

Sports League Tax-Exempt Status Limitation Act

Under current law, the PGA Tour enjoys tax-exempt status as a 501(c)(6) organization, which provides tax-exemptions for “business leagues, chambers of commerce, real estate boards, boards of trade, and professional football leagues.” While historically larger sports leagues have also benefited from this designation, many large leagues have given up their 501(c)(6) status. The NFL switched to a for-profit structure in 2015, just as Major League Baseball (MLB) did in 2007. The National Basketball Association (NBA) was never organized as a tax-exempt organization. The PGA Tour is now by far the largest sports organization with a 501(c)(6) designation, reporting over \$1.1 billion in revenue in 2020, as well as over \$3.9 billion in assets. The PGA Tour has also announced an intent to keep their status as a non-profit organization after their widely-publicized merger with Saudi-backed LIV Golf.

Sports organizations receiving hundreds of millions of dollars annually from television rights and membership dues don't need to be subsidized by American taxpayers. This is especially evident for the PGA Tour; no multibillion-dollar organization should be able to partner with a Saudi-Arabian backed competitor to dramatically increase their profit while simultaneously maintaining a tax-exempt status.

The *Sports League Tax-Exempt Status Limitation Act* would modify the 501(c)(6) designation to exclude sports organizations with assets exceeding \$500 million. The \$500 million threshold would be measured as a rolling average of the organization's assets in the three prior tax years, as reported on the organization's annual 990 tax form.

The proposed legislation would also prohibit an entity that has lost their 501(c)(6) tax-exempt status from filing as a 501(c)(6) organization in future tax years, even if the entity's assets fall below the \$500 million threshold in subsequent years.