

115TH CONGRESS
2D SESSION

S. 3086

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

IN THE SENATE OF THE UNITED STATES

JUNE 19, 2018

Mrs. ERNST (for herself and Mr. KING) introduced the following bill; which was read twice and referred to the Committee on Finance

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 Hockey League (NHL), PGA
10 Tour, and Ladies Professional Golf Association

1 (LPGA) each have league offices that are registered
2 with the Internal Revenue Service as nonprofit orga-
3 nizations under section 501(c)(6) of the Internal
4 Revenue Code of 1986.

5 (2) League-wide operations of the NHL, PGA
6 Tour, and LPGA together generate over
7 \$1,000,000,000 in annual revenue, and these busi-
8 nesses are unmistakably organized for profit and to
9 promote their brands.

10 (3) According to the Internal Revenue Service,
11 section 501(c)(6) of the Internal Revenue Code of
12 1986 is for groups looking to promote a “common
13 business interest and not to engage in a regular
14 business of a kind ordinarily carried on for profit”.

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

20 **SEC. 3. ELIMINATION OF SPECIFIC EXEMPTION FOR PRO-**
21 **FESSIONAL FOOTBALL LEAGUES.**

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

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

4 (2) by inserting “or” after “real-estate
5 boards,”.

6 (b) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to taxable years beginning after
8 December 31, 2018.

9 **SEC. 4. SPECIAL RULES RELATING TO PROFESSIONAL**
10 **SPORTS LEAGUES.**

11 (a) IN GENERAL.—Section 501 of the Internal Rev-
12 enue Code of 1986 is amended by adding at the end the
13 following new subsection:

14 “(s) SPECIAL RULES RELATING TO PROFESSIONAL
15 SPORTS LEAGUES.—No organization or entity shall be
16 treated as described in subsection (c)(6) if such organiza-
17 tion or entity—

18 “(1) is a professional sports league, organiza-
19 tion, or association, a substantial activity of which is
20 to foster national or international professional sports
21 competitions (including by managing league business
22 affairs, officiating or providing referees, coordinating
23 schedules, managing sponsorships or broadcast sales,
24 operating loan programs for competition facilities, or
25 overseeing player conduct), and

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

3 (b) **EFFECTIVE DATE.**—The amendment made by
4 this section shall apply to taxable years beginning after
5 December 31, 2018.

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