

Cavs enter football stadium debate - concerned sin tax money for arena could be at risk

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Cleveland.com

CLEVELAND, Ohio - The Cleveland Cavaliers are concerned that talks over the potential use of county sin tax money for capital repairs at a proposed Browns stadium in Brook Park could crush efforts to increase the tax to help pay for the upkeep of Rocket Arena and Progressive Field.

“Doomed to fail” is how Rock Entertainment Group CEO [Nic Barlage](#), in a letter circulated Thursday, described the prospects of increasing the sin tax if it is merged with the Browns’ future stadium in Brook Park.

The Guardians confirmed late Thursday that owner Paul Dolan wrote a similar letter regarding the “modernization of the sin tax” but did not provide a copy of the letter or other details.

The Cavs letter was striking for two reasons: it showed friction between the Cavs’ arena interests and the Browns’ suburban stadium push, and it introduced for the first time publicly efforts to formally link county sin tax money to the new stadium.

Rock Entertainment Group is the entity behind the Cavs and related companies that include the operation of Rocket Arena. The letter circulated Thursday was addressed to executive committee members of the Greater Cleveland Partnership, the regional chamber of commerce.

Barlage, who is a member of that committee, on Monday like Dolan abstained from the committee’s vote to [endorse the Browns’ planned move to Brook Park](#) -- an endorsement sharply criticized by Cleveland Mayor Justin Bibb and Cuyahoga County Executive Chris Ronayne, as they work to keep the Browns on the downtown lakefront.

The Cavs organization did not respond to requests to clarify the letter, which was vague at points and left much to interpretation.

The letter said the GCP's recent endorsement statement for the Browns move "obscures the complex political considerations."

County sin tax money currently is split three ways between the arena and baseball stadium at Gateway, and the lakefront football stadium - [under an agreement between the city and the county](#).

The Cavs letter, however, implied that a move was afoot to lock in a portion of the sin tax money for future needs at a new stadium in Brook Park.

"We believe, based on our engagement locally, that a sin tax modernization effort, which is intertwined with the Brook Park plan and strips local control from the decision-making process, undoing decades of precedent, is doomed to fail," Barlage wrote.

The Browns have not asked for this tax money as part of its \$2.4 billion construction plan but have floated the sin tax as one of the options that could help with capital repairs 15 years or so down the line.

When asked by cleveland.com on Thursday to discuss the letter and efforts to gather support and lobby state lawmakers for changes in the sin tax, the Greater Cleveland Partnership provided a short statement from Baiju Shah, president and CEO of the organization.

"We have been working with all partners to address the Gateway facilities public funding challenges," Shah said after thanking the Cavs and Guardians. "Our executive committee has endorsed exploring the sin tax option and will be reviewing the specific proposal."

Cleveland.com also reached out to the Cleveland Browns and Ronayne's office.

GiGi Benjamin, chair of the Gateway Economic Development Corp. that oversees the baseball and football stadiums, said Gateway has not been part of any discussions involving inclusion of the Browns in the sin tax money.

"We're working with a number of groups, including the Cavs and the Guardians and a variety of civic organizations to try to figure out how to pay for all this (capital repairs)," said Benjamin, noting that the Browns are not part of Gateway.

She declined to say if the Greater Cleveland Partnership was one of those civic organizations.

Lobbying in Columbus

[Ronayne last year floated the idea of raising the sin tax](#) to adjust for inflation.

Taking such a proposal to county voters would require a change in state law. That effort is formally underway, according to state Sen. Kent Smith, a Euclid Democrat.

Smith said Thursday that Ronayne recently asked him to help push through legislation that would allow the county to raise the tax on beer and wine to help pay for maintenance work at Rocket Arena and Progressive Field.

Cuyahoga County's sin tax currently is 1.5 cents per 12-ounce can of beer, 6 cents per bottle of wine, \$3 per gallon of hard liquor, and 4.5 cents per pack of cigarettes.

Under Ronayne's proposal, Smith said, the county would be allowed to charge up to 5 cents per can of beer. The senator said he didn't recall how high the cap would be raised on wine sales.

The reason, Smith said Ronayne told him, is that the county is facing a total of about \$130 million in outstanding maintenance projects for Rocket Arena and Progressive Field. The \$14 million per year that the county sin tax currently raises isn't enough to cover that cost, Ronayne told Smith.

One-third currently goes to Cleveland for the lakefront football stadium, under the county-city agreement.

If the sin tax is raised to the maximum level Ronayne is seeking, the county would take in somewhere around \$34 million per year – enough, Smith said, to “make a dent” in the maintenance backlog.

The county's sin tax rate hasn't been adjusted since it was first passed in 1990, meaning revenue from it has remained constant, even as both the price of alcohol and cigarettes and the cost of stadium repairs have escalated over the years.

Smith emphasized that even if state lawmakers grant the permission Ronayne is seeking, that doesn't mean the tax would automatically go to the maximum amount.

Cuyahoga County Council, he said, could opt to approve a smaller tax increase, and any such increase would need to be approved by county voters.

“Nobody can raise anything without a vote of the people,” Smith said, “but the county can’t even put it on the ballot unless the state allows them the ability to do so.”

Smith said he passed Ronayne’s request on to state Sen. Jerry Cirino, a Lake County Republican and the powerful chair of the Senate Finance Committee, for possible inclusion in the state’s enormous two-year budget bill.

Cirino said Senate Republicans are reviewing the budget request but haven’t yet finalized any details.

“We are in discussions with the county, and we are looking at it,” said Cirino, who is shepherding the budget through the Senate.

Short on money from the sin tax, the [county and city in December each agreed to chip in another \\$20 million for repairs](#).

[Cleveland’s plan involved](#) tapping \$5 million directly from its general fund. Another \$10 million comes from loans the city already has taken out for capital projects. The remaining \$5 million is from Cleveland’s share of federal stimulus money. [The county’s plan](#) included borrowing \$14.5 million to cover most of its share, with the balance roughly split between money from its general fund and interest earned on bonds issued in 2017.

Including the potential increase of the sin tax in the state budget would make it part of the same legislation that may provide up to \$600 million for the new Brook Park stadium.

The Ohio House, at the request of the Browns, included in the version it passed in April the requested \$600 million to be borrowed and paid by through future state, sales and business taxes generated at the site.

The Ohio Senate is mulling potential changes at it considers the budget. Among the proposals is a plan by Gov. Mike DeWine to generate money for stadiums across the state by doubling the tax sports betting companies pay. The budget deadline is June 30.

Cleveland.com Statehouse reporter [Anna Staver](#) contributed to this report.