

**NCAA GOVERNMENT RELATIONS REPORT
(June 2007)**

1. Congressional Overview.

The 110th Congress has spent a considerable amount of time debating various measures on immigration, energy and ethics reforms, as well as the appropriations bills. Congress will take a week long recess during the Fourth of July holiday and is scheduled to return for four weeks of business before leaving for its summer recess on August 3, 2007. With their extremely busy schedule, they have continued to display an interest in a variety of issues related to collegiate athletics.

2. Federal Legislative Issues.

a. Tax Exempt Status of Nonprofit Organizations

Senate Finance Committee Chairman Max Baucus (D-MT) and Ranking Member Charles Grassley (R-IA) continue to exhibit an interest in tax exempt organizations by furthering their broad examination of this sector. Most recently, this evaluation has looked into establishing stricter financial-disclosure requirements for nonprofits. There continues to be an interest in a number of broader higher education issues including, the use of endowments by colleges and universities, nonprofit organizations' offshore hedge-fund investments, and the high salaries of some university employees.

On April 3, 2007, Senator Charles Grassley (R-IA) sent two letters to the Director of the Congressional Budget Office (CBO) seeking a study on issues related to the tax exemption of educational institutions. The first letter sought information on the practice by colleges and universities, of maintaining a large untaxed portfolio of assets while simultaneously borrowing with tax-exempt debt. The letter also sought guidance as to whether there are any additional financial reporting requirements that should be required of colleges and universities. The second letter focused primarily on the increased commercialization of colleges and universities, specifically in the area of intercollegiate athletics. To date, there has been no response from the CBO.

On June 11, 2007, Senator Max Baucus (D-MT) spoke before a group of representatives from colleges, universities, and higher education associations at the Chronicle of Higher Education Presidents Forum. Senator Baucus' speech focused on his desire to open the doors to higher education for a greater number of students, particularly those from low income backgrounds. In an attempt to reach this goal, Senator Baucus discussed intentions by Congress to overhaul education tax benefits, make tuition tax credits refundable and increase the federal Pell grant amount.

On June 14, 2007, the U.S. Internal Revenue Service released a draft revision of the Form 990, which charities and other tax exempt organizations are required to file each year. The new form requires that tax exempt organizations provide additional information on a number of matters including employment taxes, executive compensation and tax exempt bonds. Nonprofit organizations and other interested parties will have an opportunity to provide comments on the proposed form until September 14, 2007. It is expected that charities would be required to use the new 990 form for the 2008 tax year, which would be filed in 2009.

The NCAA Office of Government Relations will continue to closely monitor future legislative developments in this area as they relate to college athletics and higher education. The NCAA will continue to be responsive to any information requests on this matter.

b. Internet Gambling.

On April 26, 2007, Representative Barney Frank (D-MA), Chairman of the House Financial Services Committee, introduced HR 2046, the Internet Gambling Regulation and Enforcement Act of 2007. HR 2046 would lift the ban on online gambling for properly licensed operators and allow Americans to lawfully bet online. Passage of this act would effectively override all other federal and state laws that either regulate or limit online gambling, including the Unlawful Internet Gambling Enforcement Act, which was signed into law last year. HR 2046 has been referred to the House Committee on Financial Services and the Committee on Energy and Commerce.

On June 8, 2007, the House Financial Services Committee held a hearing that examined whether Internet Gambling can effectively be regulated in a manner that offers protection to consumers and the payment systems. Witnesses participating in the hearing included Radley Balko, Senior Editor, Reason Magazine; Jon Prideaux, Chief Executive, Asterion Payments; Gerald Kitchen, Chief Executive Officer, Secure Trading Ltd; Pastor Greg Hogan; Jeff Schmidt, CEO Authis; and Michael Colopy, Senior Vice President, Communications, Aristotle Inc. To date, there has been no further legislative activity on this bill.

On May 3, 2007, Representative Shelley Berkley (D-NV) introduced HR 2140, the Internet Gambling Study Act. HR 2140 would require the National Research Council of the National Academy of Sciences to conduct a study examining the legal framework governing Internet gambling activities and transactions and the impact of the Unlawful Internet Gambling Enforcement Act on Internet gambling in the United States. This bill has been referred to the House Committee on Financial Services, the

House Committee on Energy and Commerce and the House Committee on Ways and Means. To date, no further legislative action has been scheduled.

The NCAA and a coalition made up of professional sports organizations, family organizations and other interested parties, continue to oppose legislative efforts that will rollback current laws that effectively limit wagering on sporting events. The NCAA will continue to work within this coalition to ensure that current Federal and State laws prohibiting online wagering are enforced.

c. White Spaces.

On June 26, 2007, NCAA staff participated in a day of meetings on the Hill and at the Federal Communications Commission with our broadcast partners and representatives from the professional leagues. The purpose of the meetings was to educate members and commissioners on the potentially negative consequences of proposed legislation that would fill the “white spaces” within current broadcast spectrum with new unlicensed devices. There is great concern by our broadcast partners and others that such interference from unlicensed devices in the spectrum could knock out the use of wireless microphones and disrupt headsets used during our games.

The legislation is likely to receive more attention after some findings by the FCC which are expected later in the year.

d. Native American Mascots.

On March 5, 2007, Representative Timothy Johnson (R-IL) introduced HR 1316, the Protection of University Governance Act of 2007, similar to the bill that he introduced in the 109th Congress. HR 1316 would prohibit an entity that regulates intercollegiate sports activities from imposing any penalty or sanction, or denying any benefit to an institution of higher education by reason of the team name, symbol, emblem, or mascot. The legislation would also provide institutions of higher education with a right of action against entities that improperly regulate intercollegiate athletics. The Protection of University Governance Act of 2007 has been referred to the House Committee on Education and Labor.

Other than referral to the committee, there has been no legislative activity on this bill. The NCAA Office of Government Relations will continue to monitor this bill and educate members of Congress on the NCAA policy governing Native American mascots as appropriate.

e. Title IX

On May 11, 2007, the United States Commission on Civil Rights held a briefing to discuss the use of model surveys by academic institutions to measure student interest in participating in intercollegiate athletics. Ms. Judith Sweet, former Senior Vice President for Championships, testified on behalf of the NCAA. The NCAA has taken a strong position against the use of the model survey as set out in the Department of Education's clarification.

Other participants on the panel included, Daniel Cohen, senior associate, Rogers & Hardin LLP; Jessica Gavora, vice president, College Sports Council; David F. Black, deputy assistant for Enforcement, Office of Civil Rights; and Jocelyn Samuels, vice president, National Women's Law Center. The participants debated the effectiveness of the survey and it is expected that Gerald Reynolds, chairman of the US Commission on Civil Rights will present a report to the Department of Education. There is no set date for the report.

On June 19, 2007, the House Education and Labor Subcommittee on Higher Education, Lifelong Learning and Competitiveness held a hearing titled "Building on the Success of 35 Years of Title IX". The hearing, which was conducted by Subcommittee Chair Ruben Hinojosa (D-TX), focused on the success to date of Title IX, current obstacles facing the law and recommendations on how to better regulate and enforce Title IX. Witnesses included Marcia Greenberger, co-president, National Women's Law Center; Lisa Maatz, director of Public Policy and Government Relations, American Association of University Women; Jack Mowatt, commissioner, Maryland-DC Amateur Softball Association; Margaret Layne, Society of Women Engineers; Eric Pearson, College Sports Council; and Dr. Rita Simon, American University. There was no particular follow-up announced at the hearing.

3. State Issues.

a. Sports Wagering - Delaware

On June 7, 2007, a bill to reestablish a sports lottery in Delaware was introduced in the State House of Representatives. HB 190 would allow wagering on both professional and collegiate events, with the exception of those events involving a Delaware college or university. The sports lottery would be restricted to those above the age of 21 and would only be offered at the state's video lottery facilities. Due to an exemption under the Professional and Amateur Sports Protection Act, Delaware may conduct sports betting in a manner similar to the sports lottery scheme it ran during the late 1970's. Based on a report from the Morowitz Gaming Advisors, LLC, Delaware could gain \$70 million per year in lottery revenue. While others have

challenged the results from this report, members of the Delaware Legislature have continued to look into the possibility of reestablishing a sports lottery program.

Despite this interest, Delaware Governor Ruth Ann Minner remains opposed to the bill, citing that sports wagering is a bad influence on children. Just prior to the introduction of HB 190, Gov. Minner stated that she would veto a bill that would reintroduce sports wagering in Delaware. Others opposed to the bill allowing sports wagering include the NFL, MLB, and the NBA.

Prior to their adjournment on June 30, 2007, the Delaware House passed a resolution seeking a comprehensive study on the impact of sports wagering in the state with a deadline of December 21, 2007. It is expected that sports betting will continue to be discussed by the Members of the General Assembly as state leaders continue to look for an answer to its current budget issues. The NCAA Office of Government Relations will continue to work with a coalition of entities opposed to the expansion of sports wagering and educate Members of the General Assembly about the detrimental impact sports wagering can have on student-athletes and intercollegiate athletics.

b. Uniform Athlete Agent Act (UAAA).

The Uniform Athlete Agent Act (UAAA) is a state model act, which establishes uniform athlete agent registration procedures and provides safeguards for student-athletes and membership institutions. In addition, the act imposes criminal, civil and/or administrative penalties against unscrupulous agents. To date, the UAAA has been passed in 35 states, the District of Columbia and the U.S. Virgin Islands, and is currently being considered in New Jersey and Michigan. The UAAA was also recently passed by the Hawaii legislature and has been sent to the Governor for approval.

The NCAA government relations staff has continued to work with the National Conference of Commissioners on Uniform State Laws to seek passage of the UAAA in remaining states.

c. Higher Education Associations

NCAA government relations staff continues to build strong relationships with various higher education associations. The American Council on Education (ACE), the Association of American Universities (AAU), the National Association of State Universities and Land Grant Colleges (NASULGC), and the National Association of Colleges and University Business Officers (NACUBO) among others, continue to provide guidance and support on issues of common interest. The NCAA government

relations staff looks forward to continuing these mutually beneficial relationships to better formulate and further the NCAA's legislative goals.