SB 110A – PORTLAND MLB STADIUM

House Revenue – Jim Scherzinger – 5.15.2025

My name is Jim Scherzinger and I am representing Tax Fairness Oregon, a network of volunteers who advocate for a rational and equitable tax code.

As an economist, I have two concerns about SB 110A.

The revenue stream in the LRO impact statement cannot pay off an $800 million loan in 30 years under any reasonable interest rates, including the rates assumed in the Diamond Project report.

It would take a revenue stream almost twice as high to produce the results in the ECOnorthwest's Diamond Project report. The Diamond report mentions some assumptions, but doesn't show how each affects the result or the actual estimated stream amounts. In addition to the inadequately explained size of the gap, I am concerned about two specific issues:

- Whether the estimates include the effect of any future kicker. Under the bill as written, it appears kicker credits paid to team employees would reduce tax revenue and thus the stream available to the project. If not, the state General Fund will have to subsidize the stream to make up the difference.
- The Diamond Report mentions that facility-related revenue would be dedicated to providing security to bondholders. It's unclear, however, whether these revenues were included in the report's payoff analysis. As written, the bill's cap on the state stream only considers the income taxes diverted. So, if any other revenues were used the pay off the debt, the state stream would continue past the retirement of the bonds until the state stream hit the total borrowing costs.

Under legislative budget rules, the bill has no net revenue impact. In the real world, the new team will divert some spending from other taxable activities.

The state will lose revenue from businesses and their employees whose income will be lower because Oregonians spend dollars at the stadium rather than elsewhere. Studies show these amounts vary depending on the particular circumstances. In addition, to the extent total activity increases, it imposes costs on the state to provide education and other public services.

Ultimately, this investment of public funds should be judged by its impact relative to the other potential investments the state could make and not be given a pass because it "costs nothing"