

**REVENUE IMPACT OF
PROPOSED LEGISLATION
75th Oregon Legislative Assembly
2009 Regular Session
Legislative Revenue Office**

Bill Number:	HB 2531 B
Revenue Area:	Income Taxes
Economist:	Chris Allanach
Date:	6-5-09

Measure Description: 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 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 no appropriations may be made prior to July 1, 2011.

Revenue Impact (\$Millions):

	Fiscal Year		Biennium		
	2009-10	2010-11	2009-11	2011-2013	2013-2015
General Fund	\$0	\$0	\$0	- \$0.4	- \$0.4
Major League Stadium Grant Fund	\$0	\$0	\$0	\$0.4	\$0.4

Impact Explanation: The revenue impact is based on the assumption that a Major League Soccer team locates in Portland, has a \$3 million team payroll, and that all team jobs have an annual compensation of at least \$40,000. The first tax year this policy would affect is tax year 2011 but no transfer would be made until 2012. Assuming an average effective tax rate of 5.7 percent applied to the \$3 million of payroll results in an annual transfer amount of roughly \$0.2 million dollars. The payroll is assumed to grow three percent per year. One key assumption is that the all MLS team payrolls are roughly the same so that tax amounts not due when the Portland team plays in other states roughly offsets the tax amounts due by other MLS teams when they play in Portland. Other assumptions are that the state does not retain any portion of the annual amount of incremental soccer tax and that future Legislatures make the appropriations. Actual transfers could also be different depending on the method used by the Department of Revenue to determine the incremental soccer tax revenue.

Creates, Extends, or Expands Tax Expenditure: No