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## **NBA Collective Bargaining Agreement – Key Deal Points**

The following is a summary of certain key changes to the NBA/NBPA Collective Bargaining Agreement. New CBA terms will take effect on July 1, 2023, except where otherwise noted below.

### **I. Term of Agreement**

The new CBA will have a seven-year term covering the 2023-24 through 2029-30 seasons. The NBA and Players Association will each have the ability to end the CBA one year early (after the 2028-29 season) by providing written notice by October 15, 2028.

### **II. Key Unchanged Elements**

- The players' share of Basketball Related Income (BRI) will remain within a band of 49%-51% (currently at 51%).
- The "soft" Salary Cap system, whereby teams are permitted to exceed the Salary Cap using Salary Cap Exceptions, will continue.
- Existing rules on minimum, maximum, and rookie scale player salaries will remain the same.
- Most rules relating to maximum player contract length will be unchanged.

### **III. System**

**A. Apron Levels and Growth.** There will be two "Apron" levels set above the Tax Level:

1. **First Apron Level.** For the 2023-24 Salary Cap Year, the "First Apron Level" will be set per the current CBA, at approximately \$7 million above the Tax Level.
2. **Second Apron Level.** For the 2023-24 Salary Cap Year, a "Second Apron Level" will be established and set at \$17.5 million above the Tax Level.
3. **Apron Growth.** Beginning with the 2024-25 Salary Cap Year, the First Apron Level and Second Apron Level will grow at the rate of growth in the Salary Cap.

**B. New Transaction Rules.** Teams will be subject to additional transaction rules related to the First Apron Level and Second Apron Level.

1. **First Apron Level Rules.** In addition to the Tax Apron transaction rules in the current CBA, the following transaction rules will apply at the First Apron Level.
  - a. **Signings – "Buyout" Players.** Teams will be unable to sign a player during a Regular Season if he was waived during that Regular Season and had a pre-waiver Salary for that year greater than the amount of that year's Non-Taxpayer Mid-Level Salary Exception.

b. Trades

i. Traded Player Exception (“TPE”) Multiplier

- During the period from July 1, 2023 through the last day of the 2023-24 Regular Season, teams will be unable to use a TPE in excess of 110% of the Salary of the Traded Player(s); and
- Beginning on the day after the last day of the 2023-24 Regular Season, teams will be unable to use a TPE in excess of 100% of the Salary of the Traded Player(s).

ii. Pre-Existing TPEs. Beginning on the day after the last day of the 2023-24 Regular Season, teams will be unable to use a TPE generated in a prior year. (For purposes of this rule, a “year” is measured from end of Regular Season to end of Regular Season.)

**2. Second Apron Level Rules.** The following transaction rules will apply at the Second Apron Level.

- a. Signings – Taxpayer MLE. Teams will be unable to use the Taxpayer Mid-Level Salary Exception.
- b. Trades. Beginning on the day after the last day of the 2023-24 Regular Season, teams will be unable to:
- i. Aggregation. Use a TPE generated by aggregating the Salaries of multiple Traded Players.
  - ii. Cash. Convey cash to another team in a trade.
  - iii. Sign-and-Trade. Acquire a Player Contract using a TPE in respect of a player whose Contract was traded pursuant to a sign-and-trade.

**3. Administration of Transaction Rules**

- a. The transaction rules will work in the same manner as the Tax Apron rules set forth in the current CBA – i.e., a team with a Team Salary that exceeds the applicable Apron level will be unable to engage in the applicable transactions, and a team that engages in one or more of such transactions will be unable to subsequently have a Team Salary that exceeds the applicable Apron level in such Salary Cap Year.
- b. A team that engages in any of the trade transactions described under the First and Second Apron Level rules above after the last day of the Regular Season of a Salary Cap Year will be unable to subsequently have a Team Salary that exceeds the applicable Apron level for the remainder of the then-current Salary Cap Year as well as for the immediately following Salary Cap Year. (Notwithstanding this general rule, there will be certain transition rules applicable to trade transactions occurring during the period from the day after the last day of the 2023-24 Regular Season through June 30, 2024.)

**C. New Draft Pick Rules.** Beginning with the 2024-25 Salary Cap Year, if a team’s Team Salary exceeds the Second Apron Level in a Salary Cap Year, then its first round draft pick in the seventh Draft following the last day of the Salary Cap Year (the “Frozen Pick”) will be frozen, meaning the pick may not be traded.

1. If the team’s Team Salary exceeds the Second Apron Level in at least two of the immediately following four Salary Cap Years, the Frozen Pick will be moved to the end of the first round of the applicable Draft and the team will continue to be unable to trade it. If more than one team has a Frozen Pick moved to the end of the first round of a particular Draft, those teams will select at the end of the first round in inverse order of their consolidated standings at the end of the preceding season.
2. If, instead, the team’s Team Salary is less than or equal to the Second Apron Level in at least three of the immediately following four Salary Cap Years, then the Frozen Pick will be unfrozen (meaning it could again be traded) as of the first day of the Salary Cap Year immediately following the third such Salary Cap Year for which the team’s Team Salary is less than or equal to the Second Apron Level and will not be subject to any restriction on pick position.

**D. Tax System.** The tax system will be modified to (i) beginning in 2025-26, reduce tax rates in the first two tax brackets and increase tax rates in higher tax brackets, and increase “repeater” tax rates, and (ii) beginning in 2024-25, increase tax brackets at the rate of growth in the Salary Cap. The tax rates under the new CBA will be as follows:

1. **Standard Tax Rates.** The following Standard Tax Rates will apply:

<b>Tax Bracket (Incremental Team Salary Above Tax Level*)</b>	<b>Tax Rate for Bracket: 2023-24 and 2024-25 Salary Cap Years</b>	<b>Tax Rate for Bracket: Beginning with 2025-26 Salary Cap Year</b>
\$0 – \$4.99 million	\$1.50-for-\$1	\$1.00-for-\$1
\$5 million – \$9.99 million	\$1.75-for-\$1	\$1.25-for-\$1
\$10 million – \$14.99 million	\$2.50-for-\$1	\$3.50-for-\$1
\$15 million – \$19.99 million	\$3.25-for-\$1	\$4.75-for-\$1
\$20 million and over	Tax rates increase by \$0.50 for each additional \$5 million* increment above the Tax Level (e.g., for Team Salary \$20 million to \$24.99 million above the Tax Level, the Tax Rate will be \$3.75-for-\$1 for that increment)	Tax rates increase by \$0.50 for each additional \$5 million* increment above the Tax Level (e.g., for Team Salary \$20 million to \$24.99 million above the Tax Level, the Tax Rate will be \$5.25-for-\$1 for that increment)

\*Beginning with the 2024-25 Salary Cap Year, the tax brackets will increase at the rate of growth in the Salary Cap.

**2. Repeater Tax.** The following Repeater Tax Rates will apply:

<b>Tax Bracket (Incremental Team Salary Above Tax Level*)</b>	<b>Tax Rate for Bracket: 2023-24 and 2024-25 Salary Cap Years</b>	<b>Tax Rate for Bracket: Beginning with 2025-26 Salary Cap Year</b>
\$0 – \$4.99 million	\$2.50-for-\$1	\$3.00-for-\$1
\$5 million – \$9.99 million	\$2.75-for-\$1	\$3.25-for-\$1
\$10 million – \$14.99 million	\$3.50-for-\$1	\$5.50-for-\$1
\$15 million – \$19.99 million	\$4.25-for-\$1	\$6.75-for-\$1
\$20 million and over	Tax rates increase by \$0.50 for each additional \$5 million* increment above the Tax Level (e.g., for Team Salary \$20 million to \$24.99 million above the Tax Level, the Tax Rate will be \$4.75-for-\$1 for that increment)	Tax rates increase by \$0.50 for each additional \$5 million* increment above the Tax Level (e.g., for Team Salary \$20 million to \$24.99 million above the Tax Level, the Tax Rate will be \$7.25-for-\$1 for that increment)

\*Beginning with the 2024-25 Salary Cap Year, the tax brackets will increase at the rate of growth in the Salary Cap.

**E. Minimum Team Salary (“MTS”)**

1. If, as of the first day of the Regular Season, a team’s Team Salary is less than the MTS, then:
  - a. The team will be required to pay the difference to the NBA, with the amount distributed to all players in the NBA (instead of just players on that team, as under current CBA rules);
  - b. The team will not receive a tax distribution (except that, in 2023-24 as a transition, the team will receive a 50% tax distribution); and
  - c. The amount of the difference will be added to the team’s Team Salary for Salary Cap purposes.
2. No team will be permitted to engage in any transaction on or following the first day of the Regular Season that will reduce the team’s Team Salary below the MTS.

**F. Salary Cap Exceptions**

1. **Non-Taxpayer Mid-Level Salary Exception Increase.** The Non-Taxpayer Mid-Level Salary Exception will increase by 7.5% from the amount in the current CBA, to equal 9.120% of the Salary Cap (representing an increase from \$10.5 million for the 2022-23 season to a currently projected \$12.2 million for the 2023-24 season).

**2. Room Mid-Level Salary Exception Increase**

- a. The Mid-Level Salary Exception for Room Teams will increase by 30% from the amount in the current CBA, to equal 5.678% of the Salary Cap (representing an increase from \$5.4 million for the 2022-23 season to a currently projected \$7.6 million for the 2023-24 season); and
- b. The maximum term of a Contract signed using the Mid-Level Salary Exception for Room Teams will increase from two years to three years.

**3. Taxpayer Mid-Level Salary Exception**

- a. The Taxpayer Mid-Level Salary Exception will equal \$5 million for 2023-24 and will grow annually at the rate of growth in the Salary Cap; and
- b. The maximum term of a Contract signed using the Taxpayer Mid-Level Salary Exception will be decreased from three years to two years.

**4. Traded Player Exceptions Increase**

- a. 175% Trade Allowance. The 175% trade allowance will be increased to 200%. A team with a Team Salary between the Tax Level and the First Apron Level will now be permitted to use this allowance.
- b. \$5M Trade Allowance. The \$5 million trade allowance will be increased to \$7.5 million for the 2023-24 Salary Cap Year and will grow annually at the rate of growth in the Salary Cap. A team with a Team Salary between the Tax Level and the First Apron Level will now be permitted to use this allowance.

**5. Mid-Level Exceptions and Bi-annual Exception in Trades.** Beginning with the 2024-25 Salary Cap Year, teams will be permitted to use the Non-Taxpayer Mid-Level Salary Exception, Mid-Level Salary Exception for Room Teams, or Bi-annual Exception to acquire one or more players by trade or waiver claim.

**6. Second Round Pick Exception.** A new Exception will be created for signing Second Round Picks to a three-year or four-year contract up to specified Salary amounts.

**G. More Flexible Extensions**

- 1. Maximum Salary.** The maximum allowable Salary increase in the first season covered by a Veteran Extension will be 140% (increased from 120% under the current CBA).
- 2. Rookie Scale Extensions.** All Rookie Scale Extensions will be permitted to cover up to five new seasons (under the current CBA, only maximum-salary Rookie-Scale Extensions may cover five new seasons).
- 3. Roster Limitations.** The limitations on the number of Designated Veteran and Designated Rookie Scale Players permitted on a team's roster will be eliminated.
- 4. Extend-and-Trades.** Beginning in 2024-25, for Extensions entered into in connection with an agreement to trade the Contract, (a) the maximum allowable term of the Extension will be increased from a total of three years to a total of four years, and (b) the maximum allowable Salary in year one of the extended term will

be increased from 105% of the player's prior Salary to 120% of the greater of the player's prior Salary and the Estimated Average Player Salary.

#### **H. Regular Season Performance – Incentives and Awards**

##### **1. Games Played Requirement for Certain Generally Recognized League Honors**

a. Qualification Requirements. To be eligible for MVP, an All-NBA Team, Defensive Player of the Year, an All-Defensive Team, or Most Improved Player honors, a player must satisfy at least one of the following two criteria:

- i. Player played in at least 65 Regular Season games; or
- ii. Player (A) played in at least 62 Regular Season games, (B) suffered a season-ending injury that renders the player unable to play through May 31, and (C) played in at least 85% of his team's Regular Season games prior to the injury.

A player will be considered to have played in a Regular Season game for purposes of these rules if he played at least 20 minutes of the game (except that for up to two Regular Season games per season, the game will count if the player plays between 15 and 20 minutes).

b. Exceptions. The CBA will provide for limited exceptions under which a player who fails to satisfy the games-played criteria may nonetheless be deemed eligible for the applicable awards – for example, if the player can establish that he would have met the 65-game threshold but for extraordinary circumstances that would render his exclusion from award eligibility unjust.

**2. Aggregate Regular Season Performance.** Voters for MVP, All-NBA Teams, Defensive Player of the Year, All-Defensive Teams, and Most Improved Player will be directed to consider a player's aggregate performance over the course of the Regular Season (taking into account the player's total number of games and minutes played) when making their selections.

**3. "Positionless" Voting.** All-NBA and All-Defensive Team voters will be directed to vote for the most deserving players each season without regard to position.

**I. Salary Cap "Smoothing."** The Salary Cap and Tax Level will not decrease, and will not increase by more than 10%, in any Salary Cap Year.

#### **J. Other Changes**

**1. Offer Sheet Matching Period.** A team that receives an Offer Sheet in respect of a Restricted Free Agent prior to 12:00 p.m. (ET) on a day will have until 11:59 p.m. (ET) on the immediately following day to match the Offer Sheet (an exception to the general rule under which a team has until 11:59 p.m. (ET) on the day that is two days following receipt to match an Offer Sheet). For an Offer Sheet received at any time during the Moratorium Period, a team will have until 11:59 p.m. (ET) on July 7 to match the Offer Sheet.

**2. More Flexible Stretch Rules.** Teams will be permitted to make a one-time election by August 31 of any year covered by the term of a terminated Contract to stretch a player's then-remaining future Salary over twice the number of seasons

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remaining on the original term of the Contract plus one. (This modification will not apply to Contracts terminated prior to the first day of the 2023-24 Salary Cap Year.)

3. **Roster Flexibility – Active List.** Each team may have up to 15 players dressed and on the Active List for each game of the season.
4. **Negotiating With Players on Team.** Beginning on the day following the date of the last game of the NBA Finals, each team will be permitted to begin negotiating the terms of a Player Contract with any player who finished the season on the team’s roster. The rules regarding when a team may begin negotiating the terms of a Player Contract with any other player (generally, subject to limited exceptions, beginning at 6:00 p.m. (ET) on June 30) will remain unchanged.

#### IV. **Business Opportunities**

**A. Players Association Participation in Private Equity Funds Investing in NBA Teams.** The Players Association will be permitted to passively invest on behalf of all players in private investment funds that invest in NBA teams, provided that (among other conditions) the Players Association’s investment in a fund may not exceed 5% of the committed capital of such fund.

**B. Investment in Independent WNBA Teams.** NBA players will be permitted to invest in Independent WNBA Teams (i.e., teams in which no NBA owners hold an interest), provided that each individual player can invest in only one Independent WNBA Team and a player’s investment cannot exceed 4% of the team. NBA players cannot collectively hold more than 8% of any Independent WNBA Team.

#### **C. Emerging Markets**

##### **1. Sports Betting and Fantasy**

- a. Investment. A player may hold a passive, non-controlling interest in a sports betting or fantasy company (limited to less than 1% for a company that offers or facilitates NBA-related bets or contests).
- b. Endorsement. A player may participate in sports betting and fantasy endorsement that involves (i) general brand endorsement and/or (ii) endorsement of betting on non-NBA sports.

##### **2. Cannabis**

- a. Investment. A player may invest in a company that makes products containing CBD. A player may also hold a passive, non-controlling interest in a company that makes products containing marijuana.
- b. Promotion. Players will continue to be prohibited from promoting marijuana companies, but a player may promote a company that makes products containing CBD.

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VI. **NBA Draft Combine.** Beginning with the 2024 NBA Draft Combine, all invited players will be required to attend and participate in the Draft Combine (other than 5-on-5, which will be optional), unless excused from participation by the NBA for medical or other valid reasons.

A. **Refusal to Participate in the Combine.** Invited players who are not excused and do not participate in the Combine will not be eligible to be drafted in the NBA until the first subsequent Draft for which the player attends and participates in the Combine.

B. **Limits on Team Access**

1. **Team Access.** The only teams that will receive Combine medical/testing information for a player ranked as a top-10 prospect are those with a Draft pick in the player’s Potential Draft Range (as set forth in the following chart).

Player Rank	Potential Draft Range
1	1-10
2-6	1-15
7-10	1-25

Any team that trades for a Draft pick following the Combine would be provided with access to the medical/testing information for players in the Potential Draft Range associated with the pick (e.g., if a team with the 16th pick acquires the 15th pick in a trade, the team would thereafter gain access to the medical/testing information for players ranked 2-6).

2. **Rankings.** The NBA and Players Association will agree upon a method to rank the top-10 prospects prior to the Draft Lottery each year.

VII. **Anti-Drug Program**

A. **Prohibited Substances List -- Marijuana**

1. Marijuana will be removed from the Prohibited Substances List (“PSL”). A team that has reason to believe one of its players is under the influence of marijuana while engaged in NBA or team-related activities, or has a dependency issue involving marijuana, may refer the player to a treatment program.
2. The NBA and teams may impose reasonable discipline on players who are under the influence while engaged in any team activity or in violation of the law.

B. **Procedures/Protocols**

1. **Number of Tests.** During the Season, the NBA is authorized to conduct up to 1,925 total random urine tests.
2. **Dismissal & Disqualification.** A player who is dismissed and disqualified under the Anti-Drug Program will be eligible to apply for reinstatement 12 months following his dismissal and disqualification (rather than 24 months).



**VII. Player Eligibility and G League**

- A. Automatic Eligibility.** A player will no longer be automatically eligible for the NBA Draft by virtue of rendering services to a non-NBA professional basketball team (e.g., G League Ignite). Instead, such a player will be automatically eligible for an NBA Draft if he is or will be 22 years of age during the calendar year of the Draft.
- B. Two-Way Contracts**
- 1. Number of Two-Way Players.** The maximum number of Two-Way Players that a team may have on its roster will be increased from two to three.
  - 2. Signing Deadline.** The January 15 signing deadline for a Two-Way Contract set forth in Article II, Section 11(f)(i) of the CBA will be moved back to March 3.
- C. Exhibit 10 Contract Bonus Amount.** The maximum Exhibit 10 Bonus amount to which a team and player could agree will increase from \$50,000 to \$75,00 for the 2023-24 season and will increase annually thereafter at the rate of growth in the Salary Cap.
- D. Off-season/Training Camp Roster Size.** The off-season and training camp roster size limit will be increased to 21 (from the current limit of 20).

**VIII. In-Season Tournament**

There will be an annual In-Season Tournament starting with the 2023-24 season that will consist of two stages – a Group Stage and a Knockout Stage. All 30 teams will participate in the Group Stage, which will feature regular season games designated as tournament games, and based on performance in those games, eight teams will advance to a single elimination Knockout Stage where one team will be crowned the In-Season Tournament champion.

**IX. Benefits**

- A. Player Benefits.** The new CBA provides for improvements in player benefits, including an increased tuition reimbursement allowance, contributions to the Post-Career Income Plan in respect of seasons shortened due to COVID, enhanced medical and retirement benefits for Two-Way Players, and increased funding for the NBA Legacy Fund.
- B. Playoff Pool.** The Playoff Pool for the 2023-24 season will increase by 15% and continue to grow annually thereafter at the rate of growth in the Salary Cap.