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**Committee: Appropriations**

**Testimony on HB 741— “Northwest Baltimore County Sports Tourism Facility— Feasibility Study”**

**Position: Favorable**

**Hearing Date: February 28, 2024**

I provide this written testimony in support of HB 741. I am a professor of economics at Towson University and for nearly 20 of my 25 years at Towson, my research and teaching emphasis has been in sports economics.

One of the lessons I teach my students in all my economics classes is that markets, without any government intervention, generally work quite well in providing the correct amount of a good or service. But there are occasions when the private sector underprovides a good or service in the marketplace. This can occur when there are positive externalities. That is, parties not involved in a market transaction can sometimes enjoy a benefit from that transaction. The higher education market exhibits positive externalities, and my own university is an example of this. Students clearly benefit from attending a state university like Towson—they receive an education that allows them to secure better career opportunities. So do professors, as they receive a paycheck for their efforts. But while the public was not involved in the education activities like the students and professors were, they also receive a benefit from what Towson University provides in the form of an educated work force and an educated community. That is, Marylanders benefit from the higher education market in our state, even when they don't participate directly in it. In markets where positive externalities exist, economists typically recommend some measure of government intervention or assistance. This is just one of the reasons that Maryland public funding pays for large portions of the budget of higher education institutions such as Towson University.

I see a strong likelihood for the proposed sports tourism facility in Northwest Baltimore County to similarly have positive externalities and thus benefit from Maryland public funding. Sports tourism, in the manner this bill is addressing, is when people—as individuals or groups—travel and stay in a place away from their home for the purpose of participating actively in competitive or recreational sports. The proposed sports tourism facility in Northwest Baltimore County would be expected to attract athletes of all ages from the surrounding Mid-Atlantic region and beyond for tournaments and other athletic events that would be staged at the facility. There are many that can benefit from this type of facility, including area businesses, hotels, and restaurants that would see an increased amount of revenue. Most important for the state of Maryland is that much of that revenue would be coming from out-of-state tourists coming and staying for an athletic event.

But the benefits likely don't end there. A facility like this can also be used by area residents when there are no tournaments or other athletic events going on. This is

where the positive externalities would be expected to show up. And this is also why I support HB 741. The type of modern sports tourism facility necessary to be competitive in the market would not only bring out-of-state revenue to the area, but it would also provide generous opportunities for more area residents to engage in physical exercise and fitness training that could benefit them. A healthier, more fit, and more engaged community also provides benefits to other members of the community and the state of Maryland that are not using the new sports facility. Healthier people generally miss less work due to illness and generally require less medical care in the long run. Employers benefit from healthier workers and the health care facilities in the state experience less strain on their resources. These positive externalities are not inconsequential and would suggest that some measure of fiscal assistance from the state of Maryland is reasonable. It's also a strong reason to pass HB 741.

It is my opinion that it makes good economic sense to require the Maryland Stadium Authority to conduct a feasibility study for a sports tourism facility in Northwest Baltimore County to determine whether net benefits are likely and to what degree positive externalities would likely exist.

Best regards,



Thomas A. Rhoads, Ph.D.  
Professor

