

B-Engrossed

Senate Bill 1501

Ordered by the Senate March 3
Including Senate Amendments dated February 27 and March 3

Sponsored by Senators WAGNER, FREDERICK, LIEBER; Senator MANNING JR

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 allows DAS to enter into agreements to own and operate the Moda Center. The Act sends certain tax revenue to a fund to pay for costs of the Moda Center. (Flesch Readability Score: 68.9).

Authorizes the Oregon Department of Administrative Services to enter into agreements to own and oversee the operations of the Moda Center in the City of Portland. Provides that agreements may not pledge or obligate state moneys except for moneys in the Oregon Arena Fund.

Creates the Oregon Arena Fund in the State Treasury. Dedicates certain tax revenues related to work in and around the Moda Center to the fund.

Sets forth prerequisite conditions for tax diversion and debt issuance.

Sets forth mandatory provisions of agreements relating to the Moda Center.

Declares an emergency, effective on passage.

A BILL FOR AN ACT

Relating to the Moda Center; and declaring an emergency.

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

SECTION 1. As used in sections 1 to 8 of this 2026 Act:

(1) **"Construction organization"** means an employer that derives revenue in a given quarter from activities or operations directly related to the renovation or other improvement of the Moda Center.

(2) **"Joint authority"** means the joint authority formed under section 2 of this 2026 Act.

(3) **"Management entity"** means an entity that has a long-term operating agreement or lease to manage the Moda Center.

(4) **"Moda Center"** means the multipurpose sports and entertainment arena known, as of the effective date of this 2026 Act, as the Moda Center, located at 1 North Center Court Street, Portland, Oregon, and the surrounding areas containing ancillary hospitality and support functions.

(5) **"Operating organization"** means an employer that derives revenue from activities or operations that are physically located in the Rose Quarter, excluding construction organizations and performers.

(6) **"Performer"** means a person or entity who performs, or whose employees or contractors perform, for any audience at the Rose Quarter, including, without limitation, a musical, comedic, theatrical, sports or other artistic, athletic or entertainment performance, excluding a professional sports team that conducts its regular season home schedule at a facility located in the Rose Quarter.

(7) **"Public body"** has the meaning given that term in ORS 174.109.

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.

1 (8)(a) “Rose Quarter” means the sports and entertainment district containing the Moda
2 Center, Memorial Coliseum, public plazas and associated facilities and infrastructure, as de-
3 picted on the map titled “Project Site Map” at Exhibit 2.5 in the Amended and Restated De-
4 velopment Agreement between Rip City Management LLC and the City of Portland, dated
5 September 19, 2024.

6 (b) “Rose Quarter” does not include transit facilities owned or operated by a public body.

7 **SECTION 2.** (1) The Oregon Department of Administrative Services, in consultation with
8 the Governor and the Attorney General, is authorized to negotiate and enter into agreements
9 with one or more public bodies to establish a joint authority, the purpose of which is to own
10 and oversee the operations of the Moda Center.

11 (2)(a) An agreement under this section:

12 (A) May not purport to pledge or obligate any state moneys, revenues or other property,
13 except for moneys credited to the Oregon Arena Fund established under section 3 of this 2026
14 Act;

15 (B) May not purport to pledge the taxing power or the full faith and credit of the State
16 of Oregon; and

17 (C) May not purport to create an indebtedness of the State of Oregon in violation of Ar-
18 ticle XI, section 7, of the Oregon Constitution.

19 (b) An agreement under this section is void to the extent that it violates any provision
20 of this subsection.

21 **SECTION 3.** (1) The Oregon Arena Fund is established in the State Treasury, separate
22 and distinct from the General Fund. Interest earned by the Oregon Arena Fund must be
23 credited to the fund. The Oregon Arena Fund consists of moneys appropriated, allocated,
24 deposited or transferred to the fund by the Legislative Assembly or from any public or pri-
25 vate source and interest earned on moneys in the fund. The moneys in the Oregon Arena
26 Fund are continuously appropriated to the Oregon Department of Administrative Services
27 for the purpose of paying expenses of the joint authority, including, without limitation, ex-
28 penses related to construction, renovation, capital improvements, repair, maintenance, de-
29 ferred maintenance, arena operations and debt service, and subject to subsection (3) of this
30 section.

31 (2) The department and the State Treasurer are authorized to create subaccounts within
32 the fund as necessary or convenient for the administration of the fund.

33 (3) The department and the State Treasurer shall ensure that the following moneys are
34 separately accounted for and used as follows:

35 (a) Proceeds of debt instruments issued by the State of Oregon and deposited in the fund
36 and moneys transferred to the fund under section 4 of this 2026 Act may be used only for
37 construction, renovation, maintenance and deferred maintenance of the Moda Center and
38 debt service; and

39 (b) Moneys deposited in the fund by Multnomah County may be used only for con-
40 struction, renovation, maintenance and deferred maintenance of the Moda Center and debt
41 service.

42 (4) The State of Oregon and the Legislative Assembly do not have a legal obligation to
43 deposit moneys in the fund, appropriate moneys to the fund or otherwise make moneys
44 available to the fund. The Legislative Assembly declares its current intention to issue debt
45 instruments sufficient to yield \$365,000,000 in net proceeds to support construction and ren-

1 ovation of the Moda Center.

2 **SECTION 4.** (1) During the period specified in subsection (3) of this section:

3 (a) On September 1, 2027, and every three months thereafter, the Department of Revenue
4 shall determine the aggregate amount withheld in the previous three months pursuant to
5 ORS 316.162 to 316.221 by operating organizations from wages paid for services:

6 (A) Physically performed in the Rose Quarter; or

7 (B) Related to activities or operations that are physically located in the Rose Quarter.

8 (b) On September 1, 2027, and every three months thereafter, the Department of Revenue
9 shall determine the aggregate amount withheld in the previous three months pursuant to
10 ORS 316.162 to 316.221 by construction organizations from wages paid for services directly
11 related to the renovation or other improvement of the Moda Center.

12 (c) On July 1, 2028, and on July 1 of each year thereafter, the division of the Oregon
13 Department of Administrative Services that serves as the office of economic analysis shall
14 estimate the amount of tax paid by performers under ORS chapter 316 on income derived
15 from performances at the Rose Quarter in the previous 12 months.

16 (2) As soon as practicable after an amount described in subsection (1)(a), (b) or (c) of this
17 section is determined or estimated, the Oregon Department of Administrative Services shall
18 cause an amount equal to the amount determined or estimated to be transferred from the
19 General Fund to the Oregon Arena Fund established under section 3 of this 2026 Act, subject
20 to section 5 of this 2026 Act.

21 (3) The determinations and estimates under subsection (1) of this section shall be made
22 during the period beginning on the dates specified in subsection (1) of this section, and ending
23 on the later of:

24 (a) January 1 following the date on which the lease term described in section 6 of this
25 2026 Act expires; or

26 (b) January 1 following the date on which all indebtedness incurred by the State of
27 Oregon, the net proceeds of which are deposited in the Oregon Arena Fund, is retired.

28 (4) Notwithstanding ORS 314.835, the Department of Revenue may share information ob-
29 tained from employers and performers under this section and ORS chapter 316, and associ-
30 ated tax data, with the Oregon Department of Administrative Services as necessary to carry
31 out the provisions of this section. Any information shared pursuant to this subsection must
32 be aggregated to the extent practicable and remains subject to applicable state and federal
33 confidentiality laws.

34 (5) The Oregon Department of Administrative Services and the Department of Revenue
35 may adopt rules necessary or convenient for the administration of this section. The Oregon
36 Department of Administrative Services and the Department of Revenue may require report-
37 ing from taxpayers as necessary to carry out the provisions of this section.

38 **SECTION 5.** Notwithstanding any other laws authorizing the issuance of debt instru-
39 ments, the State Treasurer may not issue any debt instruments for purposes related to the
40 Moda Center, and no moneys may be transferred pursuant to section 4 (2) of this 2026 Act,
41 unless all of the following conditions are met:

42 (1) A change in ownership of the Portland Trail Blazers basketball team is finalized and
43 approved by the National Basketball Association, and the team remains a member in good
44 standing of the National Basketball Association;

45 (2) The State of Oregon and the City of Portland have entered into an agreement, which

1 may include other entities, to establish a joint authority for the ownership and operation of
2 the Moda Center, and:

3 (a) The State of Oregon takes an ownership interest in the Moda Center that the Oregon
4 Department of Administrative Services determines is greater than a nominal interest; or

5 (b) The department determines that an ownership interest in the Moda Center is not
6 necessary for the issuance of debt instruments by the state;

7 (3) The joint authority has executed one or more agreements with a management entity
8 that satisfy the requirements of section 6 of this 2026 Act;

9 (4) The joint authority has reviewed plans for renovation of the Moda Center and has
10 approved the project scope, schedule and budget; and

11 (5) The department has determined that the City of Portland and Multnomah County
12 have made binding and substantial commitments to finance construction, renovation, main-
13 tenance and deferred maintenance of the Moda Center and related debt service.

14 **SECTION 6.** (1) The joint authority and a management entity must execute one or more
15 agreements that collectively contain all of the following provisions:

16 (a) A binding commitment from the management entity to lease the Moda Center for a
17 minimum term of 20 years;

18 (b) A provision authorizing the joint authority to give final approval of scope, schedule
19 and budget for construction or renovation projects relating to the Moda Center, provided
20 that such approval does not cause unreasonable delay to the project;

21 (c) A provision addressing responsibility for cost overruns in any project carried out by
22 the joint authority, which must provide that the joint authority is not required to pay for
23 any cost overruns, except to the extent that such cost overruns are the result of modifica-
24 tions to the project scope or design that the joint authority requests after final approval;

25 (d) A provision authorizing the following remedies, at a minimum, in case of breach of
26 a nonrelocation agreement or exclusive site agreement, as applicable, by the management
27 entity:

28 (A) Injunctive relief; and

29 (B) Liquidated damages in the amount of any outstanding debt issued by any public body
30 that is part of the joint authority for projects at the Moda Center;

31 (e) A provision authorizing a management entity to seek injunctive relief or specific
32 performance to prevent acts or omissions of the joint authority or any public body belonging
33 to the joint authority that materially impair the management entity's ability to use or oc-
34 cupy the Moda Center in accordance with relevant agreements; and

35 (f) A provision requiring all parties to engage in good-faith discussions regarding
36 amendments to terms of the agreements, without obligating any party to agree to any
37 amendments, on or before the date five years before the expiration of the term of the lease.

38 (2)(a) In negotiating the agreements, the State of Oregon shall, in a timely manner and
39 at its own expense, retain a professional with expertise in arena negotiations to review in-
40 formation regarding recent comparable National Basketball Association arena projects in
41 similar-sized markets.

42 (b) Nothing in this subsection requires the inclusion or exclusion of any particular term
43 in an agreement between the joint authority and a management entity.

44 **SECTION 7.** If the Oregon Department of Administrative Services enters into an agree-
45 ment to establish a joint authority under section 2 of this 2026 Act, the department shall,

1 at least once per quarter, report to the standing or interim legislative committee related to
2 ways and means on the following:

3 (1) Planning, design and execution of renovations to the Moda Center;

4 (2) Expenditures by the joint authority; and

5 (3) Amounts and sources of revenue obtained by the joint authority.

6 SECTION 8. Section 7 of this 2026 Act is repealed on January 2, 2032.

7 SECTION 9. In addition to and not in lieu of any other appropriation, there is appropri-
8 ated to the Oregon Department of Administrative Services, for the biennium ending June 30,
9 2027, out of the General Fund, the amount of \$1,511,985, for Enterprise Asset Management,
10 for implementation of sections 1 to 8 of this 2026 Act.

11 SECTION 10. This 2026 Act being necessary for the immediate preservation of the public
12 peace, health and safety, an emergency is declared to exist, and this 2026 Act takes effect
13 on its passage.
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