AMENDMENT NO._________ Calendar No.______

Purpose: To amend the Internal Revenue Code of 1986 to exclude major professional sports leagues from qualifying as tax-exempt organizations.

IN THE     

AMENDMENT NO. 0750

By: Coburn

To: ____________________________

Ref: 5.743, and 4

Page(s) GPO: 2012 77-320 (mac)

AMENDMENT intended to be proposed by Mr. Coburn

Viz:

1 At the appropriate place, insert the following:

2 SEC. ___. PROPERLY REDUCING OVEREXEMPTIONS FOR
SPORTS ACT.

4 (a) In General.—This section may be cited as the
5 “Properly Reducing Overexemptions for Sports Act” or
6 the “PRO Sports Act”.

7 (b) Findings.—Congress makes the following find-
8 ings:

9 (1) The National Football League (NFL), Na-
10 tional Hockey League (NHL), PGA Tour, and La-
11 dies Professional Golf Association (LPGA) each have
league offices that are registered with the Internal Revenue Service as non-profit organizations under section 501(c)(6) of the Internal Revenue Code of 1986.

(2) League-wide operations of the NFL, NHL, PGA Tour, and LPGA generate an estimated $13 billion in annual revenue, and these businesses are unmistakably organized for profit and to promote their brands.

(3) Separate from their subsidiaries, the non-profit league offices of the NFL, NHL, PGA Tour, and LPGA had annual gross receipts of $184.3 million, $89.1 million, $1.4 billion, and $73.7 million in 2010, respectively, for a combined total of over $1.7 billion, according to each organization’s publicly available Form 990 filed with the Internal Revenue Service.

(4) According to the Internal Revenue Service, section 501(c)(6) of the Internal Revenue Code of 1986 is for groups looking to promote a “common business interest and not to engage in a regular business of a kind ordinarily carried on for profit”.

(5) According to the Internal Revenue Service, businesses that conduct operations for profit on a “cooperative basis” should not qualify for tax-ex-
empt treatment under section 501(c)(6) of the Internal Revenue Code of 1986.

(c) ELIMINATION OF SPECIFIC EXEMPTION FOR PROFESSIONAL FOOTBALL LEAGUES.—Paragraph (6) of section 501(c) of the Internal Revenue Code of 1986 is amended—

(1) by striking "or professional football leagues (whether or not administering a pension fund for football players)", and

(2) by inserting "or" after "real-estate boards,"

(d) SPECIAL RULES RELATING TO PROFESSIONAL SPORTS LEAGUES.—Section 501 of the Internal Revenue Code of 1986 is amended—

(1) by redesignating subsection (s) as subsection (t), and

(2) by inserting after subsection (r) the following new subsection:

"(s) SPECIAL RULES RELATING TO PROFESSIONAL SPORTS LEAGUES.—No organization or entity shall be treated as described in subsection (c)(6) if such organization or entity—

"(1) is a professional sports league, organization, or association, a substantial activity of which is to foster national or international professional sports
competitions (including by managing league business
affairs, officiating or providing referees, coordinating
schedules, managing sponsorships or broadcast sales,
operating loan programs for competition facilities, or
overseeing player conduct) and
“(2) has annual gross receipts in excess of
$10,000,000.”.
(e) EFFECTIVE DATE.—The amendments made by
this section shall apply to taxable years beginning after
December 31, 2013.