespective of his potential investment (Saraceno, 2017, A). The Adelson family also controls the largest circulated newspaper in Nevada, and each article that makes any mention of Adelson ends with "The *Review-Journal* is owned by the family of Las Vegas Sands Corp. Chairman and CEO Sheldon Adelson" (Velotta, 2017, B). The Adelson family appears to remain interested in luring an NFL franchise to Las Vegas, and their public withdrawal of the $650 million dollar financial commitment can be viewed as a form of posturing in a public negotiation with the Raiders. Adelson's complete control of the largest media outlet in the state and Las Vegas' drive to create economic value from any and all government works project creates an environment that is receptive to a stadium subsidy. A $750 million dollar government expenditure hangs in the balance of a negotiation between two billionaires.

The near completion of the Raiders relocation from Oakland to Las Vegas supports my claim that corporate elite support is the most significant indicator in the non-electoral approval of government funding for professional sports stadiums. The NFL's decision to delay the owner's relocation vote until after a private financier agreed to commit $650 million to the construction project gives power to corporate elite executives in the stadium development game. A month after Adelson and Goldman Sachs pulled their financial commitment to the proposed Las Vegas football stadium, Bank of America offered to pay the $650 million private contribution in the form of a loan, which includes no “equity stake in the team or the stadium” (Saraceno, 2017, B). The NFL preferred that the private financing contribution to the Las Vegas stadium have no involvement with the team or stadium whatsoever, and Bank of America has a history of conducting business with the league (*Ibid.*). Bank of America’s proposed financing contribution prompted Commissioner Goodell to state that the Raiders relocation vote would be a “positive vote” for the league, thus indicating that the bank’s investment in the stadium sped up the process of relocation for the franchise (Kaplan, 2017). Moreover, the fact that Bank of America has no financial stake in either the team or stadium indicates what the league values in a private financier – for their support to be purely financial and have minimal involvement in the future economics of the stadium. The private financing contribution of Bank of America to the proposed Las Vegas football stadium makes the bank both a stakeholder and bystander in the stadium development game. The NFL wants secure and reputable private financing sources, but for those financing sources to have little designs on profiting from the league.

Section IV:

Conclusion:

Citizens are put in a precarious position when they are called upon to vote to approve stadium subsidies for professional sports teams. They tend to know little about the ballot measure in the lead-up to the vote, and lack their traditional sources of information from political parties and partisan campaigns. As such, direct democratic processes are susceptible to the interests of groups who can provide voter cues to citizens. These powerful interests tend to be local politicians who benefit from having a "major-league" city, and corporate executives and businesses such as media outlets that will profit from having a professional sports team in their city, be it through construction contracts or the content that the teams create for the media to cover.

Team owners prove to be less significant indicators of a ballot proposition's success, as political scientists Delaney and Eckstein argue that ownership groups are only "marginally involved" in ballot proposition votes as compared to other corporate elite actors (Delaney and Eckstein, 2007). This can be seen most vividly in the comparative successes of Measure C in San Diego and the extension of the Arlington stadium taxes. Rangers owner Ray Davis did little to publicly campaign for the tax increases and received a stadium subsidy, while Dean Spanos' connection to San Diego Mayor Faulconer hampered the electoral success of Measure C at the ballot box. Team owners have thus become the main scapegoats in the process of approving public funds for stadiums. They demand public funding to help complete new facilities and threaten to relocate if they are not satisfied with the public's potential contribution.

This owner blaming is somewhat misguided, however, as team owners play no part in creating the taxing schemes that are used to fund stadiums and play a minimal role in campaigning for them. Local political and corporate elites who support publicly financed stadiums play a more critical role in assuring that these ballot measures pass. The political-corporate coordination to create structurally sophisticated pro-tax campaigns that are geared towards framing the stadium subsidy as a positive for the surrounding area and city has the largest impact on the electoral success of stadium tax referenda. By operating with a financial monopoly on the advertisements and other sources of information that referendum voters rely on to make their voting choices, the pro-tax campaigns are essentially assuring an electoral victory for stadium taxes. Politician support for stadium subsidies serves as an initial cue to voters to approve stadium subsidies, while corporately financed pro-tax advertisements bombard uninformed voters with selectively positive information about the impact that a publicly financed stadium will have on the region.

Political and corporate elites who support stadium subsidies have failed to deliver the positive economic and budgetary effects on local governments because there are few. Yet these elite actors tend to receive the least blame by the press and citizens. To the point, Preston's article on the disastrous effect that the Cincinnati Bengals' stadium has had on Hamilton County makes no mention of the politicians who created the Issue 1 tax (Preston, 2016). After Measure C failed in San Diego and the Chargers opted to relocate to Los Angeles, the *San Diego Union Tribune* postulated that Spanos may have decided to take the Chargers out of San Diego because he is a "famous holder of grudges" and that he is a "coward," but the paper did little to attack Mayor Faulconer's pro-stadium tax position (Acee, 2017). These personal attacks against ownership groups may provide some solace for jilted stadium referendum voters, but fail to properly place blame on the important stakeholders. Political and corporate elites exert more influence on stadium tax referenda than do owners because they control the taxing strategies that will pay for new stadiums.

The economic effects of stadiums are widely overestimated and rarely bring beneficial financial impacts to the surrounding area and city. The appeals that publicly financed stadiums will create local economic development are generally unfounded. Noll notes that those who support stadium subsidies for professional sports teams do so based on the notion that having a professional sports team creates “economic growth as well as consumption benefits” that warrant the public’s contribution to stadium construction (Noll and Zimbalist, 1997). Professional sports stadiums are supposed to create more jobs in the regions that they are built and stimulate economic growth. Economists Robert A. Baade and Allen Sanderson state that though professional sports stadiums do create jobs, ninety-eight percent of those created are purely nonmanufacturing jobs and can be categorized as “trade” or “service” (Baade and Sanderson, 1997). The jobs that professional sports stadiums create do little to increase the economic conditions of the region because they tend to be seasonal trade jobs that work inside the stadiums. Additionally, the authors note that publicly funded professional sports stadiums have a smaller economic impact than similarly expensive public expenditures, such as the construction of an industrial park (*Ibid.)* The economic benefits that professional sports stadiums create do not justify the public cost of stadium subsidies.

Determining the economic effects of professional stadiums becomes complicated, however, by the “consumption benefits” that professional sports teams generate. Professional sports stadiums are not financially viable because of the jobs that they may create – a multi-hundred million dollar government expenditure must create more than three thousand jobs to be a justifiable public cost. Economists Bruce Johnson, Peter Groothuis, and John Whitehead argue that local governments that approve public funds to finance professional stadium construction “justify” their budget allocation decisions by claiming that professional sports teams create “public goods” such as “local unity, fan loyalty, and civic pride” among the city’s inhabitants (Johnson, Groothuis, and Whitehead, 2001). The presence of having a professional sports franchise in one's city can create unique value to that city that other organizations or firms cannot otherwise provide. The nebulous value of these public consumption goods does little to demonstrate to a local government that it has spent its money wisely. The authors find that few economists have actually attempted to quantify the value of civic pride and fan loyalty (*Ibid.)*. These public consumption goods thus become ammunition for pro-tax elites, particularly politicians, to build public support for stadium subsidies. Professional stadium subsidies make citizens pay for the right to be fans of a team and lovers of their own city.

Politicians and other pro-subsidy actors have altered taxing schemes so as to assuage citizen economic concern about publicly financed professional stadiums. As they cannot rely on the job creation justification for stadium construction, politicians instead seek to place the public financial burden out of the region. Noll and Zimbalist highlight that supporters of subsidies for professional sports stadiums point to the positive economic effects that increased tourism will have on a city that hosts a professional sports team (Noll and Zimbalist 1997). Having a professional sports team increases a city's reputation, and this bolstered civic reputation creates more demand for visitors to come and spend money in the city. As such, many new taxing schemes used to pay for professional sports stadiums involve "tourism" taxes – the Arlington tax increases involved hotel rental room taxes and rental car taxes, while Measure C in San Diego utilized a four percent increase on the city's hotel room tax, the Las Vegas Senate Bill 1 raised hotel room taxes by .88 percent. Pro-stadium tax groups can avoid arguments that demonstrate the negative economic impact of professional sports stadiums by taxing the stadium's strongest form of revenue – tourists.

The authors find these justifications to be made hastily, however, as sports-related tourism has declined as the number of teams has grown (*Ibid.*). The increase in the number of professional sports teams drives down tourism revenue because professional teams are now commonplace in most American cities. Yet the increase in teams that cities can compete for increases the demand for local governments to contribute to the construction of new stadiums. As previously mentioned, the increase in the number of financially viable cities that can host professional sports teams feeds Phelps' "stadium boom" (Noll and Zimbalist 1997). This increase in teams and cities thus serves to increase public expenditures into stadium construction and diminishes its main form of revenue, and more recently, its main form of tax revenue that will pay for construction. The growth of professional sports makes professional sports stadiums exceedingly less financially defensible and the rubric of shifting the economic burden of stadium construction to visitors through tourism taxes is not as financially favorable given the diminished importance of professional teams to cities.

The public appears to have become more suspicious of stadium subsidies since the late 1990s and the Pittsburgh and Cincinnati cases may demonstrate. The defeat of Measure C in San Diego indicates that voters will reject tourism taxes to pay for new stadiums, even if the taxes have little to no effect on residents. This change in the willingness of voters to disapprove of stadium subsidies may have come too late. Many of the ongoing stadium subsidy cases are decided by non-electoral means. The Las Vegas tax increases were not subject to public vote, but rather decided by elected state representatives and senators. The Atlanta Braves are moving into a new stadium in the spring of 2017, and the financing plan was deliberately created in secret, so as to avoid the potential backlash of Atlanta citizens against building a new stadium to replace one that is hardly twenty years old (Ley, 2014).

Citizen voters are beginning to have even less influence in deciding whether or not their local governments should sponsor stadium construction. This is problematic, as stadium construction costs continue to rise and the public's contribution to these costs have yet to truly slow. Michael Jacobson, the CEO of the Arlington Chamber of Commerce, released a report that stated that the public's share of the stadium costs was only "23 percent" of the entire cost (Cadwallader, R. 2016, A), but the Arlington public-private stadium financing deal capped taxpayer contribution to the stadium at fifty percent, and not the twenty-three that Jacobson had publicly touted. There is no greater public expenditure that is handed out so willingly to a group that needs it the least.

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