

## ***Sports Commissions & Local Government***

**Objectives.** A local organizing committee in a major municipality had been successful in bringing a number of well-known sports events to its locality. It was considering hosting a major sports event, and was interested in determining whether the potential value of bringing the event to town outweighed the costs. In order to secure the event, the state legislature would have to pass a law to establish a fund to financially insure the owner of the event in case financial loss occurred.

**Challenges & Methodologies.** Finding a suitable method for measuring net economic impact can be challenging given the many difficulties in measuring costs and benefits for events. In particular, attaining a high confidence estimate of spending can be problematic without direct measures of spending from spectators, event participants, and sponsors. Further, the municipality had never hosted this particular event, eliminating a basis of historical data from which to work. Additionally, other factors such as free media advertising and its effect on future tourism are obviously difficult to measure yet very important.

An analysis of similar events in the host city and the particular event in other cities was completed. Controls for differences across events and across cities were accounted for, as were capacity constraints and other cost differences. An estimate of net visitor spending apart from local and other spending that would have otherwise occurred was measured. Estimates of sponsor and corporate spending and other satellite events were implemented, as were dollar measures for media coverage.

The analysis determined city, county, MSA, and state Fiscal/Tax impacts of the event in order to help the State Comptroller's Office determine whether to establish a fund, the amount of the fund, and how to implement and allocate the fund among local governments hosting events.

**Outcomes.** A presentation was made before a legislative sub-committee of the State Congress to educate the state in its decision to provide initial funding and insurance for the event, and testimony was given to the State Comptroller regarding the need for the Fund and recommending an allocation to the local organizing committee to ensure they had adequate resources to run the event properly. SportsEconomics provided input in the drafting of the bill to secure the Fund. As a result of our study the law was passed creating a \$10 million Fund.

The client has subsequently hired the researchers for other sports projects.