

# Football income tax?

## IRS threatens tax on NCAA television revenue

By PAUL MCGRATH  
Battalion Sports Editor

National Collegiate Athletic Association affiliated schools, already beset with increased financial costs because of required support for women's athletic programs, may now receive another blow to their checkbooks, this time from the Internal Revenue Service.

Although nothing has been finalized, the IRS has indicated intentions to tax revenue received from football and basketball television rights fees. A 1974 tax audit of Southern Methodist University, Texas Christian University, the University of Kansas and the Cotton Bowl Association by the regional IRS office in Dallas brought up the question whether television revenue could be taxed as "unrelated business income."

The IRS, remaining passive on the subject for more than 30 years, now contends television revenue is not substantially related to the otherwise tax-exempt purposes of an educational institution.

Sections 511-513 of the Internal Revenue Code imposes a tax on tax-exempt organizations which engage in a business unrelated to its

purposes and thereby compete with organizations which are required to pay income taxes.

The IRS, in its preliminary indications, intends to tax television revenue retroactively over the past three years with a Texas A&M University official saying the rate to be 25 percent of the amount received.

"We've had one hearing in Washington, and although the decision has not been rendered yet, our attorney tells me that the outlook is pretty dismal," SMU president Dr. James H. Zumbege said, "I'm anxious to appeal it to the next highest authority."

Zumbege's assistant, Dr. John Stephens seemed distraught that the IRS would ignore 30 years of precedent and impose a tax on television revenue.

"We'll (SMU) oppose it in every way available," he said, adding that the school would go to the courts if that was the only alternative. SMU has received about \$600,000 over the past three years under the Southwest Conference's television revenue sharing plan which distributes money throughout the entire conference each time a member school appears on television.

"This would effect every major football school in the country," Stephens said. "It would change the character of intercollegiate sports while also changing athletic department budgets and operation considerably."

"I don't think the NCAA will take that laying down," he said. NCAA President J. Neils Thompson, of the University of Texas, said, "The IRS is drawing a very fine line that football and basketball television revenue is unrelated business income. The revenue created by television rights fees is funneled back into our non-profit Association as a totally educationally oriented student activity."

"Our member institutions have traditionally built up their programs on this type of income, so I can't see how the IRS can say it is unrelated" he said.

Len Vinsko of the regional IRS office in Dallas said, "I'm not at liberty to discuss any of our individual tax cases... that's been our policy. Nothing official has come down through our channels. No final decision has been made other than what you have read in the papers." He refused to comment on when the IRS will make its decision.

Should the IRS rule against the NCAA, Texas A&M, as would all schools with major athletic programs, stands to lose a lot of money.

The A&M athletic program, which has been on the rise financially due to a successful football program, has gleaned more than \$1.2 million from television revenue alone over the past three years. Wally Groff, Assistant Athletic Director for Fiscal Affairs said. Thus, Texas A&M could lose \$300,000 or more to the tax.

Groff also said the IRS may be planning to tax athletic ticket sales to all non-students, including faculty members.

"It's not as far along as the other thing," he said. "But I don't know why they would differentiate between faculty and students."

Texas A&M Athletic Council representative Dr. Charles Samson said the television revenue tax would hurt A&M substantially.

"We (he and Athletic Director Emory Bellard) haven't looked at it in any depth yet, so we don't know if we would have to cut out any sports."

Samson first learned of a possible income tax at the spring SWC meeting. "It came as a shock to us. All of us are just trying to keep our noses above water."

NCAA schools obtained \$26 million dollars from the major television networks last year, Stephens said, and this amount, plus money from local television and radio stations, would be subject to the projected income tax.

# Aggies fall short at national meet

While Arizona State overcame schools laden with foreign athletes to claim the National Collegiate Athletic Association track crown, Texas A&M athletes were meeting with disappointment.

The Aggies of Coach Charles Thomas, second in the Southwest Conference to Texas, were represented at the NCAA meet in Champaign, Ill. by discus men Steve Stewart and Tim Scott, pole vaulter Brad Blair and hurdler Shifton Baker.

Neither Stewart, the SWC champ in the event, nor Scott made it out of the prelims and Baker could not qualify in his prelim heat in the 10-meter high hurdles. Baker ran a 4.2, far from his best of the year of 3.6.

Baker said he was fatigued by being on the road for so long (he and the others competed at the Federation meet in Wichita, Kan. last weekend) and was hampered by a hand injury sustained a week ago.

He made the semi-finals of the 400-meter intermediates with a pre-time of 52.3. Facing extremely talented competition, including eventual winner Tom Andrews of USC, Baker failed to reach the finals

with his 51.0 clocking. The slowest time to reach the finals was a 50.6.

Brad Blair, SWC champ in the pole vault and who has twice cleared 17 feet this year, made the finals in the event. There, a vicious wind hampering all vaulters kept the winning height below 18 feet for the first time in several years. Arkansas State's Earl Bell won with a vault of 17-6 feet as Blair failed to place in the top six.

Arizona State, led by Olympian Herman Frazier and high jumper Kyle Arney, gathered 64 points to take the title. Frazier won the 400-meter dash in 45.57 and Arney took the high jump with a leap of 7-6 feet.

University of Texas-El Paso finished second in the team race with Kenyan distance men Wilson Waigwa and James Munyaala winning the 1,500-meter run and 3,000-meter steeplechase.

Southern Cal finished third with 48 points, two behind UTEP, as the Trojans won both relays and the intermediate hurdles.

Washington State, another team featuring Kenyan distance runners, was fourth with 46 points.

# Texas A&M golf team heads for NCAA meet

Texas A&M Golf Coach Bob Ellis will take a five-man team to the National Collegiate Athletic Association Championships starting this Wednesday at Colgate University in Hamilton, N.Y.

The Aggies, runners-up to Houston in the Southwest Conference, will take the same squad which recently placed seventh at the Southern Intercollegiate tournament — Monte Schauer, Bobby Baker, Tim Carlton, Dave Ogrin and Doug Ward.

The latest issue of American Collegiate Golfer, a monthly publication based in Coral Gables, Fla., ranked the Aggies the number six team in the nation.

The magazine's top ten teams were Oklahoma State (Ellis' alma mater), Houston, Brigham Young, San Diego State, Arizona State, Texas A&M, Georgia, Florida, North Carolina and South Carolina. The four-day NCAA tournament will end Saturday.

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