

107TH CONGRESS
2^D SESSION

H. R. 5062

To amend the Internal Revenue Code of 1986 to require a sports franchise to provide for all of the games played by the franchise to be available for local television broadcasting in order to be subject to the presumption that 50 percent of the consideration in the sale or exchange of a sports franchise is allocable to player contracts.

IN THE HOUSE OF REPRESENTATIVES

JULY 8, 2002

Mr. KUCINICH (for himself and Mr. HINCHEY) introduced the following bill;
which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to require a sports franchise to provide for all of the games played by the franchise to be available for local television broadcasting in order to be subject to the presumption that 50 percent of the consideration in the sale or exchange of a sports franchise is allocable to player contracts.

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 “Baseball Fan Protec-
5 tion Act”.

1 **SEC. 2. LOCAL TELEVISION BROADCAST REQUIREMENT IN**
2 **THE CASE OF SALES OR EXCHANGES OF**
3 **SPORTS FRANCHISES.**

4 (a) IN GENERAL.—Subsection (d) of section 1056 of
5 the Internal Revenue Code of 1986 (relating to presump-
6 tion as to amount allocable to player contracts) is amend-
7 ed to read as follows:

8 “(d) PRESUMPTION AS TO AMOUNT ALLOCABLE TO
9 PLAYER CONTRACTS.—

10 “(1) IN GENERAL.—In the case of any sale or
11 exchange described in subsection (a), it shall be pre-
12 sumed that not more than 50 percent of the consid-
13 eration is allocable to contracts for the services of
14 athletes unless it is established to the satisfaction of
15 the Secretary that a specified amount in excess of
16 50 percent is properly allocable to such contracts.
17 Nothing in the preceding sentence shall give rise to
18 a presumption that an allocation of less than 50 per-
19 cent of the consideration to contracts for the services
20 of athletes is a proper allocation.

21 “(2) ZERO PERCENT ALLOCATION UNLESS
22 GAMES FIRST MADE AVAILABLE FOR BROADCAST LO-
23 CALLY.—

24 “(A) IN GENERAL.—For purposes of the
25 first sentence of paragraph (1), an allocation of

1 zero percent shall be presumed unless, as part
2 of the sale or exchange, the transferee agrees—

3 “(i) to provide notice to, and a rea-
4 sonable opportunity for, local television
5 stations to make bids to license or other-
6 wise purchase the rights to broadcast the
7 games to be played by the franchise before
8 offering others the opportunity to make
9 such bids, and

10 “(ii) to accept the highest reasonable
11 bid from a local television station for such
12 rights.

13 “(B) FREQUENCY OF LOCAL BIDDING OP-
14 PORTUNITIES.—The notice and opportunity
15 provided to local television stations shall be pro-
16 vided each time the transferee sells broadcast
17 rights during the period that the transferee
18 owns the franchise.

19 “(C) LOCAL TELEVISION STATION.—For
20 purposes of this paragraph, a local television
21 station is a television broadcast station (as such
22 term is defined in section 325(b)(7) of the
23 Communications Act of 1934 (47 U.S.C.
24 325(b)(7)) having a local market (as such term
25 is defined in section 122(j) of title 17, United

1 States Code) that includes the entire central
2 city of the metropolitan statistical area within
3 which, or closest to which, the home stadium,
4 arena, or other facility of the franchise is lo-
5 cated.”.

6 (b) EFFECTIVE DATE.—The amendment made by
7 this section shall apply to sales or exchanges of franchises
8 after December 31, 1999, in taxable years ending after
9 such date.

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