

Legislation Prohibiting Tax-Exempt Bonds for Professional Sports Stadiums Reintroduced in Congress

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Legislation has been introduced in the United States House and Senate entitled the “No Tax Subsidies for Stadiums Act of 2023,” which would eliminate the tax exemption for bonds used to finance professional sports stadiums. The companion bills were introduced by Senators Lankford (R-OK) and Booker (D-NJ) and Representative Blumenauer (D-OR) and are nearly identical to language contained in previously proposed legislation, including the House version of the 2017 Tax Cuts and Jobs Act, which was not ultimately included in the final enacted version of the 2017 law.

The No Tax Subsidies for Stadiums Act would remove the exclusion from gross income of interest on “any professional stadium bond” under Section 103 of the Internal Revenue Code. A “professional stadium bond” is defined in the Act as:

“any bond issued as part of an issue any proceeds of which are used to finance or refinance capital expenditures allocable to a facility (or appurtenant real property) which, during at least 5 days during any calendar year, is used as a stadium or arena for professional sports exhibitions, games or training.”

The Act would not apply retroactively to existing bonds, but instead would apply to any bonds issued after the date of its enactment.

The Act leaves some unanswered questions and room for interpretation, including what constitutes “appurtenant real property.” Additionally, this legislation may have an effect on bond-financed projects outside of the traditional professional sports arenas it is meant to target. These include, for example, municipal recreation bonds and higher education bonds used to finance projects that may host professional sports exhibitions, games or training for five or more days in any calendar year. If enacted, the law would require additional tax diligence for these types of bonds to ensure that they can be issued on a tax-exempt basis.

Please contact [Eugene G. Bernardo II](#) or [David M. DiSegna](#) at [Partridge Snow & Hahn LLP](#) if you have questions about the Act. For additional information and resources visit the firm’s [Public Finance Group](#) page.

Date Created

February 22, 2023