To expand an antitrust exemption applicable to professional sports leagues and to require, as a condition of such an exemption, participation by professional football and major league baseball sports leagues in the financing of certain stadium construction activities, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 4, 1999

Mr. SPECTER introduced the following bill; which was read twice and referred to the Committee on the Judiciary

A BILL

To expand an antitrust exemption applicable to professional sports leagues and to require, as a condition of such an exemption, participation by professional football and major league baseball sports leagues in the financing of certain stadium construction activities, and for other purposes.

Be it enacted by the Senate and House of Representa-
tives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Stadium Financing and Franchise Relocation Act of 1999”.
SEC. 2. EXPANSION, MODIFICATION, AND CLARIFICATION
OF ANTITRUST EXEMPTIONS.

(a) DEFINITIONS.—Section 5 of Public Law 87–331, commonly known as the “Sports Broadcasting Act” (15 U.S.C. 1295) is amended to read as follows:

“SEC. 5. DEFINITIONS.

“In this Act:

“(1) ANTITRUST LAWS.—The term ‘antitrust laws’—

“(A) means antitrust laws, as that term is defined in section 1 of the Clayton Act (15 U.S.C. 12); and

“(B) includes antitrust Acts, as that term is defined in section 4 of the Federal Trade Commission Act (15 U.S.C. 44).

“(2) CONSTRUCTION.—With respect to a playing facility, the term ‘construction’ means the construction of a playing facility that is not in existence at the commencement of the construction.

“(3) LOCAL GOVERNMENTAL ENTITY.—The term ‘local governmental entity’ means—

“(A) a State; or

“(B) a county, city or other unit of local government.

“(4) PERSON.—The term ‘person’ means any individual, partnership, corporation, or unincor-
porated association, or any combination or association thereof.

“(5) PLAYING FACILITY.—The term ‘playing facility’ means a stadium or ballpark designed to seat a minimum of 35,000 spectators.

“(6) RENOVATION.—With respect to a playing facility, the term ‘renovation’ means the renovation of an existing playing facility.

“(7) SPONSORED TELECASTING.—The term ‘sponsored telecasting’—

“(A) except as provided in subparagraph (B), includes all over-the-air, cable and satellite transmissions; and

“(B) does not include pay-per-view broadcasts.”.

(b) EXPANSION, MODIFICATION, AND CLARIFICATION OF EXEMPTIONS.—The first section of Public Law 87–331, commonly known as the “Sports Broadcasting Act” (15 U.S.C. 1291) is amended to read as follows:

“SECTION 1. EXEMPTIONS FROM ANTITRUST LAWS OF AGREEMENTS COVERING THE TELECASTING OF SPORTS CONTESTS, THE COMBINING OF PROFESSIONAL FOOTBALL LEAGUES AND THE RELOCATION OF SPORTS FRANCHISES.

“(a) Exemptions.—
“(1) IN GENERAL.—Subject to subsection (b),
the antitrust laws shall not apply to any joint agree-
ment described in paragraph (2).

“(2) JOINT AGREEMENTS DESCRIBED.—A joint
agreement described in this paragraph is a joint
agreement—

“(A) by or among persons engaging in or
conducting the organized professional team
sports of football, baseball, basketball, or hock-
ey, by which any league of clubs participating
in that professional sport sells or otherwise
transfers all or any part of the rights of the
member clubs of that league in the sponsored
telecasting of the games of that professional
sport that are engaged in or conducted by those
member clubs;

“(B) by which the member clubs of 2 or
more professional football leagues described in
section 501(c)(6) of the Internal Revenue Code
of 1986 and that are exempt from taxation
under section 501(a) of the Internal Revenue
Code of 1986 combine their operations in an
expanded single league that is exempt from in-
come tax by reason of such section 501(a), if
that agreement—
“(i) increases the number of professional football clubs operating; and

“(ii) contains provisions that are directly relevant to the combination of operations for such an expanded single league;

or

“(C) by which any league of clubs participating in a professional sport referred to in subparagraph (A) denies a member club the right to transfer the location of the franchise of that member club.

“(b) CONDITIONS ON EXEMPTIONS.—

“(1) IN GENERAL.—The exemption under subsection (a) for a joint agreement described in subsection (a)(2)(A) shall apply, with respect to a football league or major league baseball league only if the league of football or major league baseball clubs involved—

“(A) agrees—

“(i) to meet the requirement under paragraph (2);

“(ii) not later than 90 days after the date of enactment of the Stadium Financing and Franchise Relocation Act of 1999, to establish a special trust fund into which
the league will deposit an amount equal to
10 percent of the amounts received under
that joint agreement for the sale or trans-
fer of the rights in sponsored telecasting of
the games of the professional sport of that
league in the United States, on the condi-
tion that any funds in the trust fund that
are not obligated during the 10-year period
beginning on the date on which those
funds are deposited in that trust fund shall
be withdrawn from that trust fund and
treated as gross revenues of the league;

“(iii) to use the amounts in the trust
fund established under clause (ii) only for
financing, in accordance with this section,
the construction or renovation of playing
facilities from which games of the teams of
that league will be televised; and

“(iv) to make available to a local gov-
ernmental entity, upon request of that en-
tity, from the amounts in the trust fund
established under clause (ii), assistance for
the cost of the construction or renovation
of playing facilities to be used by a mem-
ber club in that league (if that construc-
tion or renovation was not completed prior to the date of introduction of the Stadium Financing and Franchise Relocation Act of 1999), up to a maximum of one-half of that cost, if—

“(I) the local governmental entity makes a commitment, under a lease or other written agreement entered into between the member club involved and the local governmental entity, to provide funds in an amount equal to at least one-half of the amount of funds to be provided for that purpose by the league; and

“(II) the amounts requested by the local governmental entity are available or become available for obligation from the trust fund established under clause (ii); and

“(B) not later than the date specified in subparagraph (A)(ii), notifies the Attorney General that the league will establish a trust fund in accordance with subparagraph (A).

“(2) ADDITIONAL REQUIREMENT.—If a league establishes a trust fund under paragraph (1)(A), as
a condition to receiving an exemption under subsection (a)(2)(A), the league shall exclude the amounts deposited in the trust fund from designation as defined gross revenues of the league, or as any other similar designation that describes revenues that are to be shared by the member clubs or the players of the league.

“(3) MAJOR LEAGUE BASEBALL.—

“(A) IN GENERAL.—The requirements of paragraphs (1) and (2) shall apply to a league of major league baseball clubs in the same manner as they apply to a league of professional football clubs.

“(B) OTHER EXEMPTIONS.—Nothing in this subsection is intended to affect any exemption from the antitrust laws that may apply to major league baseball with respect to activities that are not covered under this Act.”.

(c) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) AREA TELECASTING RESTRICTION LIMITATION.—Section 2 of Public Law 87–331, commonly known as the “Sports Broadcasting Act” (15 U.S.C. 1292) is amended—

(A) by striking “Sec. 2. Section” and inserting the following:
“SEC. 2. AREA TELECASTING RESTRICTION LIMITATION.

“Section”; and

(B) by striking “described in the first sentence of such section” and inserting “described in subsection (a)(2) of that section”.

(2) INTERCOLLEGIATE AND INTERSCHOLASTIC FOOTBALL CONSENT LIMITATIONS.—Section 3 of Public Law 87–331, commonly known as the “Sports Broadcasting Act” (15 U.S.C. 1293) is amended by striking “Sec. 3. The first sentence of section 1 of this Act” and inserting the following:

“SEC. 3. INTERCOLLEGIATE AND INTERSCHOLASTIC FOOTBALL CONSENT LIMITATIONS.

“The exemption under section 1(a)”.

(3) STATUTORY CONSTRUCTION.—Section 4 of Public Law 87–331, commonly known as the “Sports Broadcasting Act” (15 U.S.C. 1293) is amended by striking “Sec. 4. Nothing” and inserting the following:

“SEC. 4. STATUTORY CONSTRUCTION.

“Nothing”.

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