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## Trump's NFL Tax Credit Tweet Raises Confusion Among Tax Pros.

One hundred forty characters, but a barrage of questions.

President Donald Trump's tweet questioning the legitimacy of the tax credits received by the National Football League had tax analysts scrambling to determine the potential hit for state and federal tax regimes.

"Why is the NFL getting massive tax breaks while at the same time disrespecting our Anthem, Flag and Country? Change tax law!" Trump tweeted Oct. 10. The tweet is partly a result of several weeks of national anthem kneeling protests by players, of which Trump has been a ferocious opponent. Vice President Mike Pence left the Oct. 8 game between the Indianapolis Colts and the San Francisco 49ers because of players kneeling.

The tweet is unclear, but it could be leading down only one of two paths, according to Matthew Gardner, senior fellow at the Institute on Taxation and Economic Policy.

Gardner told Bloomberg BNA that Trump could be referring to the NFL's federal tax-exempt status. However, the NFL ended its decades-long status as a nonprofit organization in 2015 and therefore is no longer federally exempt from taxes.

"The NFL's current status is something that would not change. Congress doesn't want to give a whole candy store to the NFL, and, policy-wise, there isn't a lever for Congress to pull on this," Gardner said.

"On the other hand, Trump could be talking about cutting state and local tax subsidies, which do provide teams with lavish incentives and could be worth exploring," Gardner added. However, he noted that the president has no authoritative say over tax incentives at the state and local level.

### **'Can't Make Sense'**

Richard Auxier, research associate at the Urban-Brookings Tax Policy Center at the Urban Institute, shared Gardner's confusion over Trump's message.

"If Trump is tweeting here about the federal exemption status of the NFL, he's clearly mistaken," Auxier said. "I really can't make sense of the president's tweet."

The White House didn't immediately respond to a request for clarification of Trump's tweet.

### **Tax Breaks**

Gardner and Auxier said that NFL teams do receive varying tax subsidies from their respective municipalities, ranging from incentives like free rent of a state-owned arena, or the ability to keep all profits from anything sold in stadiums—tax free. The subsidies act as incentives for NFL teams to

stay in their jurisdictions.

Lawmakers in at least two states—Louisiana and Tennessee—are proposing to cut millions in state tax subsidies received by the New Orleans Saints and the Tennessee Titans in response to athletes kneeling during the national anthem. In New Orleans alone, the Saints and owner Tom Benson are estimated to rake in \$392 million from state tax subsidies by 2025.

NFL teams are also able to take advantage of tax-exempt municipal bonds when it comes to building stadiums, many of which cost over \$1 billion.

For example, the Minnesota Vikings were issued \$392 million in tax-exempt municipal bonds for the construction of U.S. Bank Stadium, which opened in 2016. The Dallas Cowboys were issued \$337 million in bonds to construct the team's \$1.32 billion dollar AT&T Stadium.

When investors buy municipal bonds, they lend a local or state government money for a fixed period of time, often to pay for roads, schools, and other construction projects. In exchange for an investment, the local or state governments pay the investor interest throughout the term of the bond. Currently, interest isn't taxable.

In total, tax-exempt financing of sports stadiums has cut \$3.7 billion from federal tax revenue since 2000.

## **Bloomberg BNA**

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