

106TH CONGRESS  
1ST SESSION

# S. 952

To expand an antitrust exemption applicable to professional sports leagues and to require, as a condition of such an exemption, participation by professional football and major league baseball sports leagues in the financing of certain stadium construction activities, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

MAY 4, 1999

Mr. SPECTER introduced the following bill; which was read twice and referred to the Committee on the Judiciary

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## A BILL

To expand an antitrust exemption applicable to professional sports leagues and to require, as a condition of such an exemption, participation by professional football and major league baseball sports leagues in the financing of certain stadium construction activities, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Stadium Financing  
5       and Franchise Relocation Act of 1999”.

1 **SEC. 2. EXPANSION, MODIFICATION, AND CLARIFICATION**  
2 **OF ANTITRUST EXEMPTIONS.**

3 (a) DEFINITIONS.—Section 5 of Public Law 87–331,  
4 commonly known as the “Sports Broadcasting Act” (15  
5 U.S.C. 1295) is amended to read as follows:

6 **“SEC. 5. DEFINITIONS.**

7 “In this Act:

8 “(1) ANTITRUST LAWS.—The term ‘antitrust  
9 laws’—

10 “(A) means antitrust laws, as that term is  
11 defined in section 1 of the Clayton Act (15  
12 U.S.C. 12); and

13 “(B) includes antitrust Acts, as that term  
14 is defined in section 4 of the Federal Trade  
15 Commission Act (15 U.S.C. 44).

16 “(2) CONSTRUCTION.—With respect to a play-  
17 ing facility, the term ‘construction’ means the con-  
18 struction of a playing facility that is not in existence  
19 at the commencement of the construction.

20 “(3) LOCAL GOVERNMENTAL ENTITY.—The  
21 term ‘local governmental entity’ means—

22 “(A) a State; or

23 “(B) a county, city or other unit of local  
24 government.

25 “(4) PERSON.—The term ‘person’ means any  
26 individual, partnership, corporation, or unincor-

1       porated association, or any combination or associa-  
2       tion thereof.

3               “(5) PLAYING FACILITY.—The term ‘playing fa-  
4       cility’ means a stadium or ballpark designed to seat  
5       a minimum of 35,000 spectators.

6               “(6) RENOVATION.—With respect to a playing  
7       facility, the term ‘renovation’ means the renovation  
8       of an existing playing facility.

9               “(7) SPONSORED TELECASTING.—The term  
10       ‘sponsored telecasting’—

11               “(A) except as provided in subparagraph  
12       (B), includes all over-the-air, cable and satellite  
13       transmissions; and

14               “(B) does not include pay-per-view broad-  
15       casts.”.

16       (b) EXPANSION, MODIFICATION, AND CLARIFICATION  
17       OF EXEMPTIONS.—The first section of Public Law 87–  
18       331, commonly known as the “Sports Broadcasting Act”  
19       (15 U.S.C. 1291) is amended to read as follows:

20       **“SECTION 1. EXEMPTIONS FROM ANTITRUST LAWS OF**  
21               **AGREEMENTS COVERING THE TELECASTING**  
22               **OF SPORTS CONTESTS, THE COMBINING OF**  
23               **PROFESSIONAL FOOTBALL LEAGUES AND**  
24               **THE RELOCATION OF SPORTS FRANCHISES.**

25       “(a) EXEMPTIONS.—

1           “(1) IN GENERAL.—Subject to subsection (b),  
2           the antitrust laws shall not apply to any joint agree-  
3           ment described in paragraph (2).

4           “(2) JOINT AGREEMENTS DESCRIBED.—A joint  
5           agreement described in this paragraph is a joint  
6           agreement—

7                   “(A) by or among persons engaging in or  
8                   conducting the organized professional team  
9                   sports of football, baseball, basketball, or hock-  
10                  ey, by which any league of clubs participating  
11                  in that professional sport sells or otherwise  
12                  transfers all or any part of the rights of the  
13                  member clubs of that league in the sponsored  
14                  telecasting of the games of that professional  
15                  sport that are engaged in or conducted by those  
16                  member clubs;

17                   “(B) by which the member clubs of 2 or  
18                   more professional football leagues described in  
19                   section 501(c)(6) of the Internal Revenue Code  
20                   of 1986 and that are exempt from taxation  
21                   under section 501(a) of the Internal Revenue  
22                   Code of 1986 combine their operations in an  
23                   expanded single league that is exempt from in-  
24                   come tax by reason of such section 501(a), if  
25                   that agreement—

1           “(i) increases the number of profes-  
2           sional football clubs operating; and

3           “(ii) contains provisions that are di-  
4           rectly relevant to the combination of oper-  
5           ations for such an expanded single league;

6           or

7           “(C) by which any league of clubs partici-  
8           pating in a professional sport referred to in  
9           subparagraph (A) denies a member club the  
10          right to transfer the location of the franchise of  
11          that member club.

12       “(b) CONDITIONS ON EXEMPTIONS.—

13           “(1) IN GENERAL.—The exemption under sub-  
14          section (a) for a joint agreement described in sub-  
15          section (a)(2)(A) shall apply, with respect to a foot-  
16          ball league or major league baseball league only if  
17          the league of football or major league baseball clubs  
18          involved—

19           “(A) agrees—

20           “(i) to meet the requirement under  
21          paragraph (2);

22           “(ii) not later than 90 days after the  
23          date of enactment of the Stadium Financ-  
24          ing and Franchise Relocation Act of 1999,  
25          to establish a special trust fund into which

1 the league will deposit an amount equal to  
2 10 percent of the amounts received under  
3 that joint agreement for the sale or trans-  
4 fer of the rights in sponsored telecasting of  
5 the games of the professional sport of that  
6 league in the United States, on the condi-  
7 tion that any funds in the trust fund that  
8 are not obligated during the 10-year period  
9 beginning on the date on which those  
10 funds are deposited in that trust fund shall  
11 be withdrawn from that trust fund and  
12 treated as gross revenues of the league;

13 “(iii) to use the amounts in the trust  
14 fund established under clause (ii) only for  
15 financing, in accordance with this section,  
16 the construction or renovation of playing  
17 facilities from which games of the teams of  
18 that league will be televised; and

19 “(iv) to make available to a local gov-  
20 ernmental entity, upon request of that en-  
21 tity, from the amounts in the trust fund  
22 established under clause (ii), assistance for  
23 the cost of the construction or renovation  
24 of playing facilities to be used by a mem-  
25 ber club in that league (if that construc-

1           tion or renovation was not completed prior  
2           to the date of introduction of the Stadium  
3           Financing and Franchise Relocation Act of  
4           1999), up to a maximum of one-half of  
5           that cost, if—

6                   “(I) the local governmental entity  
7                   makes a commitment, under a lease  
8                   or other written agreement entered  
9                   into between the member club in-  
10                  volved and the local governmental en-  
11                  tity, to provide funds in an amount  
12                  equal to at least one-half of the  
13                  amount of funds to be provided for  
14                  that purpose by the league; and

15                   “(II) the amounts requested by  
16                   the local governmental entity are  
17                   available or become available for obli-  
18                   gation from the trust fund established  
19                   under clause (ii); and

20                  “(B) not later than the date specified in  
21                  subparagraph (A)(ii), notifies the Attorney Gen-  
22                  eral that the league will establish a trust fund  
23                  in accordance with subparagraph (A).

24                  “(2) ADDITIONAL REQUIREMENT.—If a league  
25                  establishes a trust fund under paragraph (1)(A), as

1 a condition to receiving an exemption under sub-  
2 section (a)(2)(A), the league shall exclude the  
3 amounts deposited in the trust fund from designa-  
4 tion as defined gross revenues of the league, or as  
5 any other similar designation that describes revenues  
6 that are to be shared by the member clubs or the  
7 players of the league.

8 “(3) MAJOR LEAGUE BASEBALL.—

9 “(A) IN GENERAL.—The requirements of  
10 paragraphs (1) and (2) shall apply to a league  
11 of major league baseball clubs in the same man-  
12 ner as they apply to a league of professional  
13 football clubs.

14 “(B) OTHER EXEMPTIONS.—Nothing in  
15 this subsection is intended to affect any exemp-  
16 tion from the antitrust laws that may apply to  
17 major league baseball with respect to activities  
18 that are not covered under this Act.”.

19 (c) TECHNICAL AND CONFORMING AMENDMENTS.—

20 (1) AREA TELECASTING RESTRICTION LIMITA-  
21 TION.—Section 2 of Public Law 87–331, commonly  
22 known as the “Sports Broadcasting Act” (15 U.S.C.  
23 1292) is amended—

24 (A) by striking “SEC. 2. Section” and in-  
25 serting the following:

1 **“SEC. 2. AREA TELECASTING RESTRICTION LIMITATION.**

2 “Section”; and

3 (B) by striking “described in the first sen-  
4 tence of such section” and inserting “described  
5 in subsection (a)(2) of that section”.

6 (2) INTERCOLLEGIATE AND INTERSCHOLASTIC  
7 FOOTBALL CONSENT LIMITATIONS.—Section 3 of  
8 Public Law 87–331, commonly known as the  
9 “Sports Broadcasting Act” (15 U.S.C. 1293) is  
10 amended by striking “SEC. 3. The first sentence of  
11 section 1 of this Act” and inserting the following:

12 **“SEC. 3. INTERCOLLEGIATE AND INTERSCHOLASTIC FOOT-  
13 BALL CONSENT LIMITATIONS.**

14 “The exemption under section 1(a)”.

15 (3) STATUTORY CONSTRUCTION.—Section 4 of  
16 Public Law 87–331, commonly known as the  
17 “Sports Broadcasting Act” (15 U.S.C. 1293) is  
18 amended by striking “SEC. 4. Nothing” and insert-  
19 ing the following:

20 **“SEC. 4. STATUTORY CONSTRUCTION.**

21 “Nothing”.

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