

Why the Big Markets Won't Dominate the NHL

Written by Dobber

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The scaremongers of the hockey media have been out in full force this summer, reaching a frenzied peak in early July after Philadelphia threw \$52 million at Daniel Briere and the Rangers backed up the Brinks truck to the homes of both Scott Gomez and Chris Drury.

This won't continue. That's not guesswork either, that's looking at the facts.

First, let's review the facts that back up all the fears. Coming out of the lockout, the NHL had a salary cap of \$39 million and a salary floor of \$16 million below the ceiling. In 2006-07, the cap was raised to \$44 million (and the floor to \$28 million) and this coming season the cap number is \$50.3 million (floor will be \$34.3 million). These are huge jumps in total salary – and the jumps appear to be increasing.

Think about that – up \$5 million after one year and up \$6 million in the next year. Does this indicate things will rise \$7 million next season and \$8 million the season after? The fear is beginning to set in again, but bear with me.

Approximately nine NHL teams had total pre-lockout salaries that are lower than what this season's salary floor will be. The anxiety is rising again, isn't it?

Now let's take a look at the facts that will instill a sense of calm into the good people who enjoy the game of hockey. The NHL and NHLPA agreed on a method to keep the league-wide salary

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to 54% of the league-wide revenues (this percentage increases to 55% and then 57% as total league revenues increases). This method took 7.8% of each player's salary and put it into an escrow, to be held until final revenue numbers are determined. After the 2005-06 season, the NHL gave all 7.8% back, plus an additional 4.37% to get the player's take up to the 54%. That's about 12% in all that went back to the players.

The following season (2006-07), the NHL took 10% off of each player's salary. When the league reached a reported \$2.2 billion in revenue, much of that escrow money simply went back to the players – but not all. [The players's salary last year reached just over \\$1.266 billion.](#) That accounts for over 57% of the league revenue so they had to give some back. Yet, the rise in revenue meant that the cap must increase accordingly. In addition to that, there was a provision in the CBA that allowed the NHLPA to further bump up the cap by 5%. That is why you heard throughout the spring that the new cap number would be approximately \$48.5 million...but it ended up being \$50.3 million.

So what does all this mean? Well, for starters all the adjustments have been made now. They won't be there next year. There will likely be no "5%" provision for the NHLPA next summer, unless they want to pay heavy escrow or give large amounts of money back, and revenues will increase by 10% at the very most (and that's optimistic), barring something unforeseen. Player salaries should reach \$1.33 billion this year and league revenues may hit around \$2.4 billion – in this case players would have to give some back. Next season, the cap may go up – but \$52 million will be about it, if it even goes up at all.

So what does that mean? As things stand now, if a team has two players totaling \$13 million per season between them, they are effectively out of the running when it comes to bidding on the very best unrestricted free agents. If the team signs a third player for that kind of salary, they will wind up being like the Tampa Bay Lightning (and now the New York Rangers) – something GM's are now shying away from. Signing a fourth player this way is almost impossible.

So when the big names come up next summer, the Rangers will have their hands tied. With Jaromir Jagr, Drury and Gomez tied up next season for over \$19 million (due to the Caps paying for part of Jagr's salary) and with Henrik Lundqvist to deal with, the Rangers will be sitting on the sidelines when the frenzy begins. The extra \$2 million in cap space (tops) will fall short of what Glen Sather needs to bid on even an average free agent.

Ditto for Philadelphia. Briere, Simon Gagne, Kimmo Timonen and Scott Hartnell eat up over \$23 million in cap space between them – not just for next season, but for many seasons to come. The Flyers will not be players next summer.

The Toronto Maple Leafs will have Mats Sundin off the books, but with Tomas Kaberle, Bryan McCabe, Pavel Kubina, Darcy Tucker and Jason Blake combining for \$22 million for each of the next three seasons (at least), they would only be in the running for one top free agent player. Once he's signed, and you know it will be long-term, they will be stuck for 2009, 2010 and even beyond.

The Detroit Red Wings have Pavel Datsyuk, Brian Rafalski and Niklas Kronwall signed for \$15.7

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million of cap space per season for the next five seasons. Assuming they don't re-sign Nik Lidstrom next year, they could probably make a pitch for two big names. Once those two big names are locked in long-term, Detroit will be out of the market for a few years.

Between this summer's trend of signing players on for incredibly long terms, combined with the fact that the salary cap will not rise half as much as it has been, the smaller market teams will have an easier time than you would expect signing the biggest free agents. Just watch.

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