

117TH CONGRESS
1ST SESSION

H. R. 363

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

IN THE HOUSE OF REPRESENTATIVES

JANUARY 19, 2021

Mr. STEUBE 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 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

(LPGA) each have league offices that are registered with the Internal Revenue Service as nonprofit organizations under section 501(c)(6) of the Internal Revenue Code of 1986.

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

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

(4) According to the Internal Revenue Service, businesses that conduct operations for profit on a “cooperative basis” should not qualify for tax-exempt treatment under section 501(c)(6) of the Internal Revenue Code of 1986.

SEC. 3. ELIMINATION OF SPECIFIC EXEMPTION FOR PROFESSIONAL FOOTBALL LEAGUES.

(a) IN GENERAL.—Paragraph (6) of section 501(c) 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, 2020.

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, 2020.

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