## THE GENERAL ASSEMBLY OF PENNSYLVANIA

## HOUSE BILL No. 2200 Session of 1984

## INTRODUCED BY COLAFELLA, F. E. TAYLOR, TRELLO, COHEN, ALDERETTE, DOMBROWSKI AND LESCOVITZ, MAY 22, 1984

AS REPORTED FROM COMMITTEE ON BUSINESS AND COMMERCE, HOUSE OF REPRESENTATIVES, AS AMENDED, SEPTEMBER 25, 1984

## AN ACT

1 2 3 4 5	Providing for professional athletic teams and certain representatives; providing that teams with profits remain within the Commonwealth; and providing exemptions. PROVIDING A RIGHT OF FIRST REFUSAL FOR METROPOLITAN AREAS BEFORE A PROFESSIONAL SPORTS TEAM IS RELOCATED.	<— <—
6	The General Assembly of the Commonwealth of Pennsylvania	
7	hereby enacts as follows:	
8	Section 1. Professional athletic teams and certain	<—
9	representatives.	
10	This act shall apply to any agent, owner, attorney, manager	
11	or authorized representative of a professional athletic team,	
12	including any team itself, where the professional athletic team	
13	engages in the playing of professional sports.	
14	Section 2. Teams with profits shall remain within Commonwealth.	
15	Any professional athletic team whose revenues indicate net	
16	profits in excess of expenses and which uses an arena funded	
17	primarily through Commonwealth funds shall remain within the	
18	Commonwealth and shall not engage in any out of State contracts.	

1 Section 3. Exemptions.

2 (a) Net operating loss. This act shall not apply to any
3 team which sustains a net operating loss for a period of at
4 least three consecutive years.

5 (b) Trading. This act shall not apply to the trading or 6 negotiating of contracts of various individual players, to or 7 with other professional athletic teams.

8 Section 4. Effective date.

9 This act shall take effect in 60 days.

10 SECTION 1. FINDINGS AND POLICY.

11 (A) FINDINGS.--THE GENERAL ASSEMBLY HEREBY FINDS THAT:

12 (1) PROFESSIONAL SPORTS TEAMS ACHIEVE A STRONG LOCAL
13 IDENTITY WITH THE PEOPLE OF THE CITY AND REGION IN WHICH THEY
14 ARE LOCATED AND PROVIDE A SOURCE OF PRIDE AND ENTERTAINMENT
15 TO THEIR SUPPORTERS;

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16 (2) PROFESSIONAL SPORTS TEAMS ARE INVESTED WITH A STRONG
17 PUBLIC INTEREST;

18 (3) THE PUBLIC, THROUGH A MUNICIPAL STADIUM AUTHORITY
19 (WHICH IS TYPICALLY A CITY OR COUNTY AGENCY OR A MUNICIPAL
20 CORPORATION), GENERALLY AUTHORIZES CAPITAL CONSTRUCTION BONDS
21 TO FINANCE THE CONSTRUCTION OF THE STADIUM IN WHICH A
22 PROFESSIONAL SPORTS TEAM PLAYS;

(4) NORMALLY, THE LEASE OR USE AGREEMENT BETWEEN THE
MUNICIPAL STADIUM AUTHORITY AND THE PROFESSIONAL SPORTS TEAM
SETS RENT TO DEFRAY ONLY THE OPERATING COSTS OF THE STADIUM,
AND DOES NOT REIMBURSE THE PUBLIC FOR THE COSTS OF

27 CONSTRUCTING THE STADIUM; AND

28 (5) DESPITE THE CLOSE ASSOCIATION WITH AND SUPPORT FROM
29 THE PEOPLE IN THE CITY AND REGION WHERE THEY PLAY,

30PROFESSIONAL SPORTS TEAMS MAY BE ENTICED FROM TIME TO TIME TO19840H2200B3576- 2 -

RELOCATE TO NEW GEOGRAPHICAL LOCATIONS WITHOUT REGARD TO
 IMPORTANT INTERESTS AND CONSIDERATIONS WHICH MAY BE THOUGHT
 TO BE INCONSISTENT WITH IMMEDIATE FINANCIAL GAIN FOR THE
 OWNERS OF SUCH TEAMS.

5 (B) DECLARATION OF POLICY.--IT IS THE POLICY OF THE GENERAL
6 ASSEMBLY TO DISCOURAGE RELOCATION OF ANY PROFESSIONAL SPORTS
7 TEAM WHICH IS RECEIVING ADEQUATE SUPPORT FROM PEOPLE IN THE CITY
8 AND REGION WHERE SUCH TEAM PLAYS, UNLESS SUCH RELOCATION IS
9 NECESSARY TO PREVENT SEVERE FINANCIAL HARDSHIP.

10 SECTION 2. PURPOSE.

11 IT IS THE PURPOSE OF THIS ACT TO PROVIDE PEOPLE IN THE CITY 12 AND REGION WHERE A PROFESSIONAL SPORTS TEAM PLAYS THE RIGHT OF 13 FIRST REFUSAL WHEN THE OWNER OF SUCH A TEAM INTENDS TO RELOCATE 14 THE TEAM OR WHEN A GOOD FAITH OFFER TO PURCHASE AND RELOCATE 15 SUCH A TEAM HAS BEEN RECEIVED.

16 SECTION 3. SHORT TITLE.

17 THIS ACT SHALL BE KNOWN AND MAY BE CITED AS THE PROFESSIONAL18 SPORTS TEAM COMMUNITY PROTECTION ACT.

19 SECTION 4. DEFINITIONS.

20 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ACT SHALL
21 HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE
22 CONTEXT CLEARLY INDICATES OTHERWISE:

23 "BOARD." THE PROFESSIONAL SPORTS TEAM RELOCATION ARBITRATION 24 BOARD.

25 "LEAGUE." AN ASSOCIATION COMPOSED OF TWO OR MORE

26 PROFESSIONAL SPORTS TEAMS WHICH, BY AGREEMENT, HAVE ADOPTED,

27 ACCEPTED OR PUT INTO EFFECT RULES FOR THE CONDUCT OF

28 PROFESSIONAL SPORTS TEAMS WHICH ARE MEMBERS OF THAT ASSOCIATION

29 AND THE REGULATION OF CONTESTS AND EXHIBITIONS IN WHICH SUCH

30 TEAMS REGULARLY ENGAGE.

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"PERSON." ANY INDIVIDUAL, PARTNERSHIP, CORPORATION OR ANY
 UNINCORPORATED ASSOCIATION, OR ANY COMBINATION OR ASSOCIATION
 THEREOF.

PROFESSIONAL SPORTS TEAM" OR "TEAM." ANY GROUP OF
PROFESSIONAL ATHLETES ORGANIZED TO PLAY LEAGUE BASEBALL,
BASKETBALL, FOOTBALL, HOCKEY OR SOCCER WHICH HAS BEEN ENGAGED IN
COMPETITION IN SUCH SPORT FOR MORE THAN FIVE YEARS.

8 "STADIUM." THE PHYSICAL FACILITY WITHIN WHICH A PROFESSIONAL9 SPORTS TEAM REGULARLY PLAYS.

10 "TERRITORIAL AGREEMENT." ANY AGREEMENT, CONTRACT, RULE,
11 COURSE OF CONDUCT OR OTHER ACTIVITY BY, OR BETWEEN OR AMONG,
12 PERSONS OWNING OR CONDUCTING, OR ENGAGING OR PARTICIPATING IN,
13 ANY PROFESSIONAL SPORTS TEAM WHICH RELATES TO THE RIGHT OF A
14 TEAM TO OPERATE WITHIN A SPECIFIC TERRITORY.

15 "TERRITORY." THE GEOGRAPHIC AREA WITHIN WHICH A PROFESSIONAL 16 SPORTS TEAM HAS AGREED TO OPERATE.

17 SECTION 5. GROUNDS FOR RELOCATION.

(A) CHANGE OF LOCATION.--EXCEPT FOR THOSE CASES SPECIFIED IN
SECTION 7(I), A PERSON OR LEAGUE MAY CHANGE THE TERRITORY OR
METROPOLITAN LOCATION OF ANY PROFESSIONAL SPORTS TEAM ONLY IN
ACCORDANCE WITH SUBSECTION (B)(1) AND ONLY IF THE APPROPRIATE
GROUNDS FOR RELOCATION SPECIFIED IN SUBSECTION (B) IS MET.

23 (B) REQUIREMENTS FOR RELOCATION. --

(1) THE GROUNDS FOR RELOCATION SPECIFIED IN PARAGRAPH
(2)(I) OR (II) MUST BE MET IN ANY CASE WHERE A PERSON OTHER
THAN THE PROFESSIONAL SPORTS TEAM SEEKING RELOCATION OWNS THE
STADIUM IN WHICH THE TEAM PLAYS. THE GROUNDS FOR RELOCATION
SPECIFIED IN PARAGRAPH (2)(II) MUST BE MET IN ANY CASE WHERE
THE PROFESSIONAL SPORTS TEAM SEEKING RELOCATION OWNS THE
STADIUM IN WHICH THE TEAM PLAYS.

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(2) AS SPECIFIED IN PARAGRAPH (1), THE FOLLOWING ARE
 GROUNDS FOR RELOCATION OF ANY PROFESSIONAL SPORTS TEAM UNDER
 THIS ACT:

4 (I) THE STADIUM IS MANIFESTLY INADEQUATE FOR THE 5 PURPOSES OF PROPERLY AND COMPETITIVELY OPERATING THE TEAM; THE STADIUM AUTHORITY DEMONSTRATES NO INTENT TO 6 REMEDY THE DEFICIENCIES OF SUCH STADIUM WITHIN A 7 8 REASONABLE PERIOD OF TIME; AND OTHER SPORTS FACILITIES IN 9 THE SAME TERRITORY OR METROPOLITAN LOCATION HAVE NOT BEEN 10 MADE AVAILABLE BY APPROPRIATE GOVERNMENTAL AUTHORITIES 11 FOR USE BY THE PROFESSIONAL SPORTS TEAM.

(II) THE PROFESSIONAL SPORTS TEAM HAS INCURRED NET 12 13 OPERATING LOSSES, EXCLUSIVE OF DEDUCTIONS FOR 14 DEPRECIATION AND AMORTIZATION, TO AN EXTENT THAT POSES 15 SIGNIFICANT DANGER TO THE CONTINUED EXISTENCE OF THE 16 TEAM; AND THE TEAM, FOR NOT LESS THAN THE MOST RECENT 17 THREE CONSECUTIVE YEARS, HAS HAD ATTENDANCE RECORDS IN 18 THE RELEVANT LEAGUE'S LOWEST QUARTER OF ATTENDANCE 19 RECORDS, UNLESS THE TEAM'S ATTENDANCE RECORDS ARE EQUAL 20 TO OR GREATER THAN 75% OF THE CAPACITY OF THE STADIUM IN THE CASE OF FOOTBALL, 50% OF THE CAPACITY OF THE STADIUM 21 22 IN THE CASE OF BASKETBALL, OR 35% OF THE CAPACITY OF THE 23 STADIUM IN THE CASE OF BASEBALL.

24 SECTION 6. NOTICE OF RELOCATION OR OFFER OF SALE.

25 (A) NOTICE OF INTENT.--

26 (1) ANY PERSON WISHING TO RELOCATE A PROFESSIONAL SPORTS
27 TEAM TO A TERRITORY OR METROPOLITAN LOCATION OTHER THAN THE
28 TERRITORY OR LOCATION IN WHICH IT IS THEN PLAYING SHALL
29 FURNISH NOTICE OF INTENT TO RELOCATE THE TEAM AT LEAST EIGHT
30 MONTHS BEFORE THE PROPOSED DATE FOR SUCH RELOCATION.

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(2) SUCH NOTICE SHALL BE FURNISHED TO THE RELEVANT
 LEAGUE AND TO THE MUNICIPALITY WHERE THE TEAM PLAYS. SUCH
 NOTICE SHALL:

4

(I) BE IN WRITING;

5 (II) BE DELIVERED THROUGH CERTIFIED MAIL OR BE
6 PERSONALLY DELIVERED; AND

7 (III) CONTAIN A STATEMENT OF INTENTION TO RELOCATE,
8 THE NEW LOCATION, REASONS FOR THE RELOCATION,
9 DOCUMENTATION SUPPORTING THE APPROPRIATE GROUND FOR
10 RELOCATION PURSUANT TO SECTION 5(B), AND THE DATE ON
11 WHICH THE RELOCATION IS SCHEDULED TO OCCUR.

12 (B) NOTIFICATION OF OFFER.--

(1) WHEN ANY OWNER OF A PROFESSIONAL SPORTS TEAM
RECEIVES A BONA FIDE OFFER TO PURCHASE SUCH TEAM, AND THE
ACCEPTANCE OF SUCH OFFER COULD RESULT IN THE RELOCATION OF
SUCH TEAM, THE OWNER SHALL, EITHER BEFORE ACCEPTING SUCH
OFFER OR AS A CONDITION OF ACCEPTING SUCH OFFER, PROVIDE
NOTICE OF OFFER OF SALE AND INTENT TO SELL THE TEAM AT LEAST
EIGHT MONTHS BEFORE THE DATE OF ANY SALE.

20 (2) SUCH NOTICE SHALL BE FURNISHED TO THE RELEVANT
21 LEAGUE AND TO THE MUNICIPALITY WHERE THE TEAM PLAYS. SUCH
22 NOTICE SHALL:

23

(I) BE IN WRITING;

24 (II) BE DELIVERED THROUGH CERTIFIED MAIL OR BE
25 PERSONALLY DELIVERED;

(III) CONTAIN A STATEMENT THAT, BUT FOR THE TERMS OF
 THIS ACT, THE OWNER WOULD AT THAT TIME ACCEPT SUCH OFFER;

(IV) CONTAIN A STATEMENT OF INTENT TO SELL, ANY
POTENTIAL LOCATION OR LOCATIONS FOR RELOCATION OF THE
TEAM (IF THE OWNER KNOWS OF SUCH LOCATION), ANY

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1 DOCUMENTATION AVAILABLE TO THE OWNER SUPPORTING THE APPROPRIATE GROUND FOR ANY SUCH RELOCATION PURSUANT TO 2 3 SECTION 5(B) OR A STATEMENT THAT THE OWNER BELIEVES THAT 4 NO OBJECTION TO THE RELOCATION OF SUCH TEAM WILL BE 5 RECEIVED FROM ANY GOVERNMENTAL ENTITY OR THAT NO OFFER FOR SALE WILL BE MADE WHICH IS GREATER TO OR EQUAL IN 6 VALUE THAN THE OFFER WHICH HAS BEEN RECEIVED, THE DATE ON 7 WHICH THE SALE OF THE TEAM IS SCHEDULED TO OCCUR, AND ANY 8 9 ESTIMATED DATE FOR RELOCATION ONCE THE SALE OF THE TEAM 10 HAS OCCURRED (IF THE OWNER IS AWARE OF SUCH DATE); AND

(V) CONTAIN ALL TERMS AND CONDITIONS OF SUCH OFFER,
 INCLUDING A WRITTEN COPY OF SUCH OFFER, SIGNED BY THE
 MAKER OF SUCH OFFER.

(C) OFFER OF SALE. -- ANY PERSON WISHING TO RELOCATE A 14 15 PROFESSIONAL SPORTS TEAM TO A TERRITORY OTHER THAN THE TERRITORY IN WHICH IT IS THEN PLAYING OR ANY PERSON NEGOTIATING FOR THE 16 17 SALE OF SUCH A TEAM WHICH COULD RESULT IN THE RELOCATION OF THE 18 TEAM SHALL, FOR A REASONABLE PERIOD OF TIME, OFFER THE TEAM FOR 19 SALE AT FAIR MARKET VALUE TO OTHER PERSONS WHO WOULD CONTINUE TO 20 LOCATE SUCH TEAM IN THE METROPOLITAN AREA IN WHICH IT PLAYS. IF ANY PERSON SUBMITS AN OFFER OF SALE WHICH WOULD ENSURE THAT THE 21 22 TEAM WOULD REMAIN IN THE METROPOLITAN AREA IN WHICH IT PLAYS, 23 NOTICE REGARDING SUCH SALE SHALL BE PROVIDED TO THE BOARD, TOGETHER WITH THE INFORMATION SPECIFIED IN SUBSECTION (B)(2). 24 25 (D) ACCESS TO FINANCIAL RECORDS. -- ANY PERSON IDENTIFIED IN 26 SUBSECTION (C) SHALL, UPON REQUEST OF THE LEAGUE OR THE 27 APPROPRIATE MUNICIPALITY, PROVIDE ACCESS TO ALL RELEVANT 28 FINANCIAL RECORDS NECESSARY TO SUPPORT OR REFUTE THE GROUNDS FOR ANY SUCH RELOCATION, PURSUANT TO SECTION 5(B). 29 30 SECTION 7. ARBITRATION BOARD.

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(A) ESTABLISHMENT AND MEMBERSHIP OF BOARD.--THERE SHALL FROM
 TIME TO TIME BE ESTABLISHED A PROFESSIONAL SPORTS TEAM
 RELOCATION ARBITRATION BOARD TO CARRY OUT THE ACTIVITIES OF THIS
 SECTION. THE BOARD SHALL BE COMPOSED OF THREE MEMBERS, WHO SHALL
 BE APPOINTED AS FOLLOWS:

6 (1) ONE MEMBER SHALL BE APPOINTED BY THE CURRENT OWNER
7 OF THE PROFESSIONAL SPORTS TEAM INVOLVED IN A PETITION FOR
8 RELOCATION OR OFFER OF SALE.

9 (2) ONE MEMBER SHALL BE APPOINTED BY THE GOVERNMENTAL 10 AUTHORITY THAT REGULATES THE OPERATION OF THE STADIUM IN 11 WHICH THE PROFESSIONAL SPORTS TEAM PLAYS.

12 (3) ONE MEMBER SHALL BE APPOINTED BY THE SECRETARY OF13 COMMERCE.

14 (B) APPOINTMENT OF MEMBERS. -- THE BOARD SHALL BE APPOINTED 15 WITHIN 30 DAYS AFTER NOTICE IS DELIVERED PURSUANT TO SECTION 16 6(A)(1) OR (B)(2). THE MEMBERS SHALL SELECT A CHAIRMAN FROM 17 AMONG ITS MEMBERS. NO INDIVIDUAL WHO HAS (OR, AS A RESULT OF 18 SALE OR RELOCATION, MIGHT HAVE) A FINANCIAL OR OTHER PECUNIARY 19 INTEREST IN ANY PROFESSIONAL SPORTS TEAM WHICH ENGAGES IN THE 20 SAME SPORT AS THE PROFESSIONAL SPORTS TEAM INVOLVED IN A 21 PETITION FOR RELOCATION OR OFFER FOR SALE MAY SERVE ON THE 22 BOARD.

(C) NOTICES TO BOARD.--ALL NOTICES OF RELOCATION OR OFFERS
OF SALE REGARDING THE INVOLVED PROFESSIONAL SPORTS TEAMS SHALL
BE REFERRED TO THE BOARD. WITHIN SIX MONTHS AFTER THE
ESTABLISHMENT OF THE BOARD, THE BOARD SHALL CONDUCT A FORMAL
HEARING ON THE RECORD TO CONSIDER ALL SUCH NOTICES OF RELOCATION
OR OFFERS OF SALE.

29 (D) VALUATION BY BOARD.--THE BOARD SHALL, WITHIN SEVEN
30 MONTHS AFTER THE ESTABLISHMENT OF THE BOARD, DETERMINE IF ANY
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1 SUCH OFFERS OF SALE WOULD ENSURE THAT THE TEAM WOULD REMAIN IN 2 THE METROPOLITAN AREA IN WHICH IT PLAYS, AND ARE EQUAL TO OR 3 GREATER IN VALUE THAN THE VALUE OF THE RELOCATION OF THE 4 INVOLVED PROFESSIONAL SPORTS TEAM. IN MAKING ANY SUCH VALUATION, 5 PROJECTED REVENUES ARISING OUT OF THE BROADCASTING OF ANY GAME ENGAGED IN OR CONDUCTED BY EACH TEAM IN EITHER ITS CURRENT OR 6 7 FUTURE TERRITORY SHALL NOT BE CONSIDERED, UNLESS SUCH TEAM MEETS THE GROUNDS FOR RELOCATION SPECIFIED IN SECTION 5(B)(2)(II). 8

9 (E) DETERMINATION BY BOARD.--THE BOARD SHALL DETERMINE 10 WHETHER THE INVOLVED PROFESSIONAL SPORTS TEAM MEETS ANY OF THE 11 GROUNDS FOR RELOCATION SPECIFIED IN SECTION 5(B), AS

12 APPROPRIATE.

(F) LIMITATION ON APPROVAL.--THE BOARD MAY NOT APPROVE ANY OFFER FOR SALE OR NOTICE OF RELOCATION WHICH WOULD RESULT IN THE INVOLVED PROFESSIONAL SPORTS TEAM NO LONGER PLAYING IN THE METROPOLITAN AREA WHERE IT PLAYS IF AN OFFER OF GREATER OR EQUAL VALUE IS RECEIVED WHICH WOULD CONTINUE TO LOCATE SUCH TEAM IN SUCH AREA.

19 (G) PROHIBITING SALE. -- IF THE BOARD DETERMINES THAT ANY 20 OFFER FOR SALE OR NOTICE FOR RELOCATION WHICH HAS BEEN RECEIVED 21 REGARDING THE INVOLVED PROFESSIONAL SPORTS TEAM EQUALS OR 22 EXCEEDS THE VALUE OF THE ORIGINAL OFFER OR PETITION FOR RELOCATION, OR NONE OF THE GROUNDS FOR RELOCATION SPECIFIED IN 23 24 SECTION 5(B), AS APPROPRIATE, IS MET, THE OWNER OF SUCH TEAM MAY 25 NOT SELL OR RELOCATE SUCH TEAM WITHOUT A WRITTEN COMMITMENT, 26 ENFORCEABLE THROUGH SPECIFIC PERFORMANCE, FROM ANY PURCHASER TO 27 CONTINUE TO LOCATE SUCH TEAM IN THE METROPOLITAN AREA IN WHICH 28 IT PLAYS. THE BOARD SHALL HAVE NO JURISDICTION WITH RESPECT TO 29 ANY OTHER TERMS OF THE SALE OF SUCH TEAM, INCLUDING THE 30 SELECTION OF THE PURCHASER.

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(H) FINALITY OF DETERMINATIONS.--ALL DETERMINATIONS OF THE
 BOARD SHALL BE FINAL AND BINDING ON ALL PARTIES INVOLVED IN SUCH
 ARBITRATION.

4 (I) APPLICABILITY OF SECTION.--THE PROVISIONS OF THIS
5 SECTION SHALL NOT APPLY TO ANY NOTICE FOR RELOCATION OR OFFER OF
6 SALE REGARDING ANY PROFESSIONAL SPORTS TEAM IF, WITHIN SIX
7 MONTHS AFTER THE ESTABLISHMENT OF THE BOARD:

8 (1) THE BOARD HAS NOT RECEIVED ANY OFFER TO PURCHASE
9 SUCH TEAM WHICH WOULD ENSURE THAT THE TEAM WOULD REMAIN IN
10 THE METROPOLITAN AREA IN WHICH IT PLAYS; AND

11 (2) THE BOARD HAS NOT RECEIVED ANY OBJECTION TO THE
12 RELOCATION OF SUCH TEAM FROM ANY APPROPRIATE GOVERNMENTAL
13 ENTITY.

14 SECTION 8. CIVIL ACTIONS.

ANY GOVERNMENTAL ENTITY IN A METROPOLITAN AREA FROM WHICH A PROFESSIONAL SPORTS TEAM RELOCATES MAY BRING A CIVIL ACTION IN ANY APPROPRIATE COMMON PLEAS COURT FOR DAMAGES AND RELIEF, INCLUDING INJUNCTIVE RELIEF, ON THE GROUNDS THAT SUCH RELOCATION DID NOT COMPLY WITH THE PROVISIONS OF THIS ACT, INCLUDING THE GROUNDS THAT ANY OWNER OR OTHER PARTY DID NOT COMPLY WITH THE ARBITRATION PROCEDURE OR DECISION PURSUANT TO SECTION 7. SECTION 9. EFFECTIVE DATE.

23 THIS ACT SHALL TAKE EFFECT IN 60 DAYS.