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WAYS AND MEANS

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To: Capital Construction Subcommittee  
From: Katie Bannikov, Legislative Fiscal Office  
Date: March 2, 2026  
Subject: SB 1501 – Relating to the Moda Center  
Work Session Recommendations

The measure authorizes the Department of Administrative Services (DAS), in consultation with the Governor and the Attorney General, to negotiate and enter into agreements to establish a joint authority with the purpose of owning and overseeing operations of the Moda Center. Once a joint authority is established, quarterly reporting to the Joint Committee on Ways and Means on revenues, expenses, and construction progress is required until January 2, 2032, when construction is anticipated to be substantially complete.

One or more agreements must be executed that cover the following provisions:

- Minimum 20-year lease with the management entity for the Moda Center.
- Joint authority having final approval of scope, schedule, and budget for construction and renovation projects relating to the Moda Center.
- Cost overrun provisions that assign responsibility and limit the state to only be responsible for those they request after final approval.
- Remedies for breach of non-relocation or exclusive site agreements by the management entity.
- Remedies for impairment of the ability to use or occupy the Moda Center by the joint authority.
- Good faith discussions for amendments to the agreement the earlier of July 1, 2036, or five years before the expiration of the agreement.

The Oregon Arena Fund is established within DAS with restrictions on fund use for the purpose of paying expenses of the joint authority, including construction, renovation, capital improvements, repair, maintenance, deferred maintenance, arena operations and debt service.

Moneys in the fund must be separately accounted for and have the following additional restrictions:

- proceeds from debt issued by the State of Oregon deposited into the fund may only be used for construction and renovation of the Moda Center and debt service; and
- moneys deposited into the fund by Multnomah County may only be used for construction, renovation, maintenance, and deferred maintenance of the Moda Center and debt service.

The measure includes provisions for the Department of Revenue (DOR) beginning September 1, 2027, and quarterly thereafter, to determine the amount of income tax withholdings on wages paid for services physically performed, or related activities and operations, in the Rose Quarter, which is defined in the measure. In addition, DOR must also determine the amount of income tax withholdings on wages paid for services directly related to the renovation or other improvements of the Moda Center. Annually, beginning July 1, 2028, the Office of Economic Analysis within DAS, will estimate the amount of tax paid by performers for performances at the Rose Quarter based on the previous 12-month period. Once these amounts are known, DAS will transfer the funds from the General Fund to the Oregon Arena Fund. Transfers to the fund will stop the later of January 1 following the date the lease term ends or January 1 following the retirement of all debt issued. The estimated redirection of tax revenue authorized in the measure totals \$38 million annually over the first few years.

The measure restricts the issuance of state backed debt instruments and transfers into the Oregon Arena Fund subject to completion of all of the following:

- A change in ownership of the Portland Trailblazers basketball team, approved by the National Basketball Association, and the team remains in good standing.
- The state and City of Portland have entered into an agreement to establish a joint authority to own and operate the Moda Center.
- The state takes a more than nominal ownership interest in the Moda Center or it is determined that is not necessary.
- The joint authority has entered into agreements with a management entity that meets all of the provisions noted previously.
- The joint authority has reviewed the renovation plans for the Moda Center and approved the scope, budget, and budget.
- The City of Portland and Multnomah County have made binding and substantial financial commitments to the renovations of the Moda Center.

The –A11 amendment clarifies that proceeds of debt instruments and funds transferred into the Oregon Arena Fund may only be used for construction, renovation, maintenance, deferred maintenance and debt service related to the Moda Center. Additionally, it clarifies provisions of cost overruns are not the responsibility of the joint authority except for changes as a result of

modifications after final approval at the request of the joint authority and requires the state to retain a professional with expertise in arena negotiations at its own cost. Lastly, it changes the date for discussions regarding amendments to the lease to occur on or before five years from the lease expiration date.

The measure declares the legislative intent to issue \$365 million in net proceeds to support construction and renovation of the Moda Center. The debt service estimates vary depending on the type of debt instrument that is issued, assuming all triggers are met. The costs of issuing the debt are estimated at \$2.6 million, which assumes two issuances: \$200 million in 2025-27 and \$165 million in 2027-29. Based on two issuances over the course of a 20-year repayment schedule, estimates for total debt service range from \$531.1 million to \$623.5 million.

While there are estimates for some known portions of the measure, the fiscal impact is indeterminate, pending establishment of the joint authority and the scope of all related agreements. Indeterminate costs for DAS include potential insurance costs and project roles for Enterprise Asset Management. Known costs for DAS total \$1.5 million General Fund and are included in the –A12 amendment, which includes \$1.3 million to support legal costs and consulting for rule making, contract negotiations, and debt financing. Additionally, \$211,985 is provided for one permanent full-time Operations and Policy Analyst 4 position (0.63 FTE) and position related services and supplies to manage the project and work related to the joint authority agreement. These costs may be eligible for funding by the Oregon Arena Fund, subject to available resources and provisions in the final joint authority agreement.

## Amendment

LFO recommends adoption of the –A11 amendment.

MOTION: I move adoption of the –A11 amendment to SB 1501. *(vote)*

LFO recommends adoption of the –A12 amendment.

MOTION: I move adoption of the –A12 amendment to SB 1501. *(vote)*

## Final Subcommittee Action

LFO recommends that SB 1501, as amended by the –A11 and –A12 amendments, be moved to the Ways and Means Full Committee.

MOTION: I move SB 1501, as amended, to the Full Committee with a do pass recommendation. *(vote)*

## Carriers

Full Committee: \_\_\_\_\_

House Floor:

Senate Floor: