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Tax Law and 100 Years of New York Giants Season Tickets: A Multifaceted Analysis of One Fan's Fortune

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Tax Law and 100 Years of New York Giants Season Tickets

A Multifaceted Analysis of One Fan's Fortune

Casey W. Baker, J.D.

Sports and Tax Law?

- Confluence of money and unique factual situations create issues that the regulatory structure may not contemplate
- Examples from existing literature
 - Record-setting homerun balls: income recognition principles
 - Bobby Bonilla's contract buyout: intricacies of deferred compensation
 - College athletics: tax exemptions
 - "Bobblehead" giveaways: sales tax triggers

The NFL's "Fan of the Century"



Greg Hampton, of Williamsburg, Va.

The Prize:

- Two season tickets to New York Giants games for 100 seasons
- NFL TV package for 100 seasons
- Trip to the 2019 NFL Draft
- "Approximate Retail Value"

\$425,673.00

- Giftable, but **NOT SALABLE**

What are the Tax Consequences?

Can we punt the tax bill?



- Federal Income Tax
 - Timing
 - Valuation
- Estate and Gift Tax
 - Application of Unified Credit
- State and Local Tax
 - Nexus
 - Administration

Federal Income Tax

- Is a non-monetary prize income? YES.
 - 26 U.S.C. § 74: “[G]ross income includes amounts received as prizes and awards.”
- When should Hampton recognize income to be received in the future?
 - Constructive Receipt Doctrine: Recognize income in the year in which the taxpayer could have drawn upon it at any time.
 - Hampton cannot draw upon the tickets until after July 1 of each year
- Valuation
 - “Approximate Retail Valuation” vs. “Fair Market Value”
 - FMV of tickets that cannot be sold? Questionable, but there is SOME value.

Estate and Gift Tax

- Income Tax concepts do not neatly transfer to Estate and Gift Tax.
 - Timing
 - Valuation
- Two distinct taxes, but commonly analyzed together due to the “Unified Credit.”
 - Can make \$11.4 million of non-exempt transfers before either tax is imposed.

State and Local Tax

- Constitutional requirement of nexus
 - Virginia resident, receiving tickets from New York, to go to games in New Jersey
 - Virginia and New Jersey have nexus, New York does not
- Statutory tax administration system
 - Virginia incorporates federal “income” concept into its state scheme
 - New Jersey has developed its own definition of “income”
 - The prize is not within New Jersey’s definition of “income”

So What?

- Sports are supposed to be fun!
 - But someone needs to be ready to sort out the complications
- That is the role of tax professionals!
- The case is a fun way to illustrate multiple tax concepts in a way that researchers, practitioners, and policymakers can build upon

Any Questions?