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Entry 1: Introduction to NBA Salary Cap
The NBA announced in early August that the salary cap for the 2021-22 season will be set at $112.414. In addition, it was reported that the luxury tax would be set at $136.606 million, with the apron standing at 143.002 million. As for the different mid-level exceptions, the NBA announced that the non-taxpayer mid-level for the 2021-22 season is $9.536 million, the taxpayer mid-level is $5.890 million, and the mid-level for a team under the cap at $4.910 million.

Before diving into the intricacies of team payroll, it is crucial to understand where all of this revenue comes from, and how the cap is decided each season. The NBA, and its 30 governors make their money from a term called BRI, also known as “basketball related income.” This includes any income related to basketball operations that the league receives. Some examples are any revenue from NBA properties, NBA media ventures, or from certain businesses in which the league or a team owns at least 50 percent of. As for the cap itself, it is set each year based off of a projected amount of BRI and related benefits for the upcoming season. Projected BRI is decided through negotiations between the league, its lawyers, and the NBA Players Association. The negotiations can go on for weeks up until the June 30th deadline, and if at that time there is still no finalized deal, they will use the previous seasons’ set of national broadcast rights money plus its BRI with an increase of 4.5 percent. In more technical terms, the salary cap calculation takes 44.74 percent of projected BRI, and subtracts the projected amount of league benefits, and then divides that number by 30, for the number of teams in the league. Because of the COVID-19 pandemic, the NBA adopted a policy which establishes a 3 percent minimum increase, and a maximum 10 percent salary increase in the salary cap for the 21-22 and 22-23 salary cap seasons to maintain a level of salary consistency during an uncertain financial climate. Lastly, in a normal calendar year the salary cap adjusts each year on July 1st, the day after the negotiation deadline and the new league year begins a few days later on the July Moratorium, July 6th. In between those 6 days, teams and players can do few transactions like agree rookie scale contracts, and accept qualifying offers. Other transactions can’t be done officially until noon of July 6th, but teams and players can verbally agree to terms. However, this past season, the NBA calendar was abnormal and had to be adjusted due to the Coronavirus pandemic. Once the 2021-22 season begins on October 19th, the NBA hopes to regain a normal calendar season moving forward.

Entry #2: Calculating team salary, cap space, cap holds
While teams across the NBA have different advantages or obstacles when constructing their rosters, whether that be market size, an ownership group’s willingness to spend, or a team’s current state on the court, every franchise plays under the same rules when it comes to following the NBA’s salary cap guidelines. As mentioned before, the NBA’s salary cap for the upcoming season is set at $112.414 million. Currently, the one team in the NBA that has a team salary below the salary cap is the Oklahoma City Thunder, who approximately are paying the players on their roster $90.932 million. However, The Thunder for reasons discussed later are

functioning as an above the cap team, and thus cannot utilize it's "cap space" due to different trade exceptions that they have on their roster.

While OKC is the only team under the cap, it is important to realize that not every other team is paying a steep luxury tax bill. As it states above, with there being an estimated 24 million dollar buffer between the NBA's salary cap and luxury tax thresholds, there are a bunch of teams who's payrolls are lying in that buffer.

	TEAM	SIGNED	AVG AGE	ACTIVE CAP	ACTIVE CAP (TOP 3)	DEAD CAP	TOTAL CAP	CAP SPACE*	PROJECTED PRACTICAL CAP SPACE**	HARD-CAPPED
4	Charlotte Hornets	17	24.7	$108,047,136	$59,830,263	$8,856,969	$116,904,105	**$-4,490,105**	$-4,490,105	

(Source: spotrac.com)

For example, the Charlotte Hornets are a team that is currently paying $116.904 million in team salary. They are a team that is over the cap, but still under the luxury tax. When computing a team's salary, aside from just adding up the salaries of the player's who are locked up under contract for that current season and further, there is more that a team may be responsible for. Teams are responsible for including any of their own cap holds when building out their salary sheet. A cap hold is a salary placeholder on a team's salary sheet for a player whose contract has just expired with that team. There are three ways to get rid of a cap hold, you can either extend the player ion which case the new salary replaces the cap hold on the salary sheet, the player decides to sign with someone else, or you can actively renounce it, in which case that player no longer has a cap hold and it can be removed from the cap sheets. However, keeping the cap hold on your cap sheet makes sense for different reasons, because it allows teams to take advantage of bird rights (something that will be explained later), and enables teams to exceed the salary cap to retain their own free agents.

For example, one of the biggest names to hit the free agent market this upcoming offseason will be Zach LaVine of the Chicago Bulls. LaVine will be eligible for a big contract, and the Chicago Bulls will need to keep his cap hold on their sheets if they plan to sign him. So while the Chicago Bulls committed team salary next season at this point looks as if it will be below the cap by approximately 18 million which in theory would allow them to spend that money on a free agent, however they won't be operating with cap space next offseason as not only will they most likely give LaVine a contract with yearly averages higher than his cap hold which will be 29 million and therefore will operate 11 million over the salary cap with the cap hold above. The reason why Chicago will likely maintain Lavine's cap hold is in order to utilize his bird rights to re-sign him to a maximum contract and exceed the salary cap by using his bird rights.
Not every player in the NBA has the same cap hold as one another, as they are calculated based off of how much money a player makes compared to the league average, and if a team possesses that player's bird rights (A term that will be explained later but broadly speaking has to do with how many years a player has been with that team). Other cap holds that team's are responsible for when computing their cap sheets are cap holds for current offer sheets that have been offered to restricted free agents, cap holds for all first round picks unless they decide to

play for a non-NBA team that season, a cap hold for an incomplete roster charge in which the team is charged the equivalent of the rookie minimum salary for every roster spot under the threshold of twelve players, and a cap hold for any unrenounced exceptions (mid-levels, bi-annual's, trade exception or disabled player exceptions).

Entry #3: Luxury Tax teams, and salary floor

When examining other teams in the league, especially those paying heftier salary bills, it is very interesting to note that 10 out of the league's 30 teams are currently over the luxury tax, the highest number of teams of the past decade, dating back to 2011.

1	Golden State Warriors	16	$177,282,659	-	$177,949,326	$-41,343,326	$184,067,457
2	Brooklyn Nets	16	$171,540,041	-	$171,540,041	$-34,934,041	$108,436,700
3	Los Angeles Clippers	14	$166,189,668	-	$166,189,668	$-29,583,668	$83,230,593
4	Milwaukee Bucks	16	$153,536,791	-	$158,571,684	$-21,965,684	$52,371,319
5	Utah Jazz	15	$154,717,409	-	$154,717,409	$-18,111,409	$38,862,083
6	Los Angeles Lakers	13	$149,630,287	-	$154,630,287	$-18,024,287	$38,578,936
7	Toronto Raptors	17	$139,799,997	-	$146,364,849	$-9,758,849	$15,827,988
8	Boston Celtics	16	$142,082,621	-	$143,214,558	$-6,608,558	$10,314,978
9	Philadelphia 76ers	14	$140,735,182	-	$142,010,673	$-5,404,673	$8,208,180
10	Portland Trail Blazers	13	$135,098,551	-	$137,942,980	$-1,336,980	$2,005,470

(Source: spotrac.com)

When looking at some of the teams over the tax, I think it paints a correct portrait of the state of the league today, and how it's changed in the past ten seasons. Teams like the Warriors, Nets, Clippers, Bucks and Lakers all sit in a similar tier in that they have alpha-stars at the helm of their roster, and are willing to go overboard in surrounding them with talent to ultimately win a championship. Additionally, teams like the Lakers and Nets are all paying three players contracts that are each bigger than a majority of the team's largest singular contract. Over the past decade, the NBA has become a league driven by super teams, where teams in bigger markets can attract more stars, and ultimately have ownership that are willing to pay a higher luxury tax bill. People may ask why professional franchises in other sports, like the NFL, where teams in New York and Los Angeles don't try and use the same ideology to sign players and build championship rosters that same way. Well, the biggest difference between the NBA and the NFL is that the NFL has a hard salary cap, while the NBA's is soft. What this means is that in the NFL there is a strict salary cap number that teams cannot exceed when constructing their rosters, but in the NBA the CBA allows teams to use bird rights, free agent exceptions, and various trade rules to exceed the salary cap.

In the NBA, a soft cap makes the rules of paying players a bit more complicated than other sports. Depending on how much money a team is paying, whether they are just over the salary floor, above the cap, or above the luxury tax and apron, they have different rules that apply to them in which they can then build out their teams. There are different strategies that different teams will take in building out their roster, mainly depending on the state of their current roster that they are dealing with. Different teams have different agendas heading into each season, with some believing this could be their year to win an NBA title, and some believing that they are still a bunch of productive off-seasons away from becoming a contender.

Team salary above tax level		Non-repeater		Repeater	
Lower	**Upper**	**Tax rate**	**Incremental maximum**	**Tax rate**	**Incremental maximum**
$0	$4,999,999	$1.50	$7.5 million	$2.50	$12.5 million
$5,000,000	$9,999,999	$1.75	$8.75 million	$2.75	$13.75 million
$10,000,000	$14,999,999	$2.50	$12.5 million	$3.50	$17.5 million
$15,000,000	$19,999,999	$3.25	$16.25 million	$4.25	$21.25 million
$20,000,000	N/A	$3.75, and increasing $.50 for each additional $5 million	N/A	$4.75, and increasing $.50 for each additional $5 million	N/A

(Source: cbafaq.com)

The chart above is what teams are generally looking at when paying a tax bill, whether that be a repeater, or non-repeater payment. A non-repeater tax paying team is any team who's tax team salary is above the luxury tax.

For teams that are likely the ones to go deeper into the luxury tax, they may then find themselves running into a different set of issues, like running into the repeaters tax. What the repeater's tax entails is if you pay a bill that exceeds that luxury tax in at least 3 out of the last 4 seasons, you are charged additional money for being over the tax. Depending on your exact bill, you will pay fees based on different tax brackets.

To explain how this works, if a team was 16 million over the luxury tax threshold, they would be paying $24.50 million in luxury tax money. The way to calculate is you add the incremental maximum's of $7.5 million, $8.75 million, and $12.5 million, and then multiply the 1 million that is over the $15 million bracket to the tax rate of $3.25. Once you add that to the $21.25 million, you then add the $3.25 million to get your non-repeater luxury tax payment of 24.5 million. As for the repeater tax payment, it uses the same math, but the tax rates, and incremental maximum numbers are higher as is seen above on the right side of the chart.

On the other side of the spectrum, there are other teams who have set their focus on collecting draft picks, finding hidden talent, and potentially taking on players with hefty contracts, with the hopes of rebuilding their value in a new situation and turning them into trade bait of higher value. For these specific teams, instead of paying a large team salary that is above the salary cap, luxury tax or apron, they may focus on spending less money and staying near the salary floor, which was just announced to be $101.173 million. Regardless of the situation, the rule for any team aiming to stay around the salary floor is that by the end of the league year, their team salary must be above, or directly at 90 percent of the cap. If team's don't meet this criteria by the end of the season, they are charged the amount that they were below the minimum, and that money is divided up between the current players on their roster.

Entry #4: Cap Apron, and the Hard Cap
As mentioned in previous sections, NBA teams have the ability to build out their rosters and cap sheets to salaries over the salary floor, under the salary cap, above the cap, and over the luxury tax. However, teams that have multiple superstar players on their payroll have larger cap sheets and may even exceed the luxury tax by a substantial amount. Therefore, when constructing their rosters, some teams look at a number that exceeds the luxury tax, a number referred to as the apron. The apron for this season is set to be at 143.002 million, approximately 6.396 million more than the luxury tax. In the previous CBA, the apron number used to be set exactly 6 million above the luxury tax which is a good benchmark to estimate what the apron will be relative to the luxury tax each year moving forward. However, in the most recent CBA, the NBA calculates the apron by taking half of the percentage increase or decrease in the salary cap from the previous season, and applying the percentage change to the apron to the current season.

When a team's salary is above the apron, there are certain restrictions that are given to that team. Firstly, a team may only use the tax-paying mid level exception, not the non-tax paying mid level or the BAE. This season, the tax-paying mid-level first year salary can be as high as $5.89 million up to a three year contract, meanwhile the non-tax payer mid-level first year salary can be as high as $9.536 million on up to a four year contract. Lastly, the Bi-annual exception first year salary can be as high as $3.732 million on up to a 2 year deal and cannot be used two seasons in a row. It is important to note that when determining which exceptions a team may use in compliance with the CBA, team salary relative to the luxury tax and apron is calculated after the transaction is completed as opposed to before it was completed. Meaning, if a team wishes to sign a player to a one year, $3.732 million contract, the maximum BAE salary, but they're above the apron, they can only use the tax-mid level exception, assuming they haven't used more than 2.158 million in the first year of a salary, which is the tax mid-level amount 589,000,000 minus the proposed contract amount, $3,732,000. This is because they can't use their bi-annual as a team functioning over the apron. However, if there is a team that is under the apron by $3.732, they may elect to still use the convertible non-tax payer MLE up to the taxpayer threshold, a 3 year/5.89 million dollar contract, which would prevent the team from being hard capped and allow them future flexibility to use the remainder of the NTP MLE (the different between the full NTP MLE amount in the first year minus the amount spent of the tax MLE in the first year) should they reduce their "apron salary" later on and want to spend more up to the apron amount. Electing to use the convertible NTP would be using the same money as the taxpayer, but down the road it could be converted to the non tax payer if the team clears more apron space. The reason why the league is strict about these small intricacies between the various tax paying exceptions, is because it prohibits teams from using an exception when they are below the apron, and after the exception they then become a team over the apron. Lastly, a team that is above the apron cannot receive a player in a sign and trade. Similar to the exceptions above, the team's final cap number is calculated after the sign and trade transaction is complete when determining if that team is over the apron, as it prohibits teams from finding any loopholes.

It is also important to note, if a team operating under the apron uses any of these three benefits, the non tax payer, BAE, or perform a sign and trade, they become a hard capped team. Being hard capped means that a team cannot have an apron team salary that exceeds the hard cap. Therefore, if a team is hard capped and needs to sign a player but doesn't have enough cap room, it must create room under the apron by waiving players. The only way to waive a player in-season is to do so of a player with non-guaranteed contracts, or by making trades in which they trade out more salary than they receive. Before the season, a team has the ability to use the stretch provision on a player, which enables them to cut the player off their roster, and pay them their guaranteed money left over time.

Entry #5: Designated Player Rules, Maximum Salaries, and Years of Service
In the NBA, you will see players earning contracts ranging from many different shapes and sizes. For the league's brightest stars, they can see deals as big as 9 figures, and for players at the bottom of the totem pole, some will see contracts as low as 5 figures. However, some may wonder why a 6th year player, one who has firmly cemented himself as a top 20 player in the league and perennial league all star, can't make as much as a 9th year player who possesses similar accolades. The reason for this, is the CBA puts a limit on the percentage of a league's salary cap that a single player's contract can fill up based on a player's years of service in the league, also referred to as how many season's a player has played in the NBA. Generally speaking, players in the league with zero to six years of service, can only sign contracts with a starting number at 25 percent of the league salary cap. For players with seven to nine years of service, their contracts can go up to 30 percent, and then lastly for players with 10 or more years of service, their deals can go up to 35 percent of the league salary cap. However, there are certain exceptions to these rules, notably for players before their last year of their rookie scale contracts and for veteran players who will have eight or nine years of service when their new contract begins.

With players on their rookie scale contracts, their rules for designated rookie extensions are a bit different. There are two types of rules for designated rookies, there is The Designated Rookie Rule, and the Rose Rule, two terms that are different, but ones that often go hand in hand.

The Designated Rookie Rule is a rule that allows players in the fourth year of their rookie scale contracts the ability to sign an extension at a maximum of 25 percent of the league salary cap, and ultimately enables them to sign a deal up to six seasons. This may seem confusing at first, given that NBA contracts are usually only up to five years, but what the Designated Rookie Rule states is that if a team decides to give a player an extension before the last year of their rookie scale contract, that extension can be up to five years, as opposed to the usual 4 year extension. Therefore, these rookies ultimately get five years tacked on top to the last year of their rookie scale, making it conceptually a six year contract. It is important to note there are no performance criteria that determine the eligibility of this extension, the team just has to offer it to the player before the fifth year of their rookie scale contract.

NBA teams are able to keep two designated rookies on their roster at a time, but only one of those designated rookie spots can be acquired via trade. This is something that many people aren't aware of, but has come up big in recent NBA seasons. During the 2018-19 season when then Pelicans superstar Anthony Davis was unhappy in New Orleans, many around the league believed the Boston Celtics were frontrunners to trade for him, given their young assets and plethora of draft picks. However, Boston was not physically able to do so, as they had already traded for Kyrie Irving the off-season before, and being that he and Davis were both designated rookies, Boston was only able to trade for one. Boston's only chance to trade for Davis would have been if Irving opted out of his contract following the 2019 season, or by trading him during that season.

On the other hand, the Rose Rule, also referred to as the 5th year 30% Max rule, allows rookies to earn more the 25% and up to 30% of the league salary cap based on performance criteria. It is referred to as the 5th year 30% rule because the player can earn up to 30% of the salary cap in his fifth season, if the specific performance criteria listed below are met.   .

- The player was named to an All-NBA team in the most recent season, or in two of the past three seasons.
- The player was named Defensive Player of the Year in the most recent season, or in two of the past three seasons.
- The player was named Most Valuable Player in any of the past three seasons.

Teams and players are free to negotiate the contract extension between 25% and 30% of the salary cap. Some teams will reward players 30% of the salary cap for achieving any of the performance criteria above, while others set conditional raises between 25% and 30% based on the difficulty of the accolade. For example, Ben Simmons earned 28% of the salary cap in his rookie extension for making 3rd team all nba; however, he would have earned 29% by making 2nd team all nba, or 30% by making 1st team all nba, winning defensive player of the year or by winning the mvp.

The "Rose Rule" name comes from the situation that Derrick Rose had during his third NBA season. Rose became the youngest player to ever win the league MVP, which then enabled him to sign an extension up to 30% of the league salary cap following his fourth season. Most recently this off-season, young stars such as Luka Doncic, Trae Young, Shai Gilgeous-Alexander, and Michael Porter Jr. signed 5 year designated rookie extensions. This was the longest term deal that they could sign for, given that they are still on their rookie scales, however it is important to note that the details of their contracts are different. Since Luka Doncic has already made two consecutive All-NBA teams, he qualifies for the 30% max, and will allow him to receive approximately 207 million dollars over his extension. However, Trae Young and the other three players, for example, need to make an All-NBA team to be able to make up to the 30 percent, if not they'll be at 25 percent which is a 5 year deal worth approximately 172.55 million.

As for players with more league experience, and mentioned above with the 5 Years 30% Max Contracts, designated extensions are available to players who will have eight or nine years of service, who are on the same team who drafted them, or were traded to the team while on their rookie scale contract, and who meet the following performance criteria:

- They must have made one of the three all NBA teams in the past season or in both of the preceding seasons
- They must have been awarded the defensive player of the year award in the the past season or the two preceding seasons
- They must have won league MVP in any of the 3 latest seasons.

Players who have signed designated player extensions include Dame Lillard, James Harden, John Wall, Joel Embiid, Russell Westbrook, Giannis Antetokounmpo and Rudy Gobert (He didn't get the full 35 percent). These players still had 1 or 2 years left on their deals but were allowed to add 4 to 5 years more as long as the total years of the initial contract and extended contract don't exceed 6 seasons. Moreover, Nikola Jokic has not reached 8 years of service, however because he won the league MVP in 2020-21, he is qualified to sign the designated veteran extension in the 2022-23 off-season. This is because by the time the new contract kicks in he will have accrued 8 years of service, giving him the ability to sign his monstrous 5 year 241 million dollar super max extension, with a payment of approximately 42.6 million for the 2023-24 season. Designated veteran contracts are a bit different than extensions, because designated contracts are signed by players who are no longer under contract and thus re-sign a new contract that can be up to 5 seasons. Stephen Curry is the only player to sign one of these contracts, which he did in 2017. One player who may qualify for the designated veteran contract in the upcoming off-season is Zach Lavine. Lavine was acquired by the Bulls from the Timberwolves on his rookie scale contract and will have 8 years of service this off-season; therefore, he meets two of the three designated player contract requirements. The last requirement is the performance criteria listed above, and since Lavine has received All NBA votes in the past/made the All-Star team last season, he has a legitimate chance to make an All NBA team this upcoming season.

Entry 6: Bird Rights

Bird rights, named after NBA legend Larry Bird , is another set of exceptions in the NBA salary cap to give teams with pending free agents an advantage to re-sign their own players. The rule originates from the 1983 season when Larry Bird was finishing up his rookie contract and on the cusp of hitting free agency. What the rule does is if a team maintains the players cap hold, it gives them the ability to re-sign the player to a larger contract than other teams can (five years vs four), and the ability to go over the salary cap to re-sign them. However, the amount of money that a team is eligible to give these players depends on the type of bird rights that the team has on the player. It is important to note that if a team has a player for 2 years, and then trades him at the deadline, the new team still has that player's bird rights. The only way a player loses their bird rights is if they are waived and not claimed, drafted in an expansion draft, renounced, or changes teams in free agency.

There are three types of bird rights that a team can have on a player. Full bird rights, Early bird rights, and non-bird rights.

Full bird rights are obtained by a player who completes a three year deal or greater without clearing waivers, or signs consecutive deals with the same team that in the aggregate add up to three years or greater (can be a two year deal, and then a one year deal, or three consecutive one year deals). This version of bird rights offers the team the most amount of money out of any of the options, and allows a team to offer the player a five year deal for the applicable max based off of their years of service.

Early bird rights are given to players who spend two consecutive seasons on the same contract, or who have made multiple contracts with the same team over two years. These players are able to re-sign with their team up to 175% of their previous salary, or 104.5% above the league average salary, whichever number is higher. (Talk about loophole, can't be a one year deal, must be between 2-4 yrs)

Non-bird rights are given to a player who completed the previous season with the team. Here the teams can offer the player up to 120% of their previous salary.

It is also important to note that a player's cap hold once becoming a free agent is determined based off of a player's bird right status and salary in the previous season.

Kind of free agent	Previous salary	Free agent amount
Any	Minimum salary	Portion of minimum salary not reimbursed by the league (see question number 22)
Larry Bird, not coming off rookie scale contract	At least the average salary[1]	150% of his previous salary[2]
Larry Bird, not coming off rookie scale contract	Below the average salary[1]	190% of his previous salary[2]
Larry Bird, following the fourth season of his rookie scale contract	At least the average salary[1]	250% of his previous salary (effective 2018-19) or 200% of his previous salary (2017-18 only)[2]
Larry Bird, following the fourth season of his rookie scale contract	Below the average salary[1]	300% of his previous salary (effective 2018-19) or 250% of his previous salary (2017-18 only)[2]
Larry Bird, following the third season of his rookie scale contract	Any	The maximum amount the team can pay the player using the Larry Bird exception (see question number
Early Bird, following the second season of his rookie scale contract	Any	The maximum amount the team can pay the player using the Early Bird exception (see question number
Early Bird (all others)	Any	130% of his previous salary[2]
Non-Bird	Any	120% of his previous salary[2]
Two-Way	Any	One-year veteran minimum salary

(Source: NBA Salary Cap FAQ)

For example, for a player with bird rights who has a below league average salary, will have a cap hold of 190% of his previous salary. For a player with an above league average salary up to the maximum, they will have a cap hold of 150% of their salary, and for rookie scale players they possess a cap hold of 300% if the number is below the estimated average player salary, usually for all players not selected #1 or #2 overall, or 250% if the number is above the estimated average player salary.

Tim Hardaway Jr, a player who earned $18,975,000 million last year, had a cap hold of $28,462,500 million before re-signing with the Dallas Mavericks, a number that is 150% of his previous salary.

Entry #7: Mid Level Exceptions, and the Bi-Annual Exception
To continue the trend of exceptions, it is important to transition into a topic that we have touched upon briefly already, that of mid-level exceptions, the bi-annual exceptions, minimum exceptions, and the disabled player exception.

Firstly, when discussing mid-level exceptions, it is important to note and differentiate the different one's available, the taxpayer MLE, the non-taxpayer MLE, and the room mid level. It is also important to note that all of these exceptions incrementally decrease each day after January 10th.

The taxpaying mid level is available to teams only when they are above the apron. The taxpaying mid-level allows a player to sign with a team in the 2021-22 season with a starting salary up to $5.890 million. This exception can be split up and given to multiple players. A team can decide that they want to use only two million of this mid-level on one player, and then use another three million on someone else. This mid-level can be used for contracts up to three years in length, with raises up to five percent of the first year salary. The use of this exception is finalized after the transaction has been completed, so if a team is under the apron before signing this player, and then doing so takes them over the apron, they must use this instead of the non-taxpayer. If a team elects to use the taxpaying mid level, they must abstain from using the non-taxpayer, room, or the bi-annual. It also cannot use this exception if they have acquired a player via sign-and-trade. Signing a player to a multi year deal on this exception doesn't cap the team from using this exception the next season. They have the ability to have the player on the mid-level this season on a three year deal, but then use the exception on a different player the next season.

The non-tax payer is available to teams when they are below the apron, and is similar to the taxpayer in that the exception is determined after the transaction is finalized. The non-taxpayer for this season is $9.536 million, and can be used for contracts up to four years in length with raises up to five percent of the first year salary. Teams that use the non-taxpayer become hard capped, and therefore cannot exceed the apron during that season. If you use the non-tax, you can't use the room, but if you use this exception and don't use all of it, and then eventually go over the apron, you can convert this exception to the taxpaying mid-level like mentioned in a previous entry.

The room exception is available to teams that are utilizing cap space to sign their players, and therefore don't have the ability to use the exceptions listed above or the bi-annual. This exception expires on the last day of the regular season and is available with a starting salary of $4.910 million. This exception is available for contracts up to two years, with five percent raises of the first year salary. A team can use this every season if they are below the salary cap, and it can be split up and given to more than one player.

The Bi-annual exception is an exception that cannot be used two seasons in a row. The first year salary can be as high as $3.732 million on up to a two year deal during the 2021-22 season, and it can be split amongst more than one player. It is crucial to note that the bi-annual is another exception that hard caps a team.
Minimum player salary exceptions are available to teams regardless of their cap situation. The minimum salary exception is different from the other exceptions in that the team can use it as many times as they'd like too. A player's minimum salary is determined by how many years of service that player has in the NBA.

Years of Experience	Salary
0	$925,258
1	$1,489,065
2	$1,669,178
3	$1,729,217
4	$1,789,256
5	$1,939,350
6	$2,089,448
7	$2,239,544
8	$2,389,641
9	$2,401,537
10+	$2,641,691

(Source: Hoopsrumors.com)

On the chart above is the amount that a player will make on a minimum deal based on how many years of service they have. The zero represents any second round or undrafted rookies that sign minimum contracts. Because the NBA doesn't want teams using all of their minimum contracts on younger players than older ones, the NBA reimburses teams who sign minimum players with up to three or more years of service. Teams that sign players with that amount of experience will only have a cap hit of $1,669,178 on their team. For example, Trevor Ariza signed a minimum contract with the Los Angeles Lakers this summer. Ariza has 17 years of service in the league, earning him $2,641,691, however the Lakers will only be charged $1,669,178, with the NBA covering the rest of his deal. For a rookie who signs a minimum deal for two years, they will earn more money in their second year than they would if they signed a new minimum contract after having one year of service.

Experience	2021/22	2022/23	2023/24	2024/25
0	$925,258	$1,563,518	$1,836,096	$1,988,598
1	$1,489,065	$1,752,638	$1,902,137	$2,057,646
2	$1,669,178	$1,815,677	$1,968,182	$2,230,253
3	$1,729,217	$1,878,720	$2,133,285	$2,402,862
4	$1,789,256	$2,036,318	$2,298,390	$2,575,475
5	$1,939,350	$2,193,920	$2,463,498	$2,748,090
6	$2,089,448	$2,351,521	$2,628,607	$2,761,767
7	$2,239,544	$2,509,123	$2,641,690	$3,037,946
8	$2,389,641	$2,521,613	$2,905,862	$3,037,946
9	$2,401,537	$2,773,776	$2,905,862	$3,037,946
10+	$2,641,691	$2,773,776	$2,905,862	$3,037,946

(Source: Hoopsrumors.com)

For example, a player who signed a minimum contract for longer than a year, will earn $1,563,518 next season as opposed to $1,489,065. This is because of the minimum scale listed above.

The Disabled Players Exception, DPE, allows a team that's over the cap to replace a player who will be out for the remainder of the season. This exception is granted by a third party appointed by the league to determine that the injury that this player suffered is more than likely to keep that player out of action through June 15th of that league year. Teams are only able to apply for this exception up to the January 15th deadline. If granted by the league, the exception expires when it is used, if the disabled player returns, or on March 10th, whichever comes first. If the exception is used and the player somehow makes a recovery earlier than expected, the new player isn't affected by it and both are able to play on the team that season.

If the exception is granted, the team can acquire one player through trade, waivers, or a free agent signing. The team can only sign that player for one season only, for either 50 percent of the disabled player's salary or the amount of the non-tax payer mid-level exception, whichever number is smaller. The team can only trade for a player who is on the last year of their deal, and who's salary fits into the disabled player exception budget.

	Non-Taxpayer Mid-Level	Taxpayer Mid-Level	Room Mid-Level	Bi-Annual	Minimum	Disabled Player
Who Qualifies	Any	Any	Any	Any	Any	Any
Minimum Years	1	1	1	1	1	1
Maximum Years	4	3	2	2	2	1
Maximum Salary	Set amount (see text)	Set amount (see text)	Set amount (see text)	Set amount (see text)	Minimum salary	Lesser of 50% of injured player's salary or Non-Taxpayer Mid-Level exception
Maximum Raises	5%	5%	5%	5%	Defined in minimum salary scale	N/A
Can be split?	Yes	Yes	Yes	Yes	No	No
Other				Cannot be used in consecutive seasons		Approval from the league required. Can be used for a limited time only.

(Source: NBA CBA FAQ)

Entry 8: Unrestricted Free Agency

This past NBA's Free Agency moratorium is a negotiation period between teams and players. For this season due to the unique league schedule, the moratorium ran from August 2nd to 6th. Teams and players are able to negotiate and verbally agree to deals during that period, and deals can be made official at 12:01 pm on August 6th. However, in normal league years, the moratorium runs from July 1st to July 6th.There are two different types of free agents, there are unrestricted free agents, and restricted free agents. Restricted free agents will be discussed in the next entry, but unrestricted free agents are players that are able to sign with any team they'd like, however their previous team doesn't have the ability to match the contract that the new team offered them.

Unrestricted free agents, unlike restricted free agents, can have player options, team options, and early termination options attached to their new contracts. A player option (PO) is an option attached to a contract that gives the player the ability to either opt in to another year of their contract, or opt out in order to hit free agency. For example, a player can sign a three year deal with a player option attached in the fourth season, which allows the player to decide if he would like to remain under contract under the agreed upon terms or test free agency.

A team option (TO) is essentially the same thing as a player option, but in this case the team has the option to keep the player if they'd like too. It is also important to note that team and player option years cannot have a lower salary than the previous season.

Lastly, an early termination option (ETO) gives the player the right to end his contract before it is technically over. ETO's are similar to player options in that the player has the ability themselves to become a free agent or not. However, they are different in that ETO's are exercised to opt out(**?),** can only be handed in 5 year deals, and the contracts in ETO's can both decline in salary and count towards a trade bonus**.** All of these characteristics mentioned can't be done with player options.

Entry 9: Restricted Free Agency
The biggest difference between unrestricted free agency (UFA) and restricted free agency (RFA) is that the team that previously had the free agent under contract, has the "right of refusal" of that player in restricted free agency if they have tendered the player a qualifying offer (QO) (which will be explained below).

Restricted free agency only exists in certain situations. For a player on a rookie scale contract, following their fourth year they become a restricted free agent. It is interesting to note that players on a rookie scale deal who have their 3rd or 4th year options declined automatically become unrestricted free agents in the following season. Jalen Smith of the Phoenix Suns and Jarrett Culver of the Minnesota Timberwolves are examples of this for the upcoming off-season. It will be interesting to see if those teams decide to trade these players at the trade deadline to try and get some value for them before they ultimately leave in the off-season.

Other restricted free agents include free agents who have been in the league for three or fewer seasons, and a player coming off of a two-way contract.

The way in which a team makes a player a restricted free agent is if they offer the player a qualifying offer in the time between the last day of the NBA Finals that season, and June 29th. What this means is that if the team offers the player a QO, they will have 2 days to match any contract the player signs with a new team, tand if they wish, have the ability to keep the player. A team can also decide to waive a player's right of refusal, which enables that player to then become an unrestricted free agent. A QO is a one year deal, that if a player decides to sign, they play under that for the next season. The amount of money offered in a QO differentiates depending on the player. For first round picks, their QO is set based on where they were drafted. This number is determined before the season. For player's coming off of two-way contracts (A topic that will be discussed later on), and are eligible to sign another two-way contract, their QO is the two-way contract with the standard two-way amount, and $50,000 guaranteed. For players coming off a two-way contract and who aren't eligible to sign another one, their QO is a standard NBA contract set for the minimum salary based on how many years of service they have, with at least the two-way contract amount guaranteed.

For all other players who are eligible for RFA, their QO must be for 125 percent of their previous salary, or the player's minimum salary plus $200,000, whichever number is greater.

However, for a player on a standard contract, this number isn't set in stone for these players. There are ways for these players to qualify for higher or lower QO's depending on if they met the starter's criteria in the previous season, or in the average of the past two seasons.

A player meets starters criteria if they started at least 41 games, if they eclipsed 2,000 minutes played during the league's regular season, or if they averaged these two over the previous two seasons. If starters criteria is met for a player who was drafted between picks 10-30, they qualify for the QO offered for a player selected 9th overall in the NBA Draft. Consequently, for a player drafted between picks 1-14 who hasn't met starters criteria, they qualify for a lower QO, and cannot be higher than that offered to the player selected 15th in the NBA Draft's QO. For a second round draft pick, or an undrafted player who meets starters criteria following their second or third season, they qualify for the QO that would be offered to the 21st pick in the NBA Draft.

A QO automatically expires on October 1st, but can be extended by a team until March 1st. If the deadline expires and QO isn't signed, the team and player are free to keep negotiating a new deal, yet the player remains a restricted free agent. It is important to note, that if a player accepts their qualifying offer, they have a no trade clause in their contract for that season, and the player automatically becomes an unrestricted free agent in the following season. Additionally, the previous team that owned the player has the ability to rescind a QO that they offered by July 13th.

Teams also have the ability to offer a player, who's coming off of the fourth year of their rookie scale contract a Maximum QO. The Maximum QO is a five year deal, at the league maximum salary with eight percent annual raises. This can't include any options, or bonuses, and must be fully guaranteed.

If a player decides to not sign the qualifying offer, they are free to sign an offer sheet with another team. As alluded to in the beginning of the entry, the previous team has two days to match that offer sheet after it is signed with a different team. The offer sheet must be at least for two seasons not including option years, and a standard NBA contract. If the player didn't sign a maximum qualifying offer that was offered from the previous team, then the offer sheet must be for at least three seasons, not including option years. If the previous team decides to match the offer sheet the player signed with another team within two days, then the player will play under those terms for the original team. Furthermore, the team who matches the offer sheet cannot trade that player for a year without his consent, and cannot trade him even with his consent to the team that originally sent the offer sheet. If they don't elect to match the offer sheet, then the player will play under the offer sheet terms for the new team. An offer sheet can be signed during the July Moratorium, however the two-day matching period doesn't end until the end of the moratorium. An offer sheet cannot be signed after March 1st, and if the player doesn't sign a sheet after that date, they can only play for the previous team, or decide to be unsigned for the rest of that season.

For both teams involved, they must have the necessary cap room, or a large enough exception to sign the player before the contract is offered.

Entry 10 Extensions:

While other types of extensions have been explained in previous entries, like the designated rookie and designated veteran rules, there are a few other types of contract extensions that can be offered to all players in the NBA.

Technically speaking, an extension is an amendment to an NBA contract that adds seasons to a player's existing contract terms. Aside from the designated types of extensions we have mentioned, the other types of extensions available are a regular extension to a player's rookie scale contract, and an extension to a veteran's contract.

For rookie scale players, any contract can be extended during the off-season before the player's fourth year in the league, which in normal league years is July 1st to the day before the league's regular season. These rookie scale extensions can be up to four new years, which equals a total of five years including the one year left on the player's deal. This player's salary in the first year can be any amount up to his applicable maximum salary. This player's extension salary can increase or decrease by up to 8 percent from the first year salary of the extension. An example of this this past off-season was Mikal Bridges, a forward on the Phoenix Suns. Following an impressive 2020-21 campaign as an integral part of a team close to winning a championship, Bridges inked a 4 year 90 million dollar extension with the Suns. Bridges will earn $5,557,725 this season, and once the extension kicks in next year Bridges will earn 21 million in the first year of his extension, with increases for the following three seasons.

YEAR		AGE	BASE SALARY	LIKELY INCENT.	UNLIKELY INCENT.	TRADE BONUS	CAP HIT	DEAD CAP	YEARLY CASH
2022-23		26	$21,000,000	-		-	$21,000,000	$21,000,000	$21,000,000 ($21,000,000)
2023-24		27	$21,700,000	-		-	$21,700,000	$21,700,000	$21,700,000 ($42,700,000)
2024-25		28	$23,300,000	-		-	$23,300,000	$23,300,000	$23,300,000 ($66,000,000)
2025-26		29	$24,900,000	-		-	$24,900,000	$24,900,000	$24,900,000 ($90,900,000)
2026		30	UFA						

(Source: Spotrac.com)

For all other player's in the NBA, there are a few ground rules on what types of contracts are eligible for extensions. Contracts covering one or two seasons, whether including option years or not, are not eligible for extensions. contracts covering three or four seasons, whether including option years or not, are eligible for an extension beginning on the second anniversary of that player being signed. For example, if a player signs a 4 year contract on July 22nd, 2021, they become eligible for a contract extension on July 22nd of 2023. Furthermore, for players signing deals covering five or six seasons, whether including option years or not, they become eligible for an extension on the third year anniversary of their deal.

For these regular veteran contract extensions, not including designated veterans, unless they are going to be extended during the last season of their contract, they can only negotiate and agree to an extension during the off-season. Additionally, these extensions may cover up to five years, including the years remaining on their current deals. Lastly, this player's first year of the extension salary can be up to the greater of 120 percent of the player's last year salary of the original contract, or 120 percent of the estimated average player salary in the year that the extension is signed. Following the first year of the extension, the salary in the remaining years may increase or decrease by up to 8 percent of the salary in the first year of the extension. As recent as this past off-season, Julius Randle of the New York Knicks signed a 4 year 117 million dollar extension. Randle, who is earning $19,800,000 this season in the last year of his original deal, will earn $23,760,000 next year when the extension kicks in, which is 120 percent greater than the last year of his deal. Randle's deal will then increase incrementally each year of the extension.

2021-22		26	$19,800,000	$1,980,000	-	-	$21,780,000	$19,800,000 ($57,465,000)	$19,800,000
2022-23		27	$23,760,000	$2,376,000		-	$26,136,000	$23,760,000	$23,760,000 ($23,760,000)
2023-24		28	$25,660,800	$2,566,080		-	$28,226,880	$25,660,800	$25,660,800 ($49,420,800)
2024-25		29	$27,561,600	$2,756,160		-	$30,317,760	$27,561,600	$27,561,600 ($76,982,400)
2025-26		30	$29,462,400	$2,946,240		-	$32,408,640	$29,462,400	$29,462,400 ($106,444,800)

(Source: Spotrac.com)

Additionally, it is important to note that if a veteran player is extended, and the total years on the contract is more than three years, or the raise in the first year is greater than 5 percent, that player cannot be traded for six months. So, sticking to our Julius Randle example, he couldn't hypothetically get traded until after the sixth month of the NBA season.

Entry 11: Trade Exceptions

A majority of this pamphlet has been explaining the rules of how teams can retain current players and acquire new players via free agency. Aside from free agency and the draft, the other way teams construct their rosters are through trades.

Depending on a team's salary cap status, there are different rules that pertain to them when making trades. For teams below the salary cap, they are free to make any trade they want as long as they don't jump more than $100,000 over the cap following the deal. However if a team who was below the salary cap wanted to complete a trade where it jumped more than $100,000 over the salary cap after completing the deal, it would need to use a trade exception.
Similar to exceptions in free agency, trade exceptions allow teams to make trades that bring them over the salary cap number and/or complete trades when teams are unable to sufficiently "match" salaries to legally complete a trade based on the rules in the CBA. Because most teams are generally over the salary cap, most trades that are done are usually completed through the use of trade exceptions. Even if a team is downgrading in salary, but still remains over the salary cap following the trade, they still need to use a trade exception. The three trade exceptions used are traded player exceptions, minimum player salary exceptions, and disabled player exceptions.

Traded player exceptions allow teams to make trades that leave them over the cap. However, this exception has a lot of restrictions that come with it. These traded player exception trades fall under two categories, simultaneous trades and non-simultaneous trades. A simultaneous trade takes place all at once and the amount of salary a team can take back depends on the amount of outgoing salary and the team's tax status. Similar to transactions listed in previous entries, a team is only considered a taxpayer if their team salary after the trade puts them over the tax.

If the team is under the tax following the completion of the trade, the salaries that the team can acquire depends on how much they are trading away. Please see below for a breakdown of these rules.

Non-Taxpaying Teams

Outgoing salary	**Maximum incoming salary**
$0 to $6,533,333	175% of the outgoing salary, plus $100,000[5]
$6,533,334 to $19.6 million	The outgoing salary plus $5 million[5]
$19.6 million and up	125% of the outgoing salary, plus $100,000

(Source: CBA FAQ)

For teams over the tax, they can take back up to 125 percent of their outgoing salaries, plus $100,000, regardless of how much they are sending out. For example, if a team is over the tax and is trading away 14 million in salary, the maximum that they can take back in a trade is 17.6 million (14 million multiplied by 1.25, +$100,000). For these teams, they can take back as many players as long as it adds up to the maximum salary they can bring in, and if it doesn't take them over the roster limit(15 players after the start of the regular season and 20 players during the off-season) . In this case, the team can trade for one player who makes the full 17.6 million, or if they have the available roster spot(s) they can get back one player who makes 11 million, and another who makes 6.6 million.

Teams over the tax can also aggregate salaries in order to take in greater salaries. For example, a team sending out 14 million can only take back a maximum 17.6 million in salary, but if they trade another player making three million, they can then afford to take in a player who makes 18 million. It is important to note that aggregating salaries only applies to simultaneous trades, and not non-simultaneous ones. Non-simultaneous trades will be covered a bit later.

It is important to note that avoiding aggregation can be advantageous to non-taxpayer teams. If a team elects to trade two players making 15 million each, the maximum they can take back is 37.6 million ((15+15)*1.25 = 37.5 + 100,000 = 37.6). However, if they decide not to aggregate the two players salaries, the max salary they can take back for each player is 20 million, which combined is a greater number than if they aggregated them. Additionally, these non-tax paying teams can use the trade rules for teams over the tax if it benefits them.

Non-simultaneous trades take longer to complete than simultaneous deals, as they can take up to a year to complete. In a non-simultaneous trade, a team can take back only up to 100 percent of the outgoing salary plus $100,000. For example, if a team trades away a 2 million dollar contract for a 1 million dollar contract, and then sometime in the next year they trade a second round draft pick for a 1.1 million dollar contract, they have finally completed the original trade. They may not have performed both trades with one team, and didn't complete the deal all at once, but this is considered one big trade that the team accomplished.

Some other rules regarding trade exceptions and non-simultaneous trades are as follows:

1. A trade exception can't be used to sign a free agent, but it can be used in a sign and trade (this is a topic that will be explained later).
2. Teams cannot combine trade exceptions with other exceptions, except when teams use the minimum player exception in a trade
3. Trade exceptions aren't traded from one team to another
4. Players can be traded together in non-simultaneous trades, however their salaries cannot be aggregated.

Minimum player salary exceptions allow teams to acquire minimum salary players without having to match salaries for a traded player exception. For example, a tax-payer team, they can trade a second round draft pick for a two years of service minimum salary player, even though the numbers don't add up like a normal traded player exception. If a tax-payer team is sending out a player making 7 million and they want to acquire a player making 8.5 million, which is allowed under the 125 percent limit, and a two years of service minimum player who makes around 1.7 million, they are able too because the minimum player can be accepted into the minimum player exception, while the one for one deal is still within the limits.

The last exception that can be used in a trade is the Disabled Player Exception. Like mentioned in previous entries, if a team is granted a disabled player exception, it can then trade for a player in the last season of his contract, who isn't making more than 50 percent plus $100,000 of the disabled players salary, or the amount of the non-taxpayer MLE plus $100,000, whichever number is less.

Entry 12: What do trades look like, and how to compute traded salary

Aside from the exceptions mentioned in the entry above, there are many other rules surrounding trades in the NBA. Most notably, these rules are focused on minimum requirements for each team to complete a trade and how salary is calculated differently in specific situations.

Trades in the NBA require at least two teams, and can technically include every team in the league if they wish to be in the trade . In every two team trade, each team involved must send out and receive at least one of the following:

1. A player under contract
2. A future draft pick
3. The rights to an NBA prospect, someone who hasn't played in the NBA yet but has a reasonable chance of doing so in his professional career.
4. Rights to swap draft picks with the other team
5. $110,000 or more

For trades involving three or more teams, the NBA has more stringent rules for teams to abide by. Each team involved must interact with at least two of the teams in the trade, meaning they must send or receive one of the following:

1. A minimum of 1.1 million in cash
2. A future pick that must be conveyed, meaning the pick can't have a protection on it that if it doesn't convey the team sends cash instead. They must actually send a future pick that will convey in the future.
3. The draft rights to an NBA prospect

When calculating team salary - relative to the cap, tax and apron- after a player is traded, the outgoing player(s) full season salary is completely transferred from the sending team to the receiving team. However, one exception to this rule is when calculating the team's minimum salary. When calculating the team's minimum salary, the player's contract is divided upon the team's for whom the player has played. For example, if a player who makes 10 million is traded exactly 60 percent through the season, then the old team accounts 6 million of his contract on their minimum salary sheets, while the new team accounts for 4 million on their minimum team salary sheets.

When a player is traded away, their full salary number usually is what's calculated as outgoing team salary from the previous team. The exception to this is when a player is traded before January 10th, the date when all base salaries become fully guaranteed, where the player's guaranteed money is what the previous team calculates as outgoing to team salary. After the team's season ends, when calculating their team salary they use the lesser number between that player's base salary for the past season, or the player's guaranteed salary for the upcoming season.

If a player has a trade bonus, the player's incoming salary contains a pro-rated version of the bonus, depending how far into the season it is. Lastly, if a player gets traded and they have performance incentives that are team based, the incentives can change from likely to unlikely depending on the situation. For example, if a player has an unlikely bonus that they will receive an additional one million if the team wins 50 games, and they end up getting traded to a team that is on pace to win 50 games, the bonus will change from unlikely to likely.

Entry 13: Trading Draft Picks

One of the most valuable commodities teams in the NBA possess are draft picks, which is why you will see them included in many trades every season. Draft picks are crucial to a team's current and future success in the NBA. Because of this, many rules exist when it comes to trading them.

On a more technical side, both first and second round draft picks count for zero dollars for salary matching purposes. This is true until the player that is selected with that draft pick signs his first contract. Once the player signs that contract, his salary becomes his trade value. Furthermore, when a player is drafted and hasn't yet signed his rookie contract, his cap hold is 120 percent of his rookie scale value on the team's total salary sheet, until he does sign his contract. If the player is traded before signing his deal, then that cap hold transfers over to the new team as well. Additionally, unsigned second round picks don't count towards a team's salary and do not count as a cap hold against a team's salary.

When it comes to trading draft picks before the selection of the player, there are rules that restrict teams from sending out certain picks.

1. The "Seven Year Rule" states that a team can only trade draft picks up to seven drafts in the future. For example, this year in the 2022 season, a team can only trade a draft pick up to the 2028 NBA draft.
2. A lot of the time teams will place protections on a pick that they are trading. Teams have the ability to protect themselves from agreeing to trade a pick, but then having to give it up if it ends up being much more valuable than they originally expected it to be. For example, if a team trades a top 10 protected pick, then the team receiving the pick will only receive it if the pick becomes the 11th overall selection or later. Team's can add additional conditions to the trade with a protection, where if the pick doesn't convey in the first season it is eligible it has further protections. Only picks 1-55 can have protections on them, picks 56-60 cannot.
3. A team may protect its pick through all seven upcoming drafts, however following the seventh year the obligation to convey the pick must be eradicated. Teams can instead elect to send cash and/or a second round pick in the seventh year if the initial protections were only for a first round pick

4. Teams can also agree to swap picks, effectively allowing one of the teams the option to switch picks with the other team in the year of the agreed swap.
5. The Ted Stepien rule states that teams cannot trade future first round picks in consecutive years. It is important to note that the Stepien Rule only counts for future first round picks, so a team that traded its 2020 first round pick last season is allowed to trade its 2021 first round pick this season. However, during the 2021 NBA season, a team cannot trade its 2021 and 2022 first round selections because it would leave the team without future first round picks in consecutive years.
6. When dealing with protected picks, the Stepien Rule is interpreted to mean that a team cannot trade a pick if there's any chance at all that the team will be without a first round pick in consecutive drafts. Therefore, if a team trades two future first round picks and the first one is protected and ultimately conveys in a given year, then the next pick would have to be conveyed at least two years after the first one is conveyed. However, since teams cannot trade picks further than seven years, the protection on the first pick can't last longer than four years. If a team has another team's first round pick in a given year, they then can trade away consecutive first round picks in a trade. The Stepien Rule establishes that teams must have a first round pick in consecutive years, but it doesn't necessarily have to be their own pick.
7. Teams can add protections to picks they received in trades, as long as it was unconditional when they received it
8. Teams can trade for a protected pick and then in a different trade with that same team agree to amend the initial protections. So let's say in 2020 Team A trades for a top 20 protected first round pick in 2021, in 2021 those same two teams can make a different trade, and Team B can take the protections off that pick.
9. Teams have the one-time ability to defer the conveyance of a pick they received in a deal.This means the receiving team of the pick deferral can choose to either receive the pick in the current season, or push it back only one season.

Entry 14: Poison Pill/Gilbert Arenas Provision

The Poison Pill Provision isn't a term in the NBA's CBA, but it is a term that's been coined due to certain scenarios that happen when teams trade for, or extend players.

If a team extends a first round pick's rookie scale contract, but then trades him away before the extension kicks in, the player's incoming and outgoing salary is calculated differently for salary matching purposes. The team trading away the player, uses the player's salary in the current season - the fourth year of rookie scale - when computing its outgoing salary. However, the team receiving the player uses the average of the salaries in the last year of the rookie scale contract, and each year of the extension. This makes completing a trade with a "poison pill" contract very challenging due to the differnce in which salary is calculated for matching purposes. It is important to note that this just applies for salary matching, the salary of the player on the cap, tax, and apron sheets is the player's actual salary during the current season and so on.

For example, Mikal Bridges, a player mentioned previously, signed his rookie extension this past off-season.

YEAR		AGE	BASE SALARY	LIKELY INCENT.	UNLIKELY INCENT.	TRADE BONUS	CAP HIT	DEAD CAP	YEARLY CASH
2021-22		**25**	**$5,557,725**	-	-	-	**$5,557,725**	**$5,557,725 ($17,370,623)**	**$5,557,725**
2022-23		26	$21,000,000	-		-	$21,000,000	$21,000,000	$21,000,000 ($21,000,000)
2023-24		27	$21,700,000	-		-	$21,700,000	$21,700,000	$21,700,000 ($42,700,000)
2024-25		28	$23,300,000	-		-	$23,300,000	$23,300,000	$23,300,000 ($66,000,000)
2025-26		29	$24,900,000	-		-	$24,900,000	$24,900,000	$24,900,000 ($90,900,000)

(Source: Spotrac.com)

In the graphic above, it lists Bridges' last year salary under his rookie scale contract, and then the four years of the extension. Bridges wasn't traded by Phoenix, however if he is traded between now and next season when the extension kicks in, Phoenix would use an outgoing salary of $5,557,725, whereas the receiving team would use an incoming salary of $19,291,545, the average of all of those years.

Another example of the Poison Pill is something referred to as the "Gilbert Arenas Provision". This provision was introduced in 2005, when teams were able to sign restricted free agents to offer sheets that the original team couldn't match. This happened when player's were early bird or non-bird free agents and the prior team didn't have enough salary room or a large enough exception to match a larger offer. This happened in 2003, when the Washington Wizards offered Gilbert Arenas, a second round pick in 2001, who was an early bird free agent a starting salary of 8.5 million. Golden State, the team who previously had Arenas, was only able to match an offer sheet or sign Arenas directly for a salary of 4.9 million, the amount of the early bird exception at the time. Washington ended up signing Arenas and Golden State was unable to match.

The league then created this rule with the intent of helping team's retain their successful second round picks. Teams are now limited in what they can offer restricted free agents with one or two years of experience in the NBA. The first year salary they can offer these RFA's can't be north of the non-taxpayer MLE. This gives the prior team the ability to still retain that RFA with the early bird exception if applicable, or the non-taxpayer MLE if it still has it.

Things however get interesting with these players in years three and on of the contracts. The second year salary in the offer sheet is limited to a standard 5 percent raise, and the third year of the contract can jump much higher, where it can be as great as the starting salary of the contract could have been if it wasn't limited to the non-taxpayer MLE. The only restriction to those third year jumps is it can only be offered if the maximum amount was paid to the player in the first two years of the contract.

For example, Tyler Johnson of the Miami Heat at the time was set to hit free agency in the summer of 2016. The Brooklyn Nets offered him a four year offer sheet, with a jump in salary from year two to year three of $5.88 million to $19.45 million. The Miami Heat, however, ended up matching the Nets offer and retained him. Miami was able to keep Johnson, even though the contract ended up ballooning in salary, because with the poison pill provision Miami still had their non-taxpayer MLE and could match the salary.

The CBA tweaked this provision in 2017 to help the matching teams, where they now have the ability to choose whether they want the salary to jump in year two or year three, depending on when they have the space available.

Entry 15: Sign-and-Trade (S&T)

Another large type of trade that has been a common occurrence in recent off-seasons is the sign-and-trade (S&T). S&T is a rule that gives teams the ability to re-sign their own free agents in order to then trade them away. This is done by adding a clause to the contract that states if the player is re-signed and not traded to a new team in 48 hours, the contract is terminated.

There are a number of rules in order for a team and player to be able to qualify for a sign-and-trade.

1. That player must first re-sign with his previous team
2. The player must finish the previous season with the team that's going to S&T him
3. The player cannot be an RFA who's signed an offer sheet with another team
4. The team receiving the player cannot be above the apron at the conclusion of the trade. A team can perform a sign and trade if before the deal they are above the apron, and the trade then brings them under. This is because one of the rules of a S&T is that it puts that team receiving the player under a hard cap, thus in order to receive a player in a S&T the recieving team must be under the apron at the conclusion of the deal.
5. A team cannot receive a player in a S&T if they've used their tax-payer MLE
6. The S&T must be performed before the start of the new season, it cannot happen mid-season
7. The player cannot be signed using the non tax-payer MLE, tax-payer MLE, or any other exception that can't be used to offer a three year deal
8. A designated veteran contract cannot be included in a S&T

S&T's can be performed if all the above criteria are met. S&T's must be for at least three seasons without including an option year, and no longer than four seasons. The first year of the contract must be guaranteed, but the rest of it doesn't have to be. The reason for the minimum of three years is that the league didn't want the new team to be able to acquire the new players' bird rights any faster than if they signed him directly as a free agent.

The starting salary for a S&T can be up to the player's eligible maximum. If the player meets the 5th year 30% Max rule, he cannot receive a starting salary greater than 25 percent of the cap. Additionally, raises for these contracts are limited to 5 percent. It is also possible that the outgoing salary from the team trading the player can be different that the incoming salary that the receiving team is taking on, but this is a topic that will be discussed in the next entry (Base Year Compensation).

Teams perform sign-and-trades because they believe trading an asset for something in return is better than losing them for nothing. It is interesting to note that the player involved cannot make their total earning potential in a sign-and-trade. In the S&T, the player can get a maximum salary, but not the maximum number of years or raises. In a S&T they can get up to 4 years with 5 percent raises, but if they stayed with his old team the contract could've been larger as a potential designated veteran contract, or with bird rights. The main reason why player's are incentivized to pursue sign-and-trades is because they have a team in mind that they want to go to, but that team is unable to sign them for their desired salary without the S&T, whether that be they are over the apron, or don't have enough cap room to sign the player directly. A sign and trade has the potential to be a win-win-win for the three parties involved. The player gets to go to his preferred destination, the old team gets compensation for a player who wanted to leave, and the new team receives a player they otherwise couldn't afford.

Entry 16: Base Year Compensation (BYC)

BYC was created with the sole purpose of preventing teams from signing free agents to salaries specifically that would help facilitate trades. Teams would be over the cap and re-sign a player using bird exceptions with a salary larger than 20 percent of what he made previously. What BYC does is it lowers the player's outgoing salary for salary-matching purposes only, and therefore makes it harder for a team to sign a free agent to a lucrative deal with the strict intent of matching it with a player on a different team.

In the 2011 CBA the BYC term was removed completely, and now it just remains relevant during one transaction, sign-and-trades. Therefore, if a team resigns its bird free agent in order to perform a S&T, the player's new salary is greater than the minimum and is 20% or more larger than his previous contract, and the team is at or above the cap following the signing, than the player's outgoing salary isn't the same number as the new contract, but instead it's either his previous salary, or 50 percent of his new salary, whichever number is greater. For the team receiving the player in the S&T, their incoming salary is exactly the same as the terms of the new contract.

For example, if a player made 7 million dollars the previous season, and his team resigns him using bird rights for a new 15 million dollar contract, and that team was slightly under the cap before the signing but is now over the cap, they would not be able to receive a player back who makes 15 million, because their outgoing salary would only be 7.5 million, 50 percent of the 15 million dollar contract is greater than the previous contract of seven million, and would therefore only be able to receive back a maximum of $9,475,000 due to the trade rules for teams being in the luxury tax.