

113TH CONGRESS  
1ST SESSION

# S. 1524

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

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IN THE SENATE OF THE UNITED STATES

SEPTEMBER 18, 2013

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

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## A BILL

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

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Properly Reducing  
5 Overexemptions for Sports Act” or the “PRO Sports  
6 Act”.

7 **SEC. 2. FINDINGS.**

8 Congress makes the following findings:

9 (1) The National Football League (NFL), Na-  
10 tional Hockey League (NHL), PGA Tour, and La-

1        dies Professional Golf Association (LPGA) each have  
2        league offices that are registered with the Internal  
3        Revenue Service as non-profit organizations under  
4        section 501(c)(6) of the Internal Revenue Code of  
5        1986.

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

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

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

24           (5) According to the Internal Revenue Service,  
25        businesses that conduct operations for profit on a

1 “cooperative basis” should not qualify for tax-ex-  
2 empt treatment under section 501(c)(6) of the Inter-  
3 nal Revenue Code of 1986.

4 **SEC. 3. ELIMINATION OF SPECIFIC EXEMPTION FOR PRO-**  
5 **FESSIONAL FOOTBALL LEAGUES.**

6 (a) IN GENERAL.—Paragraph (6) of section 501(c)  
7 of the Internal Revenue Code of 1986 is amended—

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

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

13 (b) EFFECTIVE DATE.—The amendments made by  
14 this section shall apply to taxable years beginning after  
15 December 31, 2013.

16 **SEC. 4. SPECIAL RULES RELATING TO PROFESSIONAL**  
17 **SPORTS LEAGUES.**

18 (a) IN GENERAL.—Section 501 of the Internal Rev-  
19 enue Code of 1986 is amended—

20 (1) by redesignating subsection (s) as sub-  
21 section (t), and

22 (2) by inserting after subsection (r) the fol-  
23 lowing new subsection:

24 “(s) SPECIAL RULES RELATING TO PROFESSIONAL  
25 SPORTS LEAGUES.—No organization or entity shall be

1 treated as described in subsection (e)(6) if such organiza-  
2 tion or entity—

3           “(1) is a professional sports league, organiza-  
4 tion, or association, a substantial activity of which is  
5 to foster national or international professional sports  
6 competitions (including by managing league business  
7 affairs, officiating or providing referees, coordinating  
8 schedules, managing sponsorships or broadcast sales,  
9 operating loan programs for competition facilities, or  
10 overseeing player conduct), and

11           “(2) has annual gross receipts in excess of  
12 \$10,000,000.”.

13       (b) EFFECTIVE DATE.—The amendments made by  
14 this section shall apply to taxable years beginning after  
15 December 31, 2013.

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