

# MYTHS **VS** FACTS

## ABOUT THE SOUTH BROAD STADIUM

**Myth:** “taxpayers are being forced to pay for this project”

**Fact: No taxpayer or taxes outside the TIF district will fund the stadium.** The only tax dollars that will go toward the project are the new tax dollars created by development within the TIF.

The word increment in Tax Increment Financing means increase. There is an increase in property tax revenue only if there is an increase in property values, which in this case will only happen because of the completed project. If there's no project, there's no increment, and things stay the way they are now.

**Myth:** “this deal will use up taxpayer money that would be better spent elsewhere”

**Fact: This project will create new revenue for the City and County to spend on priorities like education, roads, and public safety.**

According to an independent economic analysis, taxpayers will receive:

- \$1.1 billion in private development that generates \$2.3 billion in economic impact
- \$186 million in new, desperately needed tax revenue for Hamilton County schools (via new property tax and local-option sales tax revenue)
- \$102 million in new revenue to be split between the City and County for other priorities.

**Myth:** “the supporters of the project are inflating the projections and taxpayers will be left paying the bill”

**Fact: The independent projections are extremely conservative** to avoid this very scenario (for example, projections assume four current projects in the TIF district will be the only development that ever materializes over the next 30 years). Furthermore, **the private sector is putting their money where their mouth is:**

- Lookouts and Perimeter loaning (at their risk) enough to cover all costs over the already-approved \$80M in public financing
- Maximum private sector reimbursement from TIF district is \$32M (only repaid if there is enough development and after public financing is fully covered)
- Remaining private sector investment (~\$8M) is not repaid

**Myth:** “the developers and Lookouts have no ‘skin in the game’ and taxpayers carry all the risk”

**Fact:** Private “skin in the game” includes:

- **A ~\$8M non-reimbursable, up-front contribution** by the Lookouts
- **A \$32M private loan** from the Lookouts and Perimeter that only gets paid out if they generate sufficient new development in the TIF district and then only after the \$80M of public financing is fully covered.
- **21 donated acres** of land (9 for stadium + 12 for Riverwalk)
- **\$15M of non-reimbursable** infrastructure

**Myth:** “the Younger economic analysis is just marketing”

**Fact:** Younger is the premier economic impact analysis firm in Tennessee used by municipalities across the country to determine if deals are in the public's best interest. **The City and County have both trusted Younger to inform their decision on the Bend TIF.**

**Myth:** “stadiums are a bad investment for a community”

**Fact:** Similar projects – in places like Durham, Birmingham, Madison (Huntsville), Charlotte, Nashville, Columbia, and many others – have proven to be transformational, **growing the tax base and generating hundreds of millions of dollars for local government** without the need to raise taxes or cut government services.

At the recent joint City/County briefing on this project, Mayor Henry of Fort Wayne, IN, reported that the ballpark built in his city by the Lookouts’ owners was “transformational.” It has created +\$1.2B in development around the ballpark, and we can expect the same here.

**Myth:** “taxes might need to be raised to pay for the stadium”

**Fact:** It is the opposite. **By growing the tax base and creating value where there currently isn’t any, the City and County will receive more revenue for schools, roads and other services without having to raise taxes.** TIFs (tax increment financing) are used by cities and counties to “capture” new tax revenue generated within a development district like South Broad. Essentially, local government is able to finance important economic development projects by giving the developer a portion of the future increased tax revenue that the project will create via increased economic activity. The money that will pay for the project is *new* tax revenue within the TIF district that the project itself will create, not existing public funds.

To make the deal even better, the developers will not receive *any* of the new tax revenue that would otherwise go to schools. Hamilton County Schools will receive \$186 million in new public school funding. The city and county are expected to receive an additional \$102 million for other government services.

**Myth:** “this project is being rushed”

**Fact: This project has been in the works since 2008.** Since 2015, the City and County have been researching and evaluating a multi-use outdoor entertainment venue as a catalyst to develop and revitalize the site. In 2017 and 2018, the South Broad District Study identified the site as a key area to be developed and, after considerable community involvement, identified a stadium as a potential catalyst for the site. There has been public input throughout the process. See <https://www.southbroad.info/timeline> for more history.

**Myth:** “In past stadium deals, the developers committed to specific amounts of development”

**Fact: No developer committed to any development level around the stadium in Columbia.**

However, Jim Irwin of New City (the master developer) has committed to starting a +\$100M Phase 1 project as soon as stadium construction begins.

**Myth:** “the Lookouts will stay in Chattanooga regardless of if a new stadium is built”

**Fact:** Minor League Baseball is owned and managed by Major League Baseball, which has raised the standards for Minor League stadiums far beyond what is feasible at AT&T Field. **The Lookouts must either move to another stadium within Chattanooga or move to another city.**