SB110 House Committee on Revenue Hearing - May 15, 2025



## SB 110 State & staff documents

10/29/2018

Chapter 0808

Chapter 808 Oregon Laws 2003

AN ACT

SB 5

Relating to state finance; appropriating money; limiting expenditures; and prescribing an effective date.

Be It Enacted by the People of the State of Oregon:

SECTION 1. (1) As used in sections 1 to 4 of this 2003 Act: (a) "Incremental baseball tax revenues" means:

(A) The Oregon personal income tax revenues that are generated from the Oregon personal income

tax liabilities shown on the income tax returns file engaged in Major League Baseball, including reve spouses of members of a professional athletic tean are reported on a joint return; or

(B) If Oregon personal income tax rates are described in section 2 of this 2003 Act and the gra rates in effect when the grant agreements are exec described in subparagraph (A) of this paragraph, calculated using personal income tax rates in effect (b) "Major league stadium" means a baseba designed for use by a Major League Baseball tean (c) "Member of a professional athletic team'

to a professional athletic team if the compensation tax year. (d) "Tax liabilities" means the tax determine

credits allowed for purposes of ORS chapter 316 f (2) The Department of Revenue may adopt a necessary to:

> (a) Further define the terms defined in this (b) Implement the duties of the department (c) Carry out the purposes of sections 1 to 4

SECTION 1a. The Legislative Assembly fin stadium and the location of a Major League Basel development to Oregon and will benefit Oregon w

SECTION 2. (1) The Director of the Oregon approval of the State Treasurer, may enter into on to grant the incremental baseball tax revenues for agreements must:

(a) Provide that the granted amounts may b constructing and furnishing a major league stadiu (b) Provide that:

(A) The total payments to the grantees are li aggregate, more than \$150 million for costs of dev stadium, plus the actual, reasonable financing cost (B) If the incremental baseball tax revenues required to amortize a loan of \$150 million over a retained by the state;

(c) Terminate when:

https://www.oregonlegislature.gov/bills\_laws/lawsstatutes/2003orLaw0808ses.htm

### PROPOSED LEGISLATION 83rd Oregon Legislative Assembly 2025 Regular Session Legislative Revenue Office

**REVENUE IMPACT OF** 

Measure Description:

83rd OREGON LEGISLATIVE ASSEMBLY--2025 Regular Session

### A-Engrossed

### Senate Bill 110

Ordered by the Senate April 15 Including Senate Amendments dated April 15

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with presession filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Senate Interim Committee on Finance and Revenue)

#### SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act raises the amount of incremental tax revenue that DAS may grant for an MLB stadium. (Flesch Readability Score: 60.1). [Digest: The Act tells the LRO to study the personal income tax system. (Flesch Readability Score: 74.9)]

(4.8).] [Requires the Legislative Revenue Officer to study the personal income tax system. Directs the Legislative Revenue Officer to submit findings to the interim committees of the Legislative Assembly related to revenue not later than December 1, 2026.] Increases the amount of incremental baseball tax revenues that the Oregon Department

of Administrative Services may grant for the purpose of constructing a major league baseball stadium. Increases the minimum cost of the stadium. Increases the salary threshold for purposes of calculating incremental baseball tax revenues.

### A BILL FOR AN ACT

2 Relating to revenue; amending ORS 184.400 and 184.404.

3 Be It Enacted by the People of the State of Oregon:

- SECTION 1. ORS 184.400 is amended to read:
- 184.400. (1) As used in ORS 184.400 to 184.408:
- (a) "Incremental baseball tax revenues" means:

(A) The Oregon personal income tax revenues that are generated from the Oregon personal in-8 come tax liabilities shown on the income tax returns filed by the members of a professional athletic 9 team engaged in Major League Baseball, including revenues that are generated from the tax liabil-10 ities of spouses of members of a professional athletic team engaged in Major League Baseball if the 11 tax liabilities are reported on a joint return; or

(B) If Oregon personal income tax rates are reduced after the dates of the grant agreements 12 13 described in ORS 184.404 and the grant agreements provide that payments will be based on rates in 14 effect when the grant agreements are executed, the Oregon personal income tax liabilities, as de-15 scribed in subparagraph (A) of this paragraph, that would have been due if the liabilities were cal-16 culated using personal income tax rates in effect on the date of execution of the grant agreements. (b) "Major league stadium" means a baseball stadium located in the City of Portland that i 18 designed for use by a Major League Baseball team and that has an estimated cost of [\$300 million]

19 \$2 billion or more.

4

5

6

- 20 (c) "Member of a professional athletic team" means an athlete or other individual rendering 21 service to a professional athletic team if the compensation of the athlete or other individual exceeds
- 22 [\$50.000] \$100.000 in a tax year.

NOTE: Matter in boldfaced type in an amended section is new; matter [italic and bracketed] is existing law to be omitted. New sections are in **boldfaced** type

Bill Number: SB 110 - A Revenue Area: Personal Income Tax Economist Kyle Easton 4/1/2025 Date:

> Only Impacts on Original or Engrossed Versions are Considered Official

ental baseball tax revenues' that r sts of developing, constructing, a up to \$150 million in principal co re increases the \$150 million limit baseball stadium from \$300 mil it may be granted is also increase amount reasonably required to a compensation required for an ind of determining incremental base

not be granted until a Major Lear s entered into a legally binding co and all funding to build the stad requirements have been met. th

Administrative Services to enter in ated with the baseball team ('ir on of stadium construction and fi me tax liabilities of home team r es of away team players/non-pla to a professional athletic team a

expansion to Portland, it is assume in line with the MLB average (sala ssumption, about \$23 million in payment of stadium construction dance with annual increases in pla Jsing the average payroll and sal e entire 30 years allowed by statu .1 to \$1.4 billion. There is consi

1 of 2

FISCAL IMPACT OF PROPOSED LEGISLATION

Legislative Fiscal Office 83<sup>rd</sup> Oregon Legislative Assembly

Date:

2025 Regular Session Roxanne Adams Prepared by:

Reviewed by: Emily Coates, John Borden, Walt Campbell, Kim To March 31, 2025

Bill Title: Relating to revenue.

Government Unit(s) Affected: Department of Administrative Services, Judicial Department, State Treasurer, Department of Revenue

### Summary of Fiscal Impact

Costs related to the measure are indeterminate at this time - see explanatory impact.

#### Measure Description

The measure raises the dollar cap on incremental baseball tax revenue that may be granted for construction of a major league stadium in Portland from \$150 million to \$800 million, plus reasonable financing costs incurred by the grantees. The minimum estimated cost of the stadium is also increased from \$300 million to \$2 billion. Future tax revenues would only be granted if a Major League Baseball (MLB) franchise agrees to move to Portland and after all non-state funding is secured. If these conditions were met, and subject to an appropriation of the funds by the Legislature, an amount equal to the estimated incremental baseball tax revenues would be transferred to the Major League Stadium Fund and disbursed under the grant agreements. The measure also increases the eligible income level for members of a professional athletic team from \$50,000 to \$100,000 per vear.

In 2003, the Legislature passed SB 5, which allows the Department of Administrative Services (DAS), with approval from the Oregon State Treasury (OST), to enter into agreements to use incremental baseball tax revenue for the costs of developing, constructing, and furnishing a major league baseball stadium in Portland that has an estimated cost of \$300 million or more. Agreements may not be longer than 30 years and incremental baseball tax revenue is defined as income tax revenue on the tax returns filed by the members of a professional athletic team engaged in MLB who receives more than \$50,000 per tax year and capped the revenue total at \$150 million. The Department of Revenue (DOR) is required to estimate and determine the actual incremental baseball tax revenues and notify DAS of the amounts. The Legislative Assembly then appropriates an amount equal to the estimated incremental baseball tax revenues from the General Fund to the Major League Stadium Grant Fund.

#### **Fiscal Analysis**

At this time, the cost of building a major league baseball stadium, the portion of non-state funds that could be raised, and financing costs are unknown. Therefore, the amounts of the one or more agreements that OST and DAS are permitted to enter into on behalf of the state cannot be quantified. The measure specifies that if the incremental baseball tax revenue exceeds the amount required to amortize a loan of \$800 million over a period of 30 years, the excess may be retained by the state. Future appropriations will be supported by the incremental baseball tax revenue generated by members of the professional athletic team, as defined in the measure, and the agreements do not create a debt for the state of Oregon.

Only impacts on original or engrossed versions are considered official

83rd Oregon Legislative Assembly – 2025 Regular Session

SB 110 -4, -8 STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

Measure: SB 110 - A

Prepared By: Kyle Easton, Senior Economist Meeting Dates: 3/24, 3/31

### WHAT THE MEASURE DOES:

Requires the Legislative Revenue Officer to study the personal income tax system and submit a report to the lated to revenue no later than December 1, 2026.

> al baseball tax revenues expansion teams

> > f MLB franchise locating in Portland approaches

nal income tax baseball revenues that may be granted over a o pay for the costs of financing, developing, constructing and land. The current law limit allows up to \$150 million in principal ancing the \$150 million to be granted over the 30-year period. 00 million and increases the minimum estimated cost of the he annual limit on incremental baseball revenues that may be ably required to amortize a loan of \$150 million, to an amount

additional change. Increases from \$50,000 to \$100,000, amount onsidered a member of a professional athletic team for revenues.

regon Department of Administrative Services, with the approval greements on behalf of the State of Oregon to grant 30 years seball revenues for the purpose of building a baseball stadium I income tax baseball revenues are the personal income tax d by members of a professional Major League Baseball team urrent law limits the total grant payments to no more than \$150 res the baseball stadium to have an estimated cost of \$300 ve limits/minimums. Under current law, incremental baseball

ndorsed by action of the committee. 1 of 2

# **SB 110 Key facts**

- dollars to the current market.
- and zero cost to Oregon.
- On The terms "Bond" or "Stadium Authority" are not defined in SB 5 or SB 110.

SB 110 makes three simple updates to SB 5, adjusting

SB 5 was passed in 2003 to attract an MLB team, it's been on the books for over 20 years with no impact

The mechanism established by SB 5/110 centers around the Major League Stadium Grant Fund.

# **SB 110 Updates three dollar amounts**

### 1. **Maximum Capital Contribution** From \$150M to \$800M

Increases the maximum capital contribution (plus financing cost) from tax revenue on MLB salaries into the Major League Stadium Grant Fund

## **2.** Est. Stadium Construction Costs

## From \$300M to \$2B

Raises the estimated total cost of developing, constructing, & furnishing a major league stadium



member of a baseball team as used in the bill



### FISCAL IMPACT OF PROPOSED LEGISLATION



Legislative Fiscal Office 83<sup>rd</sup> Oregon Legislative Assembly 2025 Regular Session

Roxanne Adams

Prepared by: Reviewed by:

Emily Coates, John Borden, Walt Campbell, Kim To

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"The minimum estimated cost of the stadium is also increased from \$300 million to \$2 billion."

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Measure: SB 110 - A

"The measure also increases the eligible income level for members of a professional athletic team from \$50,000 to \$100,000 per year."

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DAS are permitted to enter into on behalf of the state cannot be quantified. The measure specifies that if the incremental baseball tax revenue exceeds the amount required to amortize a loan of \$800 million over a period of 30 years, the excess may be retained by the state. Future appropriations will be supported by the incremental baseball tax revenue generated by members of the professional athletic team, as defined in the measure, and the agreements do not create a debt for the state of Oregon.

Only impacts on original or engrossed versions are considered officia

## **SB 110 Compared to SB 5**

## **Maximum Contribution** From \$150M to \$800M

## **Est. Stadium Construction Costs** From \$300M to \$2B

5835 \$150M 50% \$150M 50%

Stadium construction costs contribution percentages between SB 5 & SB 110



### SB110

\$800M 40%

\$1.2B 60%

## **Avg. MLB Team Salaries** have increased

2003: \$126 Million

2024: \$337 Million

2030: \$440 Million (projected)

## **Construction Cost Increases**

Stadium construction costs have increased by 5-8x since 2003

## **SB 110 Does not**

**Does not** create a new tax

### **Does not**

- Impact state bonding capacity
- Extend beyond 30 years
- Apply to anything other than building an MLB Stadium

**Does not** activate until there is new tax income from an Oregon MLB team

**Does not** create state indebtedness



9	184.404. (1)
10	proval of the St
11	Oregon to grant
12	grant agreement
13	(a) Provide t
14	oping, constructi



**Revenue Impact:** 

'Incremental baseball tax revenues' cannot be granted until a Major League Baseball (MLB) franchise has agreed to locate and be based in Portland, has entered into a legally binding commitment to remain in Portland for at least the term of the grant agreement, and all funding to build the stadium (unrelated to the grant agreement) has been committed. As none of these requirements have been met, this analysis reflects the hypothetical of a



State of Oregon does not pledge its full faith and credit or taxing power. The grant agreements do not create an indebtedness of the State of Oregon in violation of Article XI, section 7, of the Oregon 34Constitution. If a provision of a grant agreement is construed to have the effect of creating a debt 35 in violation of Article XI, section 7, of the Oregon Constitution, the provision is void.

- 36

### Creates, Extends, or Expands Tax Expenditure: Yes 🗌 No 🖂

\*excerpt from REVENUE IMPACT OF PROPOSED LEGISLATION 4/1/2025

The Director of the Oregon Department of Administrative Services, with the aptate Treasurer, may enter into one or more agreements on behalf of the State of t the incremental baseball tax revenues for a period of not more than 30 years. The ts must:

that the granted amounts may be used only to pay for the costs of financing, develing and furnishing a major league stadium;

\*excerpt from SB 110

\*excerpt from REVENUE IMPACT OF PROPOSED LEGISLATION 4/1/2025



# **SB 110 Legislative guardrails**

**1. The City Has Made a Request** 

2. MLB Commits to Oregon for 30 yrs

**3. Private Capital is Committed** 

4. No indebtedness to Oregon is Created

5. DAS & Treasury oversight is Created

**6. Advisory Committee consisting of** elected & appointed officials

agreement; agreement; committed;

(6) An advisory committee, consisting of two legislators appointed by the President of the Senate, two legislators appointed by the Speaker of the House of Representatives and one person appointed by the Governor, has reviewed the provisions of the proposed grant agreement listed in subsection (5) of this section.

## **SECTION 3:** The Director of the Oregon Department of Administrative Services may not execute a grant agreement authorized by section 2 of this 2003 Act until the director has determined:

**SECTION 3.** The Director of the Oregon Department of Administrative Services may not execute a grant agreement authorized by section 2 of this 2003 Act until the director has determined that: (1) The City of Portland has made a written request to the director to execute and deliver the grant

(2) A Major League Baseball franchise has agreed to locate and be based in Portland and has entered into a legally binding commitment to remain in Portland for at least the term of the grant

(3) All funding to build the major league stadium that is not based on the grant agreement has been

(4) No grantee is both a public body and a guarantor for the repayment of bonds or other indebtedness that is to be repaid through use of grant moneys;

(5) The Oregon Department of Administrative Services has provided a written report regarding the estimated and actual incremental baseball tax revenues to, and has solicited comments from, the advisory committee described in subsection (6) of this section relating to the following provisions of the proposed grant agreement:

(a) The methodology for estimating the incremental baseball tax revenues;

(b) The methodology for determining the actual incremental baseball tax revenues; and

(c) The requirement that estimated and actual incremental baseball tax revenues be based on the Oregon personal income tax rates in effect when the grant agreement is executed or for the period for which the taxes are collected, whichever is greater, even if those rates are subsequently reduced; and



## Major League Stadium Grant Fund **Simple Mechanics**

**Income Tax Revenue from MLB Oregon & visiting** goes to the MLSGF





## **Major League Stadium Grant Fund**



**Funds from the MLSGF are sent to MLB Oregon with oversight from** the Treasury for stadium financing repayment & servicing.





# MLB Oregon generates new state revenue

### **New Income Tax Revenue Sources**





MLB Salaries of MLB players and team staff making >\$100k





**Major League Stadium Grant Fund** 



# **MLB Oregon grows the traded sector**



**Estimate Percentage of Fan Attendance by Location** 

- <sup>1</sup> These travel dollars help support Oregon business, to the benefit of their employees and vendors.
- <sup>1</sup> Ticket sales help pay the Oregon MLB team's staff salaries.
- <sup>1</sup> The net effect is out-of-state dollars contribute to both the General Fund and Major League Stadium Grant Fund.







## **SB 110 s**

- on the books for over 20 years.
- A sign of commitment to MLB, that Oregon is
   ready for an expansion franchise.

A simple modernization of bill that has existed

 An allocation of only MLB players & staff income tax
 revenue into Major League Stadium Grant Fund.

<sup>®</sup> The catalyst to unlock a generational opportunity.

# A new MLB team represents the biggest economic opportunity on the horizon for Oregon

