

POLICY BRIEF

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Overhyped Economic Impact of Playoff Games

During the Steelers January playoff run to the Super Bowl there was a spate of news stories telling us about the wonderful upsurge in economic activity resulting from the team's involvement in the playoffs. We were inundated with stories about beer and snack sales being way up and Steelers' paraphernalia sales off the charts. One news report stated that vendors called the Steelers' winning ways "a blessing for the local economy".

These reports are almost exclusively anecdotal, of course, and there was no attempt to look at the businesses that might have been losing sales because normal shoppers were home watching football and partying. Nor was there any recognition of the huge volume of dollars being spent by locals in their travels to see games in Cincinnati, Indianapolis, and Denver.

Well, the real numbers are in and they are not pretty. According to the Pennsylvania Department of Revenue retail sales tax collections in Allegheny County for the month of January 2006 were down nearly three percent from January 2005. That means taxable sales in the County were also down by the same percentage. Meanwhile, retail sales nationally rose an astounding 9.3 percent from January 2005 to January 2006, according to data from the U.S. Department of Commerce.

January Sales Tax Collections

	January 2005	January 2006	Change	Percent Change
Allegheny County	\$78,500,916	\$76,306,172	-\$2,194,744	-2.8%

And, since a one percent sales tax is collected in the County for regional assets and local governments, the month of the Steelers' playoff run actually generated fewer RAD dollars for these groups this year than were collected in 2005.

Obviously, a lot of factors were involved in the retail sales numbers for Allegheny County besides the Steelers' playoff run. But to listen to the reporters and their attempts to find a positive economic spin on the Steelers' games, one would have thought the County was undergoing an economic boom.

These stories are eerily similar to the boosterism that surrounded the construction of the two sports stadiums and all the wonderful benefits that were supposed to flow from them.

Clearly, time has shown us that these structures have had little positive impact on the City's finances or its ability to attract business--a far cry from what was promised.

Unfortunately, in the case of playoff-related sales lifting the economic fortunes of the area, the opposite was true and it would have been fairly easy for journalists to try to add balance. The really sad part is that Allegheny County sales performed so poorly compared to the nation. There is story that should get some coverage.

It should not be too much to ask reporters and news editors to set aside the desire to hype the economic impact of sports and present balanced reporting. Many, many studies from around the country by a large number of analysts have shown sports to have virtually no significant economic impact on local economies. Yet, the boosters in the civic community never seem to understand that or even want to understand it.

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