

Duration - 5 years

- **Oct. 24, 2006** – Owners and players reach preliminary agreement for new CBA, the first time the sides have reached agreement on a new labor deal before expiration of the current contract and largely out of the media spotlight.
- **Friday, Nov. 3, 2006** - Owners unanimously ratify the agreement via conference call.
- **Thurs., Dec. 7, 2006** - Players ratify agreement during annual board meeting.
- **Dec. 11, 2011** - Termination date of the agreement

Principals

Commissioner Bud Selig.

MLB: Bob DuPuy, Rob Manfred

Club representatives of Major League Baseball's negotiating team :

- Larry Dolan (Cleveland Indians)
- Peter Angelos (Baltimore Orioles)
- Andy MacPhail (Chicago Cubs – Note: MacPhail resigned from Cubs on Oct. 1, 2006)

- **MLBPA:** Executive Director Donald Fehr

- Chief Operating Officer Gene Orza.
- On December 7, 2006 the MLBPA announces re-elections of Tony Clark and Mark Loretta as Association Player Representatives and Craig Counsell and Ray King as Alternate Association Player Representatives. Mike Myers (re-elected) and Mark Teixeira are elected Pension Committee Representatives and Rich Aurilia (re-elected) and Chris Capuano are named Alternate Pension Committee Representatives. Each serves for a two-year term.

Issues

- **Term:** 2007 – December 11, 2011.
- **Free Agency:** The agreement eliminates the restriction requiring teams to re-sign a former player who became free agent by Dec. 7 (or Jan. 8 if offered salary arbitration) or else lose his rights until May 1. Deadline for clubs to offer salary arbitration to their former players who became free agents is moved to Dec. 1 from Dec. 7. The deadline for players offered arbitration to accept offers is moved to Dec. 7 from Dec. 19.
 - **Free Agent Compensation:** Draft-pick compensation for losing Type C free agents is eliminated. Compensation for Type B free agents is changed from direct (losing draft picks) to indirect (sandwich picks). Starting in 2007, Type A free agent redefined to top 20 percent at position (from top 30 percent) and Type B to 21-40 percent (from top 31-50 percent).
 - **Salary Arbitration:** Eligibility and procedure are unchanged.
 - **Drug/Steroids Testing:** The Joint Drug Agreement is rolled into the Basic Agreement to allow for it to be negotiated on the same track as other labor issues. The JDA is not changed and keeps with the following penalties for a positive for performance enhancing drugs, as well as amphetamines
 - **Positive Test for Steroids (other PEDs)**
 - 50 games for a first offense
 - 100 games for a second offense
 - Lifetime ban for a third positive test
 - Players suspended for life may apply to the Commissioner for reinstatement after two years and have the right to have an independent arbitrator review the Commissioner's decision.
- **Penalties for Steroids Convictions**
 - Suspended for 60-80 games for a first offense
 - 120 games to one year for a second offense
 - Lifetime ban for a third conviction

- **Penalties for steroid distribution**

- Suspended 80-100 game for a first conviction
- Lifetime ban thereafter.
- In both cases, players suspended for life may apply to the Commissioner for reinstatement after two years and have the right to a review.

- **Penalties For Positive Amphetamines Tests**

- No public disclosure of positive testing by any of the parties. Mandatory follow-up testing for a first offense.
- 25 game suspension for a second positive and public release of player name.
- 80 game suspension for a third positive
- Punishment at the Commissioner's discretion (up to a lifetime ban) for a fourth offense. Player suspended for life has the right to a review.

- **Penalties for Amphetamines Convictions**

Players convicted of possession of illegal amphetamines will serve the following penalties:

- 15-30 game suspension for the first offense
- 30-90 games for the second offense
- One year for a third conviction
- A penalty imposed by the Commissioner discretion for a fourth

- **Distribution of Amphetamines**

- 60-90 game suspension for the first conviction
- Two years for a second conviction
- A Commissioner's penalty for a third

Minimum Salary: Major league minimum increases from \$327,000 in 2006 to \$380,000 in 2007, \$390,000 in 2008, \$400,000 in 2009 and \$400,000 plus a two-year cost-of-living adjustment in 2011. Minor league rate for players with split contracts appearing on a 40-man roster for two or more years: \$60,000 in 2007, \$62,500 in 2008, and \$65,000 in 2009, 2010 and 2011. Players appearing on 40-man roster for the first time must receive 50 percent of minor league minimum.

Rule 4 Draft: Players selected in the June amateur draft who are not college seniors must sign by Aug. 15. Teams that do not sign first- or second-round draft picks receive the same pick in the next draft as compensation. Clubs that don't sign a third-round pick receive a sandwich pick between the third and fourth rounds.

Rule 5 Draft: Teams will have five years (four years if player was signed before 18th birthday) before they must put a player on 40-man roster or risk losing him in the Rule 5 draft, an increase from four years (three years if player was signed before 18th birthday). The time clock begins to run on the day a player signs, not the season he starts play.

Revenue Sharing: Marginal tax rates are reduced because of use of new central fund redistribution, with high-revenue team rate dropping from 40 percent to 31 percent and low-revenue team rate dropping from 48 percent to 31 percent. The new transfer will remain the same as the previous agreement (\$326 million in 2006). There are modifications to the provision requiring teams to spend revenue-sharing money received to improve on-field performance.

Competitive Balance Tax: Thresholds for luxury tax on team payrolls: \$148 million for 2007, \$155 million for 2008, \$162 million in 2009, \$170 million in 2010 and \$178 million in 2001. Tax rates on amount over threshold remain at 22.5 percent for first time over threshold, 30 percent for second time over threshold, and 40 percent for third or subsequent time over threshold. Teams that pay at a 40 percent rate in 2006 will pay at a 40 percent rate in 2007. Payrolls are for 40-man rosters and include averages of multiyear contracts; health and pension benefits; clubs medical costs; insurance; workman's compensation, payroll, unemployment and Social Security taxes; spring training allowances; meal and tip money; All-Star game expenses; travel

and moving expenses; postseason pay; and college scholarships.

Tender deadline: Deadline for clubs to offer contracts for the next season to unsigned players on 40-man rosters is moved from Dec. 20 to Dec. 12.

Commissioner's Discretionary Fund: A total of \$10 million is taken from the central fund and may be redistributed by the commissioner, with a cap of \$3 million per club per year.

Trade Demands: Provision allowing players traded during multiyear contracts to file trade demand during 15 days after the World Series is eliminated for new multi-year contracts. Right to demand trade remains for players who signed multi-year deals before ratification of the 2007-11 CBA.

Benefits Plan: The clubs' contribution will average \$154.5 million annually, with benefits at the IRS maximum. Benefits for some retired players improved

Collusion: Without an admission of guilt, owners agree to pay \$12 million to settle potential claims that management might have conspired against free agents after the 2002 and 2003 seasons. Proceeds for the settlement will come from the approximately \$25 million in unspent funds collected from the luxury tax from 2003 to 2006, money that previously had been designated for player benefits.