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On the eve of its annual draft, the National Football League (NFL) announced that it is giving up its tax-exempt status, according to Bloomberg News and various other media sources. Unlike most other nonprofit organizations, the tax break was considered largely symbolic and termed a “distraction” by NFL Commissioner Roger Goodell.

It is estimated that the move will cost the NFL \$109 million over the next decade, a mere pittance for a league that has been exploding in revenue. While the exact figure is uncertain, experts believe that the NFL will earn north of \$10 billion this year, which is then split among the teams. In addition, the league will no longer have to put up with disclosure requirements for certain sensitive information, including

Goodell's compensation. (The NFL Commissioner was paid \$35 million in salary and

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Every dollar of income generated through television rights fees, licensing agreements, sponsorships, ticket sales, and other means is earned by the 32 clubs and is taxable there," he wrote. "This will remain the case even when the league office and Management Council file returns as taxable entities, and the change in filing status will make no material difference to our business."

According to the letter, the league has been studying the issue for more than a year and ownership approved the switch last month. So the announcement won't catch any NFL owners by surprise. Also, Major League Baseball (MLB) made a similar change back in 2007. Currently, the National Hockey League (NHL) is the only professional sports league in North America maintaining a tax-exempt status.

Because the NFL is switching to a taxable entity this year, it will still have to file a return as a nonprofit organization for the fiscal year ending March 31. The change will kick in next year. Finally, the NFL will continue to benefit from other tax breaks, such as government subsidies to help build stadiums.

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