

Testimony in Opposition to LD 2258, An Act to Create an Income Tax Credit for Investments in a Team's Qualified Minor League Baseball Facility to Keep the Team in the State

March 14, 2024

Senator Grohoski, Representative Perry, and members of the Taxation Committee, my name is Maura Pillsbury and I am an analyst at the Maine Center for Economic Policy. We are testifying today in opposition to LD 2258. We do not believe Maine taxpayer dollars should be used to fund stadium renovations for privately owned sports teams.

In addition to providing the Sea Dogs owners with a refundable tax credit of between \$100,000 and \$1 million, this bill would also allow them to fully deduct the depreciation of all qualifying equipment they own. We would suggest asking the taxpayer what the depreciation credit is they currently claim on their federal tax return, so you will have some sense as to the cost to the state. If business owners want a subsidy of Maine taxpayer dollars, they should be prepared to provide this information.

The Sea Dogs are owned by a private equity firmⁱ that also owns 28 other minor league teamsⁱⁱ. They do not lack the capital to invest in this project as owners of 28 other teams. They are required to make this investment in order to maintain their status as a minor league team, meaning they will make the investment regardless of this tax credit. As written, this bill provides a credit retroactively back to October 2023 for work they have already completed, again which they have already done without this tax credit. While we believe the sponsor to be well-meaning, the logic of using a tax payer-funded refundable credit to incentivize an act that has already happened must be called into question.

With so many other unmet needs in our state, there are more important priorities than subsidizing a renovation of a sports stadium. Research shows that subsidies for sports stadiums are not a sound investment of taxpayer dollars.ⁱⁱⁱ Ultimately those who will benefit most from this subsidy are the investors of the private equity firm that owns the Sea Dogs.

If this proposal moves forward, we wish to call the Committee's attention to 3 MRSAs §1002 enacted last year, which requires any proposed new tax expenditure or change to a tax expenditure to be reviewed by OPEGA, including a report to the Committee, before enactment.

Thank you for your time, I would be happy to answer any questions. Email: maura@mecep.org

ⁱ <https://ballparkdigest.com/2022/08/09/diamond-baseball-holdings-shifts-from-endeavor-ownership-to-silver-lake/>

ⁱⁱ <https://diamondbaseballholdings.com/>

ⁱⁱⁱ Brookings Institute, "Why the federal government should stop spending billions on private sports stadiums." 8 Sept 2016. <https://www.brookings.edu/articles/why-the-federal-government-should-stop-spending-billions-on-private-sports-stadiums/>

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