

Tom Coburn
S.L.C.
4-24-13
2:50p

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 TH	AMENDMENT N^o	0750	Sess.
	By <u>Coburn</u>		
To re	To: _____		ocal
Refe	<u>5-743</u>		
	<u>4</u>		and
	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**
- 3 **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

1 league offices that are registered with the Internal
2 Revenue Service as non-profit organizations under
3 section 501(c)(6) of the Internal Revenue Code of
4 1986.

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

10 (3) Separate from their subsidiaries, the non-
11 profit league offices of the NFL, NHL, PGA Tour,
12 and LPGA had annual gross receipts of \$184.3 mil-
13 lion, \$89.1 million, \$1.4 billion, and \$73.7 million in
14 2010, respectively, for a combined total of over \$1.7
15 billion, according to each organization's publicly
16 available Form 990 filed with the Internal Revenue
17 Service.

18 (4) According to the Internal Revenue Service,
19 section 501(c)(6) of the Internal Revenue Code of
20 1986 is for groups looking to promote a "common
21 business interest and not to engage in a regular
22 business of a kind ordinarily carried on for profit".

23 (5) According to the Internal Revenue Service,
24 businesses that conduct operations for profit on a
25 "cooperative basis" should not qualify for tax-ex-

1 empt treatment under section 501(c)(6) of the Inter-
2 nal Revenue Code of 1986.

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

7 (1) by striking “, or professional football
8 leagues (whether or not administering a pension
9 fund for football players)”, and

10 (2) by inserting “or” after “real-estate
11 boards,”.

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

15 (1) by redesignating subsection (s) as sub-
16 section (t), and

17 (2) by inserting after subsection (r) the fol-
18 lowing new subsection:

19 “(s) SPECIAL RULES RELATING TO PROFESSIONAL
20 SPORTS LEAGUES.—No organization or entity shall be
21 treated as described in subsection (c)(6) if such organiza-
22 tion or entity—

23 “(1) is a professional sports league, organiza-
24 tion, or association, a substantial activity of which is
25 to foster national or international professional sports

1 competitions (including by managing league business
2 affairs, officiating or providing referees, coordinating
3 schedules, managing sponsorships or broadcast sales,
4 operating loan programs for competition facilities, or
5 overseeing player conduct) and

6 “(2) has annual gross receipts in excess of
7 \$10,000,000.”.

8 (e) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to taxable years beginning after
10 December 31, 2013.