

AMENDMENT TO RULES COMMITTEE PRINT 119-

29

**OFFERED BY MR. BAUMGARTNER OF
WASHINGTON**

At the end of the bill, add the following:

1 **SEC. 15. MODERNIZATION OF TAX TREATMENT RELATED**
2 **TO COMMERCIALIZED INTERCOLLEGIATE**
3 **ATHLETICS ACTIVITIES.**

4 (a) UNRELATED BUSINESS TAXABLE INCOME.—

5 (1) IN GENERAL.—Section 512(b) of the Inter-
6 nal Revenue Code of 1986 is amended by adding at
7 the end the following new paragraph:

8 “(20) TREATMENT OF CERTAIN AMOUNTS DE-
9 RIVED IN CONNECTION WITH INTERCOLLEGIATE
10 ATHLETICS PROGRAMS.—

11 “(A) IN GENERAL.—Notwithstanding para-
12 graph (1), (2), (3), or (5), in the case of a col-
13 lege or university which operates an intercolle-
14 giate athletics program, there shall be included,
15 as an item of gross income derived from an un-
16 related trade or business, any amount derived
17 by such college or university in connection with
18 any agreement or partnership—

1 “(i) with a private capital firm or sov-
2 ereign wealth fund, and

3 “(ii) which involves the license, sale,
4 or other conveyance of any interest in such
5 intercollegiate athletics program, including
6 any intellectual property rights, multimedia
7 rights, facility rights, or management
8 rights (without regard to whether such in-
9 terest is conveyed to the firm or fund de-
10 scribed in clause (i)).

11 “(B) PRIVATE CAPITAL FIRM.—For pur-
12 poses of this paragraph, the term ‘private cap-
13 ital firm’ means—

14 “(i) a hedge fund or private equity
15 fund (as defined in section 13(h)(2) of the
16 Bank Holding Company Act of 1956),

17 “(ii) a private fund (as defined in sec-
18 tion 202(a)(29) of the Investment Advisers
19 Act of 1940), and

20 “(iii) any investment adviser (as de-
21 fined in section 202(a)(11) of the Invest-
22 ment Advisers Act of 1940) that advises a
23 fund described in clause (i) or (ii).

24 “(C) SOVEREIGN WEALTH FUND.—For
25 purposes of this paragraph, the term ‘sovereign

1 wealth fund’ means an investment fund owned
2 or controlled by—

3 “(i) a foreign state (as defined in sec-
4 tion 1603(a) of title 28, United States
5 Code),

6 “(ii) an agency or instrumentality of a
7 foreign state (as defined in section 1603(b)
8 of title 28, United States Code), or

9 “(iii) an agent of a foreign principal
10 (as defined in section 1(c) of the Foreign
11 Agents Registration Act of 1938, as
12 amended).”.

13 (2) EFFECTIVE DATE.—The amendment made
14 by this subsection shall apply to amounts derived in
15 taxable years beginning after December 31, 2026.

16 (b) QUALIFIED SCHOLARSHIPS.—

17 (1) IN GENERAL.—Section 117(c)(1) of the In-
18 ternal Revenue Code of 1986 is amended to read as
19 follows:

20 “(1) IN GENERAL.—Except as provided in para-
21 graph (2), subsections (a) and (d) shall not apply
22 to—

23 “(A) that portion of any amount received
24 which represents payment for teaching, re-
25 search, or other services by the student required

1 as a condition for receiving the qualified schol-
2 arship or qualified tuition reduction, and

3 “(B) any amount received in the form of
4 athletically related student aid (as defined in
5 section 485(e)(8) of the Higher Education Act
6 of 1965) by a highly-compensated student ath-
7 lete.”.

8 (2) HIGHLY-COMPENSATED STUDENT ATHLETE
9 DEFINED.—Section 117(c) of such Code is amended
10 by adding at the end the following new paragraph:

11 “(3) HIGHLY-COMPENSATED STUDENT ATH-
12 LETE.—

13 “(A) IN GENERAL.—For purposes of para-
14 graph (1), the term ‘highly-compensated stu-
15 dent athlete’ means, with respect to any taxable
16 year, any student whose athletic-related com-
17 pensation for such taxable year exceeds
18 \$250,000.

19 “(B) ATHLETIC-RELATED COMPENSA-
20 TION.—For purposes of subparagraph (A), the
21 term ‘athletic-related compensation’ means,
22 with respect to any student during any taxable
23 year, an amount equal to the sum of—

24 “(i) any amounts received in the form
25 of athletically related student aid (as de-

1 fined in section 485(e)(8) of the Higher
2 Education Act of 1965) by such student
3 during such taxable year, plus

4 “(ii) any amounts received by such
5 student during such taxable year in con-
6 nection with their participation in an inter-
7 collegiate athletics program, including any
8 amounts received pursuant to an agree-
9 ment or partnership—

10 “(I) with any educational organi-
11 zation described in section
12 170(b)(1)(A)(ii) which operates, or
13 any entity which operates in associa-
14 tion with, an intercollegiate athletics
15 program, or

16 “(II) under which such student is
17 employed, or receives consideration for
18 the use by any entity of such stu-
19 dent’s person, name, image, or like-
20 ness, in the promotion of any product,
21 service, or event.”.

22 (3) EFFECTIVE DATE.—The amendments made
23 by this subsection shall apply to amounts received in
24 taxable years beginning after December 31, 2026.

