

EXEMPTION FROM ADMISSIONS TAX FOR CERTAIN ATHLETIC EVENTS HELD FOR THE BENEFIT OF UNITED STATES OLYMPIC ASSOCIATION

JULY 29, 1955.—Ordered to be printed

Mr. BYRD, from the Committee on Finance, submitted the following

R E P O R T

[To accompany H. R. 7095]

The Committee on Finance, to whom was referred the bill (H. R. 7095) to provide that the tax on admissions shall not apply to certain athletic events held for the benefit of the United States Olympic Association, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

By virtue of this act, the Committee on Finance accepts the report of the Committee on Ways and Means, which is as follows:

PURPOSE OF BILL

This bill provides an exemption from the admissions tax for athletic events sponsored by the United States Olympic Association where all of the proceeds of the admissions inure exclusively to the benefit of the association. This bill is effective as of the first of the month beginning more than 10 days after the enactment of this bill for admissions on or after that day.

REASONS FOR BILL

This bill is intended to make it possible for the United States Olympic Association to raise funds to send athletes to the Olympic and Pan-American games without having the proceeds so received subjected to the Federal admissions tax.

EXPLANATION OF BILL

The bill as reported adds a new paragraph to section 4233 (a) of the 1954 code providing that admissions to an athletic game or exhibition, including all of the types of athletic events at the Olympic or Pan-American games, are to be free of the admissions tax under certain conditions. To be free of tax these events must be conducted by or for the United States Olympic Association. Events conducted for the benefit of the association must have been authorized by the association in advance of the event. Also, all of the proceeds of the admissions must inure exclusively to the benefit of the association, and not to a subordinate organization.

The term "all of the proceeds" means all the net proceeds of the regular admission charges or excess charges, as the case may be, after payment of actual and

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reasonable expenses incurred in presenting the event. If the expenses are in excess of what is reasonable and necessary under the circumstances, all the proceeds would not be considered as inuring exclusively to the benefit of the United States Olympic Association. In any case where the amount to be received by any person or organization other than the association for talent, services, or otherwise, is based on a percentage of the net or gross proceeds, the United States Olympic Association before exemption may be allowed must establish that the maximum amount to be received on the percentage basis is a reasonable sum and not more than would ordinarily be received on a flat-rate basis for the same or similar talent or services, and that the contract actually operates to its benefit.

It is estimated that the revenue effect of this bill is negligible.

This bill has been reported unanimously by your committee.

CHANGES IN EXISTING LAW

In the opinion of the committee it is necessary in order to expedite the business of the Senate to dispense with the requirement of subsection 4 of rule XXIX of the Standing Rules of the Senate.

