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# The One Big Beautiful Bill: Relevant Provisions for Sports Industry

**Tax Talks** on **May 15, 2025**

On May 12, 2025, the House Ways and Means Committee released an updated text of draft tax legislation (the "House Draft Bill"). There are two proposed changes that would particularly impact the sports industry:

1. The House Draft Bill would limit the amortization of a professional sports franchise and related intangible assets (acquired as part of an acquisition of an interest in, or assets of, a team) to 50% of the adjusted tax basis of those assets. Current law permits amortization of 100% of the adjusted tax basis. The amortization would continue to be spread over a 15-year period. This change would be effective for assets or interests acquired after the date of the enactment of the tax legislation.
2. The House Draft Bill would also treat any income arising from a sale or license by a tax-exempt organization of its name or logo as "unrelated business taxable income" ("UBTI"), which would be taxable income for the tax-exempt organization and, in most cases, subject to the 21% corporate tax rate. Under current law, royalties received by a tax-exempt organization from an unrelated payor are not treated as UBTI, and therefore, not taxable to the tax-exempt organization. If enacted, this provision would have a material impact on tax-exempt sports related entities and tax-exempt private universities that license their names or logos in connection with collegiate sports games. The proposed change would be effective for tax years beginning after December 31, 2025.

It is possible that the two changes summarized above will not be included in the final tax legislation. The House Draft Bill is subject to further revision and amendment as the budget reconciliation process continues. The Ways and Means Committee held its markup session on May 13, 2025 and has voted to advance the House Draft Bill, and if it is approved by the House, the Senate will consider the legislation. Congressional Republicans have stated that their goal is to have tax legislation finalized by July 4, 2025.

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