

105TH CONGRESS
1ST SESSION

H. R. 1279

To amend the Internal Revenue Code of 1986 to exclude the activity of soliciting and receiving qualified sponsorship payments from unrelated business income.

IN THE HOUSE OF REPRESENTATIVES

APRIL 10, 1997

Mr. CAMP (for himself, Mr. JEFFERSON, and Mr. WATKINS) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to exclude the activity of soliciting and receiving qualified sponsorship payments from unrelated business income.

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. EXCLUSION FROM UNRELATED BUSINESS TAX-**
4 **ABLE INCOME FOR CERTAIN SPONSORSHIP**
5 **PAYMENTS.**

6 (a) IN GENERAL.—Section 513 (relating to unrelated
7 trade or business income) is amended by adding at the
8 end the following new subsection:

1 “(i) TREATMENT OF CERTAIN SPONSORSHIP PAY-
2 MENTS.—

3 “(1) IN GENERAL.—The term ‘unrelated trade
4 or business’ does not include the activity of soliciting
5 and receiving qualified sponsorship payments.

6 “(2) QUALIFIED SPONSORSHIP PAYMENTS.—
7 For purposes of this subsection—

8 “(A) IN GENERAL.—The term ‘qualified
9 sponsorship payment’ means any payment made
10 by any person engaged in a trade or business
11 with respect to which there is no arrangement
12 or expectation that such person will receive any
13 substantial return benefit other than the use or
14 acknowledgement of the name or logo (or prod-
15 uct lines) of such person’s trade or business in
16 connection with the activities of the organiza-
17 tion that receives such payment. Such a use or
18 acknowledgement does not include advertising
19 such person’s products or services (including
20 messages containing qualitative or comparative
21 language, price information or other indications
22 of savings or value, an endorsement, or an in-
23 ducement to purchase, sell, or use such prod-
24 ucts or services).

25 “(B) LIMITATIONS.—

1 “(i) CONTINGENT PAYMENTS.—The
2 term ‘qualified sponsorship payment’ does
3 not include any payment if the amount of
4 such payment is contingent upon the level
5 of attendance at one or more events,
6 broadcast ratings, or other factors indicat-
7 ing the degree of public exposure to one or
8 more events.

9 “(ii) ACKNOWLEDGEMENTS OR AD-
10 VERTISING IN PERIODICALS.—The term
11 ‘qualified sponsorship payment’ does not
12 include any payment which entitles the
13 payor to an acknowledgement or advertis-
14 ing in regularly scheduled and printed ma-
15 terial published by or on behalf of the
16 payee organization that is not related to
17 and primarily distributed in connection
18 with a specific event conducted by the
19 payee organization.

20 “(3) ALLOCATION OF PORTIONS OF SINGLE
21 PAYMENT.—For purposes of this subsection, to the
22 extent that a portion of a payment would (if made
23 as a separate payment) be a qualified sponsorship
24 payment, such portion of such payment and the

1 other portion of such payment shall be treated as
2 separate payments.”

3 (b) EFFECTIVE DATE.—The amendment made by
4 this section shall apply to payments solicited or received
5 after December 31, 1996.

○