SB 483

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 483 (Senator Teitelbaum, *et al.*)
Finance

Major League Athletic Franchises - Right of First Refusal When Sold

This bill specifies that if the owner of a major league athletic franchise located in the State decides to sell the franchise, the State must be given a right of first refusal to purchase the franchise. If the Governor determines that it is in the State's best interests to purchase the franchise, the Governor must introduce legislation that contains the terms and conditions of the purchase. If enacted, the State has 12 months to arrange financing for the purchase.

If the State does not purchase the franchise and the team relocates to another state as a result of sale to another party, the owner shall be liable to the State for all State expenditures since 1985 for the construction of a sports facility for use by the team and any related infrastructure, together with 4% interest per year.

Fiscal Summary

State Effect: Potential significant increase in expenditures or revenues.

Local Effect: None.

Small Business Effect: None.

Fiscal Analysis

State Effect: According to Financial World Magazine, the Orioles franchise value is $207 million and the Ravens value is $235 million. Thus, in the event that the State chose to purchase either franchise, State expenditures would increase by a significant amount.

In the event that the State does not purchase the franchise and the team relocates to another state as a result of sale to another party, the bill specifies that the owner is liable to the State for all monies expended by the State for the construction of a sports facility for use by the team and any related infrastructure with 4% interest per year. The owner of the Orioles would be liable for at least $100 million plus interest and the owner of the Ravens would be liable for at least $200 million plus interest. It is noted that the Maryland Stadium Authority advises that both the 30-year lease with the Orioles and the 30-year Memorandum of Agreement with the Ravens contain "specific performance" clauses restricting their ability to relocate.

Information Source(s): Governor's Office, Maryland Stadium Authority, Financial World Magazine (June 1997), Department of Legislative Services

Fiscal Note History: First Reader - March 5, 1998
tlw

Analysis by: Sarah Dickerson
Reviewed by: John Rixey

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 841-3710
(301) 858-3710