

REVENUE: Revenue Impact Issued
FISCAL: Fiscal Impact Issued

Action: Do Pass as Amended and be Printed B-Engrossed
Vote: 6-4-0
Yeas: Bailey, Bentz, Berger, Bruun, Read, Riley
Nays: Gelser, Kahl, Sprenger, Barnhart
Exc.: 0
Prepared By: Chris Allanach, Economist
Meeting Dates: 5/28, 6/3

WHAT THE BILL DOES: Directs certain personal income tax revenues to be used for the financing, developing, constructing, and furnishing of a Major League Soccer stadium. Limits the total grant amount to \$5 million. Conditions the use of such funds on the commitment of a Major League Soccer team to locate in Portland. Defines the tax collections to be used as those arising from members of a professional soccer team if the annual compensation is at least \$40,000 – referred to as “incremental soccer tax revenue”. Directs the Department of Administrative Services, with the approval of the State Treasurer, to enter into grant agreements and lists necessary details of such agreements. Directs the Department of Revenue to determine the amount of incremental soccer tax revenue each year; directs the Department of Administrative Services to request a Legislative appropriation from the General Fund to the Major League Stadium Grant Fund of that amount. States that there is no legal obligation for the Assembly to make such appropriations but states its current intent to do so. Creates an advisory committee to review the grant agreements. States no appropriations may be made prior to July 1, 2011. Requires written request for the grant agreement to be received by July 1, 2010. Repeals the bill no later than July 1, 2041.

ISSUES DISCUSSED:

- Funding package for the soccer stadium
- Connection to funding for a baseball stadium
- Precedent of sequestering General Fund dollars
- Income taxation of athletes

EFFECT OF COMMITTEE AMENDMENTS: Clarifies that the personal income tax revenues in question are for employees of the soccer team; reduces the cap on the amount to be transferred from \$15 million to \$5 million; declares that the written request from the city of Portland for the Department of Administrative services to enter into the grant agreement must be received by July 1, 2010.

BACKGROUND: Passage of SB 5 in the 2003 legislative session established a framework for the use of construction bonds to cover up to \$150 million of the construction cost of a potential major league baseball park. To fund the project, it authorized use of incremental baseball income tax revenues from home and visiting player salaries and from the salaries of a team’s top management to create the Major League Stadium Grant Fund. Grantees take the risk of guaranteeing that the taxes collected over the life of the bonds would cover their expense. Further, the grantee must pay the State the difference if any grant appropriation exceeds the actual incremental baseball tax revenues collected. SB 5 delineated several thresholds to be met before the legislation would become active, including commitment of a major league baseball team to locate in Oregon as well as a time commitment to remain here to pay off the bonds.