

PROPOSAL TO REDUCE BALLPARK FEE WOULD SHIFT NEARLY \$60 MILLION IN STADIUM COSTS FROM BUSINESSES TO THE GENERAL PUBLIC , ANALYSIS FINDS

A proposal to reduce the annual “Ballpark Fee” would save DC businesses millions, but it would increase reliance on other stadium financing sources that otherwise could be used to fund basic services, according to a new analysis from the DC Fiscal Policy Institute.

The Ballpark Fee, paid by mid- and large-sized businesses, now raises \$14 million per year. It is likely, however, that the DC Council soon will consider lowering the fee to \$8 million per year. Under one plan, the full \$14 million fee would be collected, but \$6 million would be rebated at the end of the year if not needed for debt payments.

Yet the cost of building a stadium has not fallen, despite efforts to seek private financing. The DCFPI analysis notes that the current plan to rely on Deutsche Bank for a portion of stadium financing would not make the stadium any less expensive for the District. Given that, reducing the Ballpark Fee would require a greater reliance on other financing sources and would lead to a shift in *who* pays for the stadium.

- Reducing the Ballpark Fee to \$8 million per year would save DC businesses \$60 million, when measured in today’s dollars, over the life of the stadium financing period.
- Reliance on other financing sources — the lease payment from the team, sales taxes generated at the stadium, and a utility tax on businesses and the federal government — would have to grow by \$60 million to offset the lower Ballpark Fee. This shift is significant because these funds could be used to support other basic services, such as health care or public safety, if they did not have to be devoted to a stadium.
- An \$8 million Ballpark Fee would cover just 21 percent of stadium finance costs, far lower than the 32 percent that would be covered by a \$14 million fee.

“DC’s business community pledged to pay for a large share of a new stadium, at a time when most DC resident opposed public financing,” said Ed Lazere, executive director of the DC Fiscal Policy Institute. “The business community should be expected to live up to that promise.”

Lazere acknowledged that stadium financing legislation passed in 2004 called for the city to explore private financing and to find ways to reduce the Ballpark Fee. It is unlikely, however, that the intent of this provision was to reduce the Ballpark Fee if it simply meant shifting costs to other public sources.

“Cutting the Ballpark Fee would drain \$60 million that could be used for vital public benefits. This goes against the goal that stadium financing should not affect other services,” Lazere noted.

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The [DC Fiscal Policy Institute](http://www.dcfpi.org) conducts research and public education on budget and tax issues in the District of Columbia, with a particular emphasis on issues that affect low- and moderate-income residents.