
◊ The TAX TIMES ◊

Volume 15, Issue 4

Newsletter of The Brown County Taxpayers Association

March, 2000

Political Football

To our members:

The renovation of Packer stadium has dominated local news since the moment the team announced its proposal. It is the most significant question faced by Brown County taxpayers in years. Important public policy issues are raised on several fronts: Is it fair that taxpayers of a single county should shoulder the burden? How does one justify creation of a unique tax to benefit a single private enterprise? What role should the State play in this matter? What value should the community affix to having a “competitive” football team?

Your BCTA Executive Committee has closely watched the emerging debate, seeking information about the stadium proposal, listening to options and thinking about the fundamental question of imposing a tax on many unwilling citizens in order that the Packers can win more games. In the wake of many recent developments, we met to define our stand on the matter.

The Packers are an important part of our community, and along with many others we would like to see them field strong teams in a showcase facility. We remain opposed, however, to a tax subsidy. There are far too many revenue sources about which the Packers have been silent and far too many unanswered questions regarding the team’s real revenue needs to justify legislative approval of a path to new taxes.

Furthermore, consider the remarkable process by which this proposal has emerged. A private business goes directly to the Legislature seeking a change in state law which would enable the creation of a special tax on the citizens of one select county...without any discussion, assent, or involvement of the affected county! The fact that the Legislature is even discussing the matter under such conditions speaks to the hypnotic influence the team has on the Governor and the legislative leaders. It’s time our state elected officials awake from whatever trance they’re under.

In our view, the Legislature should not be considering this matter unless and until the elected representatives of the citizens of Brown County ask for state action. If after discussions with the Packers the government of Brown County becomes convinced of the need to provide a tax subsidy for the team, then the County should solicit the State’s help. Until that day arrives, our officials in Madison should politely tell the Packers that they first must deal with the folks back home.

The BROWN COUNTY TAXPAYERS ASSOCIATION
Promoting Fiscal Responsibility in Government

SPORTS PORK. The Costly Relationship between Major League Sports and Government.

by Raymond J. Keating, chief economist for the Washington-based Small Business Survival Committee, a weekly columnist with Newsday in New York, and a partner with Capitol Hill Research, a political and economic analysis service.

Executive Summary

During the 20th century, more than \$20 billion has been spent on major league ballparks, stadiums, and arenas. This includes a minimum of \$14.7 billion in government subsidies that has gone to the four major league sports —Major League Baseball, the National Football League, the National Basketball Association, and the National Hockey League — including more than \$5.2 billion just since 1989. These numbers (all in 1997 dollars) exclude the billions of dollars in subsidies provided through the use of tax-free municipal bonds, interest paid on debt, lost property and other tax revenues not paid on facilities, taxpayer dollars placed at risk of being lost if the venture failed, direct government grants to teams, and the billions of dollars spent by taxpayers on minor league facilities.

Looking to the year 2000 and the next several years, considering what is already agreed to and what various teams and cities are seeking or proposing, another conservative estimate indicates that at least \$13.5 billion more will be spent on new ballparks, stadiums, and arenas for major league teams. Taxpayers are expected to pay more than \$9 billion of that amount (in nominal terms).

Before the Great Depression, sports subsidies were rare; today, they are the general rule. The economic facts, however, do not support the position that professional sports teams should receive taxpayer subsidies. The lone beneficiaries of sports subsidies are team owners and players. The existence of what economists call the “substitution effect” (in terms of the stadium game, leisure dollars will be spent one way or another whether a stadium exists or not), the dubiousness of the Keynesian multiplier, the offsetting impact of a negative multiplier, the inefficiency of government, and the negatives of higher taxes all argue against government sports subsidies.

Indeed, the results of studies on changes in the economy resulting from the presence of stadiums, arenas, and sports teams show no positive economic impact from professional sports —or a possible negative effect.

Unfortunately, many of the proposals for resolving the issue of subsidized stadiums and arenas, such as government ownership of sports teams, only make matters worse. A step in the right direction would be a measure requiring voters to approve any government subsidy for professional sports.

Cato Policy Analysis No. 339 April 5, 1999

(see www.CATO.org)

(Editors note: There have been many articles printed recently regarding the financing and construction of sports arenas, and it seems everyone seems to be an expert on the subject, pro or con, even in Green Bay. We have printed this as it does advocate allowing voters to approve public funding for professional sports facilities. (Thank you to Mike Riley - TNI)

The BCTA and Lambeau Field. It is safe to say that we are all Packer fans, are proud to call Green Bay our home, and appreciate the many tangible and intangible benefits that the franchise has brought to this area and the entire state of Wisconsin.

A recent poll of our members indicated that a strong majority were in favor of remodeling or replacing Lambeau Field. However, there was little enthusiasm for the use of public funding for this project and definitely not by a sales tax imposed upon the residents of Brown County. Seat licenses, luxury box fees, Packers own financing and ticket and concession profits were far more acceptable.

Our survey also asked our readers to prioritize how they felt local tax dollars should be spent. Police protection was the top priority, followed closely by fire protection and public education. The fourth priority was infrastructure, followed by water supply, the court system, jails and prisons, sewage and waste disposal, health facilities and public welfare. Please note that these are all items traditionally funded with tax dollars and providing services which taxpayers expect to receive in return for their tax payments.

Only 11% of the respondents considered spending tax dollars for Lambeau Field as one of their top 3 priorities. We also point out that this survey and most of the responses were mailed in January, just before the Packers made their bombshell announcement regarding the scope and anticipated financing for their fantasy. At that time, various trial balloons to the public seemed to indicate renovation as being far more cost effective and “public funding” would be a final last resort. Total cost maybe as high as \$100 million. I must have read wrong.

On several occasions the Brown County Taxpayers Association has gone on record as strongly opposing the county sales tax option for any purpose whatsoever. In 1994 when it was proposed for the purpose of building a new arena, we prepared a rather extensive study examining it's effect on other counties of the state where it had been imposed. Our definite conclusions at that time were:

- **#1 – The county sales tax does not reduce property taxes.** Property taxes kept increasing with or without a county sales tax, and actually increased more in those counties that had the tax.
- **#2 – The county sales tax fuels additional county spending.** Counties with sales tax actually collected an average of 27% more in combined tax revenues than those without. The sales tax only

provided another source of revenue to be spent.

- **#3 – The county sales tax fuels the appetite for increased county spending.** Bonded indebtedness actually increased at a far greater rate in counties with the sales tax than those without. Apparently the extra income encourages more long term spending.
- **And #4 – County “effective” tax rates are higher with the sales tax is imposed.** Taxpayers are only paying an additional tax which raises their overall tax burden. It is difficult to gauge the effect on competitiveness between one county and the next, but at this time it could have a big, big effect on Brown County's economy.

Although this study was done a few years ago, we have seen little in county to county comparisons to indicate the results would be dramatically different today. Plain and simple, it is another tax to be paid and another excuse for spending public money. The fact remains that Brown County has still managed to keep its property taxes in line with other counties in Wisconsin while providing a good level of service. It is no secret that overall taxes on Wisconsin citizens are amongst the highest in the nation, and little has been done to reverse this trend.

We further realize there are many large and important expense items which will require difficult decisions on the part of our elected officials in the months ahead. As a taxpayer organization dedicated to “*fiscal responsibility in government*,” we cannot support a plan imposing an additional indebtedness on the citizens of Brown County approximately equal to the present

Brown County Board Acting Responsibly on Lambeau Field Sales Tax Proposal.

We want to compliment the members of the Brown County Board of Supervisors for proceeding cautiously on the Packers proposal to impose a .5% county sales tax for their benefit. They have been dealing with an unprecedented situation with a private enterprise rather than a governing body requesting the imposition of a tax, and have spent a lot of time and effort in consideration of both the community and their constituents on this matter. This in spite of much criticism from the media and their seeming disregard for the taxpaying public.

We appreciate that much of this concern on the part of County Board results from other pending expense projects facing us, and future sources of revenue. These will have to be dealt with on their own merits and

nfl chart

NOTRE DAME STADIUM COMPARISON.

The Packer organization has compared its plans for renovation of Lambeau Field with an expansion project completed at Notre Dame University in 1997. In fact, both organizations are using the same architect, Ellerbe Beckett, Inc., of Minneapolis, who have expertise is this type of construction.

Like Lambeau Field, Notre Dames stadium had a capacity of about 60,000, with a history dating back to the days of Knute Rockne and The Four Horsemen. Capacity was increased to 80,000 by adding additional rows of seating around the top of the bowl, similar to what is proposed at Lambeau. Construction also included a new press box, lights and scoreboard, at a publicized cost of \$50 million. Their plans did not include a five-story atrium or luxury boxes however. Also, like Lambeau Field, it does not appear that improvements such as seat backs or safety railings were added for the comfort and safety of the fans.

If accommodating more fans was their goal and bottom line, it could be said that it was accomplished at a cost of \$2,500 per additional seat.

We fully realize the necessity and cost of box and club seats and that the economics and cash flow problems between college and professional football are miles apart. We acknowledge that it is only practical to build a stadium a certain size in Green Bay, but it is unfortunate that if there 50,000 on the Packers waiting list, only 10,000 more fans will be accommodated after renovation. This equates to about \$29,500 for each net additional seat added, prior to the cost of financing and other related items.

Source of information – *South Bend Tribune*

CORRECTION NOTICE

In a February “*TAX TIMES*” article entitled “*Watch Your Pennies Grow,*” we stated that a .5% sales tax if enacted in Brown County to subsidize the Lambeau Field improvement project would equate to \$725 for every resident of the county, based on the announced request for \$160 million in public funding and a present population of 220,000.

It now appears this amount was completely in error and should be corrected.

We didn’t fully realize at the time that the amount requested did not include financing interest for a 30 year term, which has been estimated to be a minimum of another \$152 million cost to taxpayers. Also, the Packers didn’t really make it clear that they were also seeking taxpayer assistance for maintenance, depreciation, and other upkeep items estimated to bring the total cost to taxpayers to \$500 million and possibly much more. This is a lot more than the \$160 million originally and still being publicized.

A liability of \$500 million would equate to over \$2,270.00 for every single resident of Brown County, or as they say \$9,080 for a family of four over the life of the obligation. It will have to paid by someone. Think about it.

We apologize for any misunderstanding.

“Get your facts first, then you can distort them as much as you please.” . . . **Mark Twain**

“A public debt is a kind of anchor in the storm, but if the anchor be too heavy for the vessel, she will be sunk by that very weight which was intended for her preservation.” . . . **C.C.Colton**

“Without economy none can be rich, and with it few will be poor. : . . **Benjamin Franklin**

“Legislators represent people, not trees or acres. Legislators are elected by voters, not farms or cities or economic interests.” . . . **Earl Warren**

PACKER MONEY.

The Green Bay Packer proposal to improve Lambeau Field is composed of two basic parts, use of Packer money and use of public money. In this issue we will discuss the Packer money part of their proposal.

The Packer money comes from three different sources. First is the \$20 million generated from the sale of stock a few years ago. As you recall, the money was to be used for future improvements. The second source is a loan from the NFL of \$13 million. The third source of money is from a fee assessed to season ticket holders, some call this a license fee and others call it a user fee. The amount of money the Packers put into this part of the plan is estimated at \$92.5 million.

These funds are to pay for the part of the proposal that upgrades Lambeau Field so it is structurally sound for the next 30 years. The additional seating, restroom facilities, and vendor space are covered by these funds. The costs for the proposed changes are estimated to be about \$125 million. A modification to the luxury box seating is also part of this proposal and is included in the cost estimate.

It is important to ensure that the stadium is able to last the anticipated life of the plan and this portion of the Packer proposal does just that.

Many people were hoping that the changes would add comfort to the seating by adding backs to the bleacher style seats, or handrails for greater safety. This is not in the proposal.

The amount of the user fee for each seat is \$2000 dollars. This is distributed between the green and gold season ticket holders so that the Milwaukee folks pay 30% and the Green Bay folks pay for 70%. Green Bay season ticket holders will be required to pay \$1400 per ticket to keep their seats. Each Milwaukee season ticket holder will be required to pay \$600 to keep access to their season tickets. There are now about 60,000 seats in Lambeau Field. If we take 60,000 seats times \$2000/seat, that would mean \$120 million dollars to the Packer organization from the user fee. After putting up the \$92.5 million for the stadium improvements, the Packers will have about \$27.5 million left over. I am unaware that these funds are committed to any other part of the plan and therefore conclude these monies are available for use by the Packers as they see fit. Do these funds go into the operating budget? Do these funds go to replace the money put up from the stock sale and if so for what purpose? Do these funds become a reserve for any unanticipated overruns on the project?

This proposal is certainly a good deal for the Packer organization. They start with \$20 million from a recent stock sale designated for future improvements and end up with \$27.5 million without any designation.

It is important to understand the Packer Proposal and it is also important to understand what isn't being shared about the plan. If we as taxpayers are to support any plan, we need to know the total picture so that a knowledgeable vote can be cast.

Next month...*Public Money.*

Frank S. Bennett Jr.

President,

Brown County Taxpayers Association

Things That Make Us Wonder.

How one group of citizens can offer to build and equip a fairly good sized medical hospital for the community at an announced cost of \$95 million - at their expense while the cost of adding 10,000 seats and building a wall around a 45 year old stadium will cost \$295 million. Most of it taxpayer money.

Why the Brown County Board of Supervisors should be criticized for being suspicious of passing legislation to allow the establishment of a cumbersome tax which would place a burden on the citizens of the county in the range of present county indebtedness, City of Green Bay debt and Green Bay School District debt combined? This is a 39 page long piece of legislation conceived in Madison by a group of legislators prodded by a special interest organization with professional assistance. Legislators from the rest of the state are probably overjoyed to be left off of the hook at not having to approve some sort of tax for Lambeau Field that their constituents would have to pay for. If this thing does pass however, it could very well establish special precedents that could come back to haunt them.

It is unfortunate that with all of the news and headlines regarding the various Presidential primaries that Wisconsin voters are pretty much unable to express their opinions of who the final candidates will be. After campaign financing gets straightened out, the next reform should be to establish a system of selecting candidates rather than a state by state personality contest. Don't hold your breath.

JF

Articles and views appearing in the "TAX TIMES" do not necessarily represent the official position of the Brown County Taxpayers Association. We encourage discussion and input on current issues of taxpayer interest and invite your comments or articles suitable for future "TAX TIMES". Please send them to the BCTA, P. O. Box 684, Green Bay, WI 54305-0684, or call Jim Frink at 336-6410, Frink@ExecPc.Com.

REQUEST FROM NORB RAYMAKER.

To Brown County Taxpayers Association -

Although I am a positive person because of Christ in my life, taxes keep going up greater than my income and social security.

Some of us at the age of retirement didn't foresee such things as health expense, inflation, taxes, repairs of the home and autos, and on and on. With the increases of government, there is even a far greater squeeze to cope with.

What happens to us when we are over 75 and the money we save is gone? What do we do but try to get it back by going into the work force. How many hours do we have to work just to pay taxes and now they are trying to force us to pay a .5% sales tax. IT IS OUT OF CONTROL! How much more in taxes do we have to pay for the new arena ,schools, convention center, jail, mental health center and county executives salary that increased 24%?

"Taxes are killing us", Years ago when I was young everyone paid cash for what they needed. Today you charge it and go into debt for necessities such as medical bills caused due to not having enough money after government costs.

When is the government going to wake up? When will they understand they can't continue to force us into debt?

PLEASE, don't make us go into deeper debt by putting another burden of a .5% sales tax upon us.

Sincerely, Norb Raymaker

(Editors note: We believe Norb's experience is typical of many people in the community who are living on fixed incomes and have difficulties paying steadily increasing property tax and utility bills while trying to maintain their own residence.)

An Appetite for Debt.

As of March 1, 2000, the United States National Debt stood at a total of \$5,696,474,691,067.10, (That's **5.696 Trillion Dollars**). This equates to a little under **\$20,800 for every U.S. Citizen**, and the total is growing over \$200 million per day. Despite all the talk of someday paying it off and despite the enormous revenues collected by the U. S. Government, it seems to go in only one direction, **UP!** The interest alone would cost each of us over \$1,000 per year at 5%.

Closer to home, individual debt is considered a national economic problem, with too many individuals and families being over their heads in debt due to the availability of easy credit. How do you stand?

Public debt is a useful tool for units of government to finance the purchase of capital items too large to budget on a year to year basis. Most taxing districts realize this and do a good job of explaining this to their constituents. They try to keep a balance between new debt and retirement of existing debt in their current budgets so as to keep tax rates somewhat in line. We all have to live within our means. Additional indebtedness is approved by voters as with the recent school referendum in Green Bay, or through approval by your elected representatives.

At this time, we do not have the exact indebtedness of the City of Green Bay, Brown County or the Green Bay School Districts, but believe they are about \$90, \$60, and \$130 million respectively. These are largely payable within 15-20 years at 5% or so, which if the case, would be \$280 million in existing debt with about \$160 interest for a total of \$440 million. There are other debts such as for the arena, sewage districts, individual localities, and we are sure our elected officials can come up with the exact numbers. The reason I am pointing this out is that the .5 % sales tax for Lambeau Field improvements, if approved and according to estimates could place a liability burden in excess of \$500 million or more to be paid by Brown County citizens and businesses. This would equate to a total in excess of \$2,270 for each resident over 30 years. That's a lot of pennies. The complete economic impact should be part of the proposal. jf

Packer President Bob Harlan to Address April BCTA Meeting.

Green Bay Packer president Bob Harlan and the Packers Senior vice-president of administration, John Jones have agreed to address the April 20, monthly BCTA meeting. Hopefully many of the questions and concerns raised by our group and others in the community will be clarified by that time.

Mark your calendars. Complete details will be in the April "TAX TIMES."

25,000 Number of words in the vocabulary of the average 14-year old in the U. S. in 1950.

10,000 Number of words in the vocabulary of the average 14 year old in the U. S. in 1999. **TIME Magazine, 2/6/2000**

"Practical politics consists in ignoring facts." . . . **H. B. Adams**

"In the great mass of our people, there are plenty of individuals of intelligence from among who leadership can be recruited." . . . **Herbert Hoover**

"The power to tax involves the power to

Taxes - Taxes - Taxes

"Tax his cow, tax his goat,
Tax his pants, tax his coat,
Tax his crops, tax his work,
Tax his tie, tax his shirt,
Tax his chew, tax his smoke,
Teach him taxes are no joke,
Tax his oil, tax his gas,
Tax his notes, tax his cash;
Tax him good and let him know—

After taxes he has no dough.
If he hollers, tax him more,
Tax him till he's good and sore.
Tax his coffin, tax his grave,
Tax the sod in which he lays.
Put these words upon his tomb:
'Taxes drove me to my doom.'
And after he's gone he can't relax"
They'll soon be after his inheritance Tax!"

Furnished by Concerned Citizens of Fond du Lac.

FEBRUARY MEETING NOTES. Directors Continues Debating Sales Tax For Stadium Bonding.

Regular monthly meeting of the BCTA conducted Feb. 17, 2000, at the "Glory Years."

The directors continued discussion of legislation proposed to create a stadium district with power to levy a 0.5 percent Brown County sales tax for renovation of the Packer stadium. Senator Alan Lasee reported on the Senate hearing in Green Bay concerning SB 384, which would authorize a football stadium district within Brown County and grant it broad powers in addition to granting it authority to levy a 0.5 percent sales tax within Brown County upon passage of a binding referendum.

He explained that the Senate committee holding the hearing was inquiring into the necessity for the broad authorities being granted to the stadium district beyond the power of taxation. Of particular interest was the power of condemnation. Also, the lack of answers about ending the tax when the initial construction bonds are retired was particularly troubling.

Additional questions about the proposal to enact a 0.5 percent Brown County sales tax to fund \$160 million of stadium renovation bonding plus ongoing maintenance costs for the Green Bay Packers were raised:

- Who will actually own the renovated stadium?
- Why is taxpayer funding being proposed without a requirement or meaningful financial disclosure from the Green Bay Packer organization?
- Could funding come from the National Football League Players Association in the form of an investment or a loan?
- Will there be full and fair disclosure of the proposed stadium district's spending plans prior to any sales tax referendum?
- Will maximum and minimum costs to taxpayers be made public prior to any sales tax referendum?
- Why does the Packer organization pay federal taxes, but not Wisconsin taxes?

The directors discussed passage of the \$55.8 million Green Bay School District referendum. Concerns remain about the amount of maintenance items being financed over many years instead of being included in normal operating budgets.

Mike Riley of Taxpayers Network, Inc. explained that the Social Security Trust Fund, which is supposed to guarantee benefits until 2032, is not an asset, but a liability. Mike pointed out that the President's FY 1999 Budget stated that the Trust Fund balances are "claims on the Treasury that, when redeemed, will have to be funded by raising taxes, borrowing from the public, or reducing benefits or other expenditures."

As this explanation was too clear, that language has been obfuscated. The President's FY 2000 budget discussion of converting the Trust Fund balances to cash to pay benefits states, "This conversion ultimately represents an exchange of Government ... financial securities for private sector resources." TRANSLATION: We'd still have to get money from the public.)

The Trust Fund now consists only of IOU's -- promises that some time in the future the government will replace that money, which can be done only by collecting more taxes." Taxpayers Network, Inc. has a web site at www.tni-assoc.org.

The next BCTA is scheduled for Thursday, March 16, 2000, at the "Glory Years." Details on the back page of this "TAX TIMES."

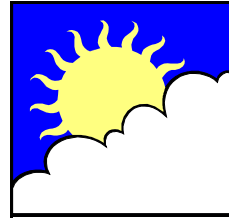
BCTA Meeting and Events Schedule

- Thursday - March 16, 2000 - Glory Years - Washington St. Inn
(Downtown) 347 S. Washington St., Green Bay
"Vince Lombardi" Room - 12:00 Noon
BCTA Monthly Meeting - Open Discussion
Lambeau Field Proposal, Recent School Referendum and
other current topics.
- Thursday - April 20, 2000 - Glory Years - Washington St. Inn
12:00 Noon - BCTA Monthly Meeting
Speakers, Bob Harlan-Green Bay Packers President
John Jones-Green Bay Packers Vice-President
In charge of administration.
"Lambeau Field Update"

All members of the BCTA, their guests and other interested persons
are cordially invited to attend and participate in these open meetings.
Phone 336-6410 for information or to leave message.

Our regular meetings are held on the Third Thursday of each month
in the "Vince Lombardi" Room of The Glory Years
347 S. Washington St., Green Bay

Price - \$6.50 per meeting. Includes Lunch. Payable at door.



MARCH
2000

Think
Spring

"It is a sin to believe evil of others,
but it is seldom a mistake."
. . . H. L. Mencken

"You have the God-given right to
kick the government around.
Don't hesitate to do so."
. . . Edmund Muske

SUPPORT THE BCTA
New Members are Always
Welcome.

Call 336-6410 or 499-0788

Write us at P. O. Box 684

or visit our website

www.BCTAxpayers.Org

for Details.

*(Membership application
on page 2 of this "TAX TIMES.")*

The TAX TIMES

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