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Ways and Means Hearing Shows Continued Bipartisan Interest in Removing Tax Breaks for Sports Teams: Hogan Lovells Cadwalader

On June 30, 2026, the House Ways and Means Committee held a nearly four-hour hearing titled, "The Growing Business of Sports: Reviewing Federal Tax Policy in the Multibillion-Dollar Industry." The hearing featured sharp bipartisan criticism of two key federal tax benefits that flow to the professional sports industry: the use of tax-exempt municipal bonds to finance stadium construction, and the ability of franchise purchasers to amortize the full cost of intangible assets under Section 197 of the Internal Revenue Code. The session underscored that these tax provisions remain in Congress's crosshairs (including those of Ways and Means Chairman Jason Smith) and that many members in both parties are interested in exploring statutory changes. This alert summarizes key takeaways from the hearing, the current legislative landscape, and the practical implications for sports industry stakeholders.

Chairman Smith's opening statement

Committee Chairman Smith (R-MO) delivered pointed opening remarks framing the hearing around what he described as a pattern of professional sports franchises exploiting federal tax incentives at the expense of local communities and taxpayers. Chairman Smith noted that 43 of 57 new stadiums built over the past 20 years have been financed using tax-exempt municipal bonds, at a cost of $4.3 billion to American taxpayers. He characterized the dynamic as follows: "Different cities, different leagues, but the same unfortunate playbook: leverage, threaten, relocate, repeat. And send the bill to the taxpayer."1

Chairman Smith noted that taxpayers in St. Louis are still paying for an 82,000-seat football stadium that last saw a home game in 2015, while the Kansas City Chiefs (currently playing in MO) are scheduled to move across state lines into Kansas at a cost of $1.8 billion in taxpayer-funded subsidies. He described the Chiefs' relocation decision as "a clear-cut example of a sports franchise putting corporate interest ahead of the interest of a community in which it has thrived for over six decades." Smith also cited the Oakland Athletics' move to Las Vegas backed by up to $380 million in Nevada taxpayer money, as well as the Chicago Bears' reported interest in relocating to Hammond, Indiana, to pressure Illinois into offering a richer incentive package.

Continue reading.

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July 16, 2026

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