

## SENATE CONCURRENT RESOLUTION NO. 59

WHEREAS, in 1998, the Commissioner of Major League Baseball formed the Commissioner's Blue Ribbon Panel on Baseball Economics to study whether revenue disparities among professional baseball clubs are seriously damaging competitive balance in the league and to determine whether a lack of competitive balance in the league, if any, has had an adverse impact on the ability of the existing professional baseball clubs to grow the game of professional baseball, secure new facilities and produce operating stability; and

WHEREAS, the Commissioner also directed the Commissioner's Blue Ribbon Panel on Baseball Economics to explain its analysis and produce recommendations in the form of structural reforms to address the problems, if the Commission found a competitive imbalance and concluded that the competitive imbalance problem is related to structural characteristics of baseball's economic system and poses a threat to the game; and

WHEREAS, the Commissioner's Blue Ribbon Panel on Baseball Economics performed an extensive 18-month long investigation into these matters and produced an 87-page report of its findings, conclusions and recommendations, to wit: *The Report of the Independent Members of the Commissioner's Blue Ribbon Panel on Baseball Economics (July 2000)*; and

WHEREAS, the Commissioner's Blue Ribbon Panel on Baseball Economics concluded that "large and growing revenue disparities exist and are causing problems of chronic competitive imbalance" in the professional game of baseball; and

WHEREAS, the Commissioner's Blue Ribbon Panel on Baseball Economics concluded that these problems became "substantially worse" during the five-season timeframe of their study and investigation (1995-1999) and "seem likely to remain severe unless Major League Baseball ("MLB") undertakes remedial actions proportional to the problem"; and

WHEREAS, the Commissioner's Blue Ribbon Panel on Baseball Economics concluded that "the problem of competitive balance is a product of MLB's economic structure, and that this structure is adversely affecting the ability of most clubs to increase revenues and achieve operating stability"; and

WHEREAS, the Commissioner's Blue Ribbon Panel on Baseball Economics concluded that "the limited revenue sharing and payroll tax that were approved as part of MLB's 1996 Collective Bargaining Agreement with the Major League Baseball Players Association ("MLBPA") have produced neither the intended moderating of payroll disparities nor improved competitive balance"; and

WHEREAS, the Commissioner's Blue Ribbon Panel on Baseball Economics concluded that "in a majority of MLB markets, the cost to clubs of trying to be competitive is causing escalation of ticket and concession prices, jeopardizing MLB's traditional position as the affordable family spectator sport";

and

WHEREAS, based upon its conclusions, the Commissioner's Blue Ribbon Panel on Baseball Economics made several recommendations to address the economic ills of professional baseball, to wit:

(1) Revenue Sharing—MLB should share at least 40 percent, and perhaps as much as 50 percent, of all member clubs' local revenue, less local ballpark expenses as uniformly defined; and

(2) Competitive Balance Tax—MLB should levy a 50 percent competitive balance tax on club payrolls that are above a fixed threshold of \$84 million and all clubs should be encouraged to have a minimum payroll of \$40 million; and

(3) Central Fund Distributions—MLB should use unequal distribution of new Central Fund revenues to improve competitive balance, creating a "Commissioner's Pool" that is allocated to assist low-revenue clubs in improving their competitiveness and in meeting the minimum payroll obligation of \$40 million; and

(4) Competitive Balance Draft—MLB should conduct an annual "Competitive Balance Draft" of players in which the weakest eight clubs would have a unique opportunity to select non-40-man roster players from the organizations of the eight clubs that qualified for the playoffs; and

(5) Rule 4 Draft—MLB should implement reforms in the Rule 4 draft; and

(6) Franchise Relocations—MLB should utilize strategic franchise relocations to address the competitive issues facing the game; and

WHEREAS, the Commissioner's Blue Ribbon Panel on Baseball Economics concluded that many of their recommendations "cannot be implemented unilaterally by MLB and its member clubs", but also require the concurrence and collaboration of the MLBPA; and

WHEREAS, in early December of 2001, the Commissioner testified before Congress that the economic climate of Major League Baseball is continuing to deteriorate and that the thirty existing professional clubs had a combined loss in excess of \$519 million during 2001; and

WHEREAS, as a result of the extremely poor economic performance of Major League Baseball throughout the past several years due to the structural flaws in baseball's economic system, the Commissioner recently called for the elimination of two professional baseball clubs from the thirty-member league, an action that has not been considered by Major League Baseball in over 100 years; and

WHEREAS, the industry of professional baseball is in severe turmoil with a possible players'

strike and owners' lock-out being seriously considered and with several lawsuits having recently been filed against Major League Baseball concerning the issue of contraction and with several bills having recently been filed in Congress concerning the issue of baseball's exemption from federal antitrust laws:

NOW THEREFORE BE IT RESOLVED that the members of the Missouri Senate, Ninety-First General Assembly, Second Regular Session, the House of Representatives concurring therein, hereby urge Major League Baseball and the Major League Baseball Players Association to address the serious problems existing within the current economic structure of professional baseball and take substantial steps toward implementation of all or a substantial portion of the recommendations set forth in *The Report of the Independent Members of the Commissioner's Blue Ribbon Panel on Baseball Economics (July 2000)*; and

BE IT FURTHER RESOLVED that the members of the Missouri General Assembly, hereby urge the ownership groups of the St. Louis Cardinals and the Kansas City Royals, along with the players' representatives of all players on those two Missouri-based teams, to support and work in furtherance of the implementation of all or a substantial portion of the recommendations set forth in *The Report of the Independent Members of the Commissioner's Blue Ribbon Panel on Baseball Economics (July 2000)*; and

BE IT FURTHER RESOLVED that the members of the Missouri General Assembly hereby declare that under no circumstances should Major League Baseball owners be permitted to use team elimination/contraction (Major League Baseball fielding fewer teams than the number that participated in the 2001 season) as a means to achieve or make progress towards the goals outlined in the Blue Ribbon Report; and

BE IT FURTHER RESOLVED that the members of the Missouri General Assembly, hereby declare their support for a moratorium on providing state funding for the construction of a new professional baseball stadium in St. Louis and for a moratorium on providing increased state funding for the existing professional baseball stadium in Kansas City until such time as Major League Baseball, in conjunction with the Major League Baseball Players Association, takes substantial steps toward implementation of all or a substantial portion of the recommendations set forth in *The Report of the Independent Members of the Commissioner's Blue Ribbon Panel on Baseball Economics (July 2000)*; and

BE IT FURTHER RESOLVED that the Secretary of the Missouri Senate be instructed to prepare properly inscribed copies of this resolution for Major League Baseball, the Major League Baseball Players Association, the St. Louis Cardinals, L.P., and the Kansas City Royals Baseball Corporation.