S. REP. 86-877, S. Rep. No. 877, 86TH Cong., 1ST Sess. 1959, 1959 U.S.C.C.A.N. 2662, 1959 WL 3929 (Leg.Hist.)

**\*2662** P.L. 86-319, ADMISSIONS TAX-- ATHLETIC BENEFITS

SENATE REPORT NO. 86-877,

SEPT. 2, 1959 (TO ACCOMPANY H.R. 4857)

HOUSE REPORT NO. 86-873,

AUG. 11, 1959 (TO ACCOMPANY H.R. 4857)

THE SENATE REPORT IS SET OUT.

                                                                                 (CONSULT NOTE FOLLOWING TEXT FOR INFORMATION ABOUT OMITTED MATERIAL.  EACH     COMMITTEE REPORT IS A SEPARATE DOCUMENT ON WESTLAW.)

SENATE REPORT NO. 86-877

SEPT. 2, 1959

THE COMMITTEE ON FINANCE, TO WHOM WAS REFERRED THE BILL (H.R. 4857) TO PROVIDE THAT THE EXEMPTIONS FROM THE ADMISSIONS TAX FOR ATHLETIC GAMES BENEFITING CRIPPLED OR RETARDED CHILDREN SHALL APPLY WHERE THE PARTICIPANTS HAVE RECENTLY ATTENDED DESIGNATED SCHOOLS OR COLLEGES AS WELL AS WHERE THEY ARE CURRENTLY STUDENTS, HAVING CONSIDERED THE SAME, REPORT FAVORABLY THEREON WITHOUT AMENDMENT AND RECOMMEND THAT THE BILL DO PASS.

I. SUMMARY OF BILL

THIS BILL AMENDS TWO OF THE EXEMPTIONS FROM THE ADMISSIONS TAX TO PROVIDE THAT IN DETERMINING WHETHER AN ATHLETIC GAME IS PLAYED BETWEEN ‘STUDENTS‘ FROM ELEMENTARY OR SECONDARY SCHOOLS, OR COLLEGES, WHERE THE PROCEEDS INURE TO A HOSPITAL FOR CRIPPLED CHILDREN, OR AN EXEMPT ORGANIZATION OPERATED EXCLUSIVELY FOR THE BENEFIT OF RETARDED CHILDREN, THE TERM ‘STUDENT‘ IS TO INCLUDE ANYONE WHO WAS A STUDENT AT THE SCHOOL OR COLLEGE WITHIN THE 8 MONTHS IMMEDIATELY BEFORE THE ATHLETIC GAME. THIS WILL MAKE THE EXEMPTION AVAILABLE FOR ‘ALL-STAR ‘ AND OTHER SIMILAR BENEFIT GAMES EVEN THOUGH THE GAME IS PLAYED SHORTLY AFTER THE END OF THE SCHOOL OR COLLEGE YEAR. THIS IS TO BE EFFECTIVE FOR AMOUNTS PAID ON OR AFTER THE DATE OF ENACTMENT. THE BILL, WHICH IS FAVORED BY THE TREASURY DEPARTMENT, WAS REPORTED UNANIMOUSLY BY THE COMMITTEE.

II. GENERAL STATEMENT

AMONG THE EXEMPTIONS PROVIDED BY PRESENT LAW IN THE CASE OF THE ADMISSIONS TAX ARE:

(1) ATHLETIC GAMES AND EXHIBITIONS WHERE THE PROCEEDS INURE EXCLUSIVELY TO THE BENEFIT OF ELEMENTARY AND SECONDARY SCHOOLS;

(2) ATHLETIC GAMES BETWEEN TEAMS COMPOSED OF STUDENTS FROM ELEMENTARY OR SECONDARY SCHOOLS, OR COLLEGES, IF THE GROSS PROCEEDS FROM THE GAMES INURE TO THE BENEFIT OF HOSPITALS FOR CRIPPLED CHILDREN;

(3) ATHLETIC EVENTS BETWEEN EDUCATIONAL INSTITUTIONS DURING THE REGULAR ATHLETIC SEASON IF THE PROCEEDS INURE TO THE BENEFIT OF THE INSTITUTIONS, HOSPITALS FOR CRIPPLED CHILDREN, OR BOTH; AND

(4) ATHLETIC GAMES BETWEEN TEAMS COMPOSED OF STUDENTS FROM ELEMENTARY OR SECONDARY SCHOOLS, OR COLLEGES, IF THE PROCEEDS FROM THE GAMES INURE TO THE BENEFIT OF AN EXEMPT EDUCATIONAL, CHARITABLE, OR RELIGIOUS ORGANIZATION OPERATED EXCLUSIVELY FOR THE PURPOSE OF AIDING AND ADVANCING RETARDED CHILDREN.

IT WILL BE NOTED THAT IN THE SECOND AND FOURTH CATEGORIES LISTED ABOVE THE EXEMPTION IS AVAILABLE ONLY IF THE ATHLETIC GAME IS BETWEEN TEAMS COMPOSED **\*2663** OF ‘STUDENTS‘ FROM ELEMENTARY OR SECONDARY SCHOOLS, OR COLLEGES. THUS, UNDER PRESENT LAW THESE EXEMPTIONS ARE NOT AVAILABLE IF ANY OF THE PLAYERS HAVE JUST GRADUATED AND THEREFORE ARE NO LONGER ‘STUDENTS‘ IN THE SCHOOLS THEY FORMERLY ATTENDED. AS A RESULT, AN EXEMPTION FROM THE ADMISSIONS TAX PRESENTLY MAY NOT BE AVAILABLE WHERE THE OTHERWISE QUALIFYING BENEFIT GAME IS PLAYED AFTER THE CLOSE OF THE SCHOOL YEAR.

THE COMMITTEE BELIEVES THERE IS NO REASON TO DISCRIMINATE AGAINST SOME OF THE ‘ALL-STAR‘ AND SIMILAR ATHLETIC GAMES BY DENYING ADMISSIONS TAX EXEMPTIONS MERELY BECAUSE THEY ARE PLAYING A SHORT TIME AFTER THE CLOSE OF THE SCHOOL YEAR. THEREFORE, THE COMMITTEE IN THIS BILL IS AMENDING THE INTERNAL REVENUE CODE (SEC. 4233(A)(11)) TO PROVIDE THAT A ‘STUDENT‘ FOR PURPOSES OF THE TWO EXEMPTION CATEGORIES REFERRED TO ABOVE IS TO INCLUDE AN INDIVIDUAL WHO WAS A STUDENT OF A SCHOOL OR COLLEGE AT ANY TIME IN THE 8 MONTHS IMMEDIATELY PRIOR TO THE ATHLETIC GAME IN QUESTION.

THIS CHANGE IS TO BE EFFECTIVE FOR AMOUNTS PAID ON OR AFTER THE DATE OF ENACTMENT OF THIS BILL. THE REVENUE EFFECT OF THE CHANGE IS BELIEVED TO BE RELATIVELY SMALL.

THE TREASURY DEPARTMENT HAS INDICATED THAT IT FAVORS THE BILL AND IT HAS BEEN REPORTED UNANIMOUSLY BY THE COMMITTEE.

                                                                                 (Note:  1.  PORTIONS OF THE SENATE, HOUSE AND CONFERENCE REPORTS, WHICH ARE     DUPLICATIVE OR ARE DEEMED TO BE UNNECESSARY TO THE INTERPRETATION OF THE LAWS, ARE OMITTED.  OMITTED MATERIAL IS INDICATED BY FIVE ASTERISKS:  \*\*\*\*\*.                  2.  TO RETRIEVE REPORTS ON A PUBLIC LAW, RUN A TOPIC FIELD SEARCH       USING THE PUBLIC LAW NUMBER, e.g., TO(99-495))

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