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.

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

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

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 “Properly Reducing Overexemptions for Sports Act” or the “PRO Sports Act”.

SEC. 2. FINDINGS.
Congress makes the following findings:
(1) The National Football League (NFL), Na-
dies Professional Golf Association (LPGA) each have
league offices that are registered with the Internal
Revenue Service as non-profit organizations under
section 501(c)(6) of the Internal Revenue Code of
1986.

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

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

(4) 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”.

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

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

(b) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2013.

SEC. 4. SPECIAL RULES RELATING TO PROFESSIONAL SPORTS LEAGUES.

(a) In General.—Section 501 of the Internal Revenue Code of 1986 is amended—

(1) by redesignating subsection (s) as subsection (t), and

(2) by inserting after subsection (r) the following new subsection:

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

tion or entity—

“(1) is a professional sports league, organization, or association, a substantial activity of which is
to foster national or international professional sports
competitions (including by managing league business
affairs, officiating or providing referees, coordinating
schedules, managing sponsorships or broadcast sales,
operating loan programs for competition facilities, or
overseeing player conduct), and

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

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