
Tax-Free Stadium Bonds, NIL Challenges Draw Bipartisan Interest.

House taxwriters shared common concerns over the tax treatment of multiple areas of the sports industry, including the lack of automatic tax withholding for student-athlete income and tax-exempt municipal bond financing for sports stadium relocations.

The challenges for college athletes navigating the tax treatment of name, image, and likeness (NIL) income and revisiting tax policy on financing for stadium and arena construction were the primary focus of a June 30 House Ways and Means Committee hearing. But the tax-exempt claims of some NIL collectives, the “jock tax” on nonresident income at stadiums at the state level, and worries about international investment in college sports were also among lawmakers’ concerns about the industry.

Ways and Means Committee Chair Jason Smith, R-Mo., took interest in the tax-exempt municipal bonds financing issue following the December 2025 announcement that the Kansas City Chiefs would move from his home state to a new stadium in Kansas by the start of the 2031 NFL season.

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