

Sports Owners Profit from Tax Deals Like the Garden's *Newsday*, August 3, 2004

It is rather fitting that President George W. Bush is being renominated in a sports arena that has not paid any property taxes or its Con Edison electric bill in more than two decades.

Bush will get the nod at Madison Square Garden, which in the early 1980s (when it was owned by Gulf and Western) somehow persuaded Mayor Ed Koch and members of the City Council that the Knicks and Rangers would move elsewhere without a property tax exemption. Today that exemption is worth about \$12 million annually.

Considering where the Knicks and the Rangers end up each season, perhaps the teams could use the money they save on taxes to invest in players who will make them better. After all, the teams are our investment, too.

Bush, himself, owes his political career to his sports investments. He spent \$600,000 to buy a piece of the Texas Rangers in 1989 after selling his shares in Harken Energy for about \$750,000 to a still unnamed buyer.

Subsequently Bush became the team's general managing partner, but there was some question as to just what his role was. Once, when I was at spring training, an American League owner told me that "George thinks he's important, but little does he realize that all he does is shake hands."

Early in Bush's tenure, he threatened to move the Rangers to St. Petersburg, Fla., unless Arlington, Texas, gave the owners' group a new taxpayer-funded stadium. Arlington eventually approved a sales tax hike to pay for the new facility and got the land for it through eminent domain.

Bush may have played a part in the 1992 baseball coup d'état when the owners fired Commissioner Fay Vincent. Bush reportedly wanted to be the next commissioner but his fellow owners suggested he pursue politics instead. One of the owners, Bud Selig, made himself commissioner.

Despite being on the campaign trail in 1994, Bush must have had a say in that year's devastating baseball strike. Federal Judge Sonia Sotomayer ended the labor action in March 1995, after determining that the baseball owners, including Bush, had not bargained in good faith. (Incidentally, Judge Sotomayer was appointed to the bench by Bush's father.)

Bush's years as Rangers owner lasted from 1989–98. He won the governor's race in 1994, defeating Ann Richards. Four years later, Bush walked away with a \$13.4-million profit when the club was sold to Tom Hicks.

As Bush showed, owners need local mayors, governors, city councils and state legislatures to buy into the notion that the teams need new stadiums in order to survive, and more often than not the politicians have come up with stadiums built on the public dime.

Owners need corporate support to buy the big-ticket items, luxury boxes and club seating. Those seats become tax write-offs for corporations. And you know those big salaries that the owners pay their players? Well, they can depreciate the contracts much like you can depreciate a car on your tax return. And new tax codes pending in Congress promise to give the owners even more.

The Republican National Committee seems to have no problems with holding its convention in an arena that doesn't pay its fair share of property taxes, which could be allocated to any number of pressing budget items. It's no big deal to the CEO of the 2004 Republican Convention, Bill Harris, that the Garden's owners from Gulf and Western to Chuck Dolan have picked up over \$200 million in subsidies.

"We were invited to come to New York City by the civic, business and labor leaders," Harris said recently at the New York Press Club in Manhattan. "They proposed the site and we are very happy with it."

He added, "We are here conducting what we consider very important business for the nation actually. We think it will be very helpful to New York City and we are very happy they offered the package they did."

Harris said the Republicans received the same type of package that New York would offer to any sports franchise. The party got an arena and resources to help pay for transportation and the renovation

of the building. In effect, New York is paying for the privilege of having Republican convention delegates in town.

Meanwhile, street vendors too will pay, as they will be kicked off the streets around the Garden. Ken Mehlman, the Bush-Cheney 2004 campaign manager, has said that he hopes those people understand that the convention is important. The vendors are about ready to find out what the true meaning of “compassionate conservatism” really is.

The Rangers and Knicks fans will just have to wait a little longer for their relief.