



(Original Signature of Member)

119TH CONGRESS
2D SESSION

H. R. _____

To amend the Internal Revenue Code of 1986 to impose an excise tax on colleges and universities allowing specified individuals to participate in intercollegiate athletics.

IN THE HOUSE OF REPRESENTATIVES

Mr. SMITH of Nebraska introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to impose an excise tax on colleges and universities allowing specified individuals to participate in intercollegiate athletics.

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 "Fair Play Enforcement
5 Act".

1 **SEC. 2. IMPOSITION OF EXCISE TAX ON COLLEGES AND**
2 **UNIVERSITIES ALLOWING SPECIFIED INDIVIDUALS TO PARTICIPATE IN INTERCOLLE-**
3 **GIATE ATHLETICS.**

4
5 (a) IN GENERAL.—Chapter 42 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subchapter:

6
7
8 **“Subchapter I—Colleges and Universities Al-**
9 **lowing Specified Individuals to Participate in Intercollegiate Athletics**

10
“Sec. 4969. Imposition of tax.

11 **“SEC. 4969. IMPOSITION OF TAX.**

12 “(a) IN GENERAL.—There is hereby imposed on any
13 eligible educational institution which commits an athletic
14 participation violation during any taxable year a tax equal
15 to the applicable percentage of the gross athletic receipts
16 of such institution for such taxable year.

17 “(b) APPLICABLE PERCENTAGE.—For purposes of
18 subsection (a), the applicable percentage with respect to
19 any eligible educational institution which commits an athletic participation violation during any taxable year is determined under the following table with respect to the aggregate number of separate athletic participation violations committed by such institution during such taxable year and the preceding 5 taxable years (referred to in such table as the ‘applicable period’):

"If the number of violations during the applicable period is:	The applicable percentage is:
1	5 percent
2	10 percent
In excess of 2	20 percent

1 “(c) DEFINITIONS.—For purposes of this section—

2 “(1) ELIGIBLE EDUCATIONAL INSTITUTION.—

3 The term ‘eligible educational institution’ has the
4 meaning given such term in section 25A(f)(2).

5 “(2) ATHLETIC PARTICIPATION VIOLATION.—

6 “(A) IN GENERAL.—The term ‘athletic
7 participation violation’ means, with respect to
8 any eligible educational institution, any instance
9 in which such institution knowingly allows the
10 active participation of a specified individual in
11 any intercollegiate athletic event or competition.

12 “(B) EXCEPTIONS.—Such term shall not
13 include any instance in which a specified indi-
14 vidual—

15 “(i) actively participates in a practice
16 session for any intercollegiate athletic
17 event or competition,

18 “(ii) appears on a roster for, but does
19 not actively participate in, any intercolle-
20 giate athletic event or competition, or

1 “(iii) actively participates in any
2 intercollegiate athletic event or competition
3 pursuant to a court order.

4 “(C) AGGREGATION RULE.—All athletic
5 participation violations committed by an eligible
6 educational institution with respect to individ-
7 uals described in paragraph (3)(A) shall be
8 treated as one such violation to the extent such
9 violations are determined by the Secretary to be
10 derived from the same set of facts and cir-
11 cumstances.

12 “(3) SPECIFIED INDIVIDUAL.—The term ‘speci-
13 fied individual’ means, with respect to any intercolle-
14 giate athletic event or competition, any individual—

15 “(A) who has placed any wager (without
16 regard to the manner in which placed) with re-
17 spect to any intercollegiate athletic event or
18 competition, or

19 “(B) who has been employed as an athlete
20 by, and appeared on a roster for, a professional
21 sports franchise with respect to a similar ath-
22 letic event or competition.

23 “(4) GROSS ATHLETIC RECEIPTS.—The term
24 ‘gross athletic receipts’ means, with respect to any
25 eligible educational institution for any taxable year,

1 the gross receipts of such institution for such tax-
2 able year which are attributable to, or derived in
3 connection with, any intercollegiate athletic program
4 of such institution.

5 “(d) REGULATIONS.—The Secretary shall prescribe
6 such regulations or other guidance as may be necessary
7 or appropriate to carry out the purposes of this section.”.

8 (b) CLERICAL AMENDMENT.—The table of sub-
9 chapters for chapter 42 of such Code is amended by add-
10 ing at the end the following new item:

“SUBCHAPTER I - COLLEGES AND UNIVERSITIES ALLOWING SPECIFIED
INDIVIDUALS TO PARTICIPATE IN INTERCOLLEGIATE ATHLETICS.”.

11 (c) EFFECTIVE DATE.—The amendments made by
12 this section shall apply with respect to taxable years end-
13 ing after the date of the enactment of this Act.