



STATEMENT FOR THE RECORD OF
NATIONAL ASSOCIATION OF BOND LAWYERS

BEFORE THE U.S. HOUSE OF REPRESENTATIVES COMMITTEE ON WAYS AND MEANS
HEARING ENTITLED

“THE GROWING BUSINESS OF SPORTS: REVIEWING FEDERAL TAX POLICY IN THE MULTI-
BILLION DOLLAR INDUSTRY”

Hearing Date: June 30, 2026

Statement Submitted to the Record: July 14, 2026

The Hon. Jason Smith

Chair

House Ways and Means Committee

The Hon. Richard E. Neal

Ranking Member

The House Ways and Means Committee

Members of the Committee:

The National Association of Bond Lawyers (NABL) represents more than 2,000 professional public finance attorneys and practitioners in all 50 states who serve clients across the \$4.4 trillion municipal securities market, including state and local issuers, nonprofit borrowers, underwriters, and trustees. We appreciate this opportunity to comment in response to the June 30, 2026 hearing of the House Ways and Means Committee (the “Committee”) titled “The Growing Business of Sports: Reviewing Federal Tax Policy in the Multibillion-Dollar Industry.” We recognize that, from time to time, developments within a particular industry warrant reexamination of such industry’s tax treatment.

One area of the Committee’s examination into the sports industry, however, creates particular concern for participants across the municipal market: the suggestion that tax-exempt municipal bonds can be curtailed with respect to particular infrastructure categories such as stadiums and similar recreational facilities. We strongly urge Congress to reject proposals designed to limit local decision-making in the use of tax-exempt municipal bonds.

Well-intentioned critics frequently frame the issue of financing stadiums and other recreational facilities with tax-exempt bonds as rooted in fiscal prudence versus unfair subsidies. Nevertheless, any restriction on specific uses of tax-exempt bonds will erode the core ability of state and local governments to make their own decisions on matters relating to civic infrastructure investment and economic development. It also misinterprets how state and local governments plan, finance, and utilize these facilities for professional events and community purposes. Our state and local government clients echo the sentiments of several of the members of the committee who explained the positive economic and community impacts of such facilities within their jurisdictions. Those clients consistently reiterate that these facilities often serve tangible and

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intangible purposes significantly greater than hosting professional sporting events. Sporting facilities and stadiums serve as cultural anchors, spur economic activity, foster community identity, host civic and local athletic events, and boost tourism — all purposes that go well beyond any benefits to private sports franchises.

For many decades, Congress has regulated private involvement with projects financed with tax-exempt municipal bonds through the “private business tests.” These tests are almost entirely “neutral” — they do not play favorites or draw distinctions between different types of favored or disfavored projects in determining whether an issue of bonds constitutes “private activity bonds” that are subject to additional restrictions. Recent proposals in the stadium bond space have departed from these neutral rules by proposing novel restrictions on the issuance of tax-exempt governmental bonds based on disfavored purposes. Furthermore, existing proposals to restrict the use of tax-exempt governmental bonds for sports facilities have swept far beyond the typical large professional sports stadium and would prevent tax-exempt financings for a number of facilities that are not the source of Congress’s concern. For example, existing proposals have defined a prohibited stadium facility as one that hosts a professional sporting event for five or more calendar days in a single year. The lack of specificity around what constitutes “professional sports exhibitions, games, or training” concerns our clients. Such hair-trigger rules would prevent tax-exempt governmental bond financing for a much larger array of facilities than Congress likely intends to restrict, including some public university, high school, and recreational facilities, as well as community parks.

We believe there are better solutions to any perceived abuses with public financing of stadiums than taking a hammer to the fundamental financing tool used by communities to finance the majority of critical infrastructure and abandoning the neutrality of the private business tests. Congress should reject proposals designed to limit local decision-making in the use of tax-exempt municipal bonds and should instead work directly with the state and local economic development teams tasked with the immense job of crafting investment opportunities in their communities’ futures to ensure positive community and economic impact.

NABL once again thanks the Committee for this opportunity to comment, and we welcome any further discussions on this matter or others relating to tax-exempt municipal bonds or public finance.

CC: Members of the House Ways and Means Committee