

117TH CONGRESS
1ST SESSION

S. 2233

To establish a grant program for shuttered minor league baseball clubs,
and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 24, 2021

Mr. BLUMENTHAL (for himself, Mrs. BLACKBURN, Mr. WARNER, and Mr. KAINE) introduced the following bill; which was read twice and referred to the Committee on Small Business and Entrepreneurship

A BILL

To establish a grant program for shuttered minor league
baseball clubs, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Minor League Baseball
5 Relief Act”.

6 **SEC. 2. DEFINITIONS.**

7 In this Act:

8 (1) ADMINISTRATOR.—The term “Adminis-
9 trator” means the Administrator of the Small Busi-
10 ness Administration.

1 (2) COVERED GRANTS.—The term “covered
2 grant” means a grant made under this Act to an eli-
3 gible entity.

4 (3) COVERED LAW.—The term “covered law”
5 means—

6 (A) the Coronavirus Preparedness and Re-
7 sponse Supplemental Appropriations Act, 2020
8 (Public Law 116–123);

9 (B) the Families First Coronavirus Re-
10 sponse Act (Public Law 116–127);

11 (C) the CARES Act (Public Law 116–
12 136);

13 (D) the Paycheck Protection Program and
14 Health Care Enhancement Act (Public Law
15 116–139; 134 Stat. 620);

16 (E) division M or N of the Consolidated
17 Appropriations Act, 2021 (Public Law 116–
18 260); or

19 (F) the American Rescue Plan Act of 2021
20 (Public Law 117–2).

21 (4) COVERED MORTGAGE OBLIGATION; COV-
22 ERED RENT OBLIGATION; COVERED UTILITY PAY-
23 MENT; COVERED WORKER PROTECTION EXPENDI-
24 TURE.—The terms “covered mortgage obligation”,
25 “covered rent obligation”, “covered utility payment”,

1 and “covered worker protection expenditure” have
2 the meanings given those terms in section 7A(a) of
3 the Small Business Act (15 U.S.C. 636m(a)).

4 (5) ELIGIBLE ENTITY.—The term “eligible enti-
5 ty” means any Minor League Baseball Club or Inde-
6 pendent Professional Baseball Club that meets the
7 following requirements:

8 (A) The Minor League Baseball Club or
9 Independent Professional Baseball Club was op-
10 erating in the ordinary course of business on
11 February 29, 2020.

12 (B) The gross revenues of the Minor
13 League Baseball Club or Independent Profes-
14 sional Baseball Club in calendar year 2020
15 were not more than 25 percent of the gross rev-
16 enues of the Minor League Baseball Club or
17 Independent Professional Baseball Club in cal-
18 endar year 2019, or, if the gross revenues of
19 the Minor League Baseball Club or Inde-
20 pendent Professional Baseball Club were nega-
21 tively impacted by a natural disaster or weather
22 disruption in 2019, not more than 25 percent
23 of the average annual gross revenues of the
24 Minor League Baseball Club or Independent
25 Professional Baseball Club over the 3-year pe-

1 riod from 2016 through 2018, as determined by
2 the Administrator using the accrual method of
3 accounting and excluding any amounts received
4 any amounts received under the CARES Act
5 (15 U.S.C. 9001 et seq.), an amendment to
6 such Act, the Consolidated Appropriations Act,
7 2021 (Public Law 116–260), or any subsequent
8 COVID Relief package.

9 (C) At the time the Minor League Baseball
10 Club or Independent Professional Baseball Club
11 submits the certification required under section
12 3(c), the Minor League Baseball Club or Inde-
13 pendent Professional Baseball Club is open, or
14 intends to reopen, for the primary purpose of
15 conducting baseball games.

16 (D) The Minor League Baseball Club or
17 Independent Professional Baseball Club is not
18 majority owned, directly or indirectly, by Major
19 League Baseball, a Major League Baseball
20 Club, or one or more persons who have a great-
21 er than 10 percent ownership interest in a
22 Major League Baseball Club.

23 (6) INDEPENDENT PROFESSIONAL BASEBALL
24 CLUB.—The term “Independent Professional Base-
25 ball Club” means a professional baseball team, in-

cluding a professional baseball team that is a corporation, limited liability company, or a partnership or operated as a sole proprietorship, that—

(A) operates for profit or as a nonprofit organization;

(B) is located in the United States; and

(C) as of February 29, 2020, was a member of—

(i) the American Association of Professional Baseball;

(ii) the Atlantic League of Professional Baseball;

(iii) the Canadian American Association of Professional Baseball;

(iv) the Empire Professional Baseball League;

(v) the Frontier League;

(vi) the Pacific Association of Professional Baseball Clubs;

(vii) the Pecos League of Professional Baseball Clubs;

(viii) the United Shore Professional Baseball League; or

(ix) the Western League.

1 (7) MINOR LEAGUE BASEBALL CLUB.—The
 2 term “Minor League Baseball Club” means a profes-
 3 sional baseball team, including a professional base-
 4 ball team that is a corporation, limited liability com-
 5 pany, or a partnership or operated as a sole propri-
 6 etorship, that—

7 (A) operates for profit or as a nonprofit
 8 organization;

9 (B) is located in the United States; and

10 (C)(i) as of February 29, 2020, was a
 11 member of a league that was a member of the
 12 National Association of Professional Baseball
 13 Leagues, Inc.; or

14 (ii) has been offered and is operating or
 15 has agreed to operate under—

16 (I) a Player Development License
 17 granted by MLB Professional Development
 18 Leagues, LLC; or

19 (II) a license granted by Appalachian
 20 League, Inc.

21 (8) PAYROLL COSTS.—The term “payroll costs”
 22 has the meaning given the term in section
 23 7(a)(36)(A) of the Small Business Act (15 U.S.C.
 24 636(a)(36)).

1 **SEC. 3. GRANTS FOR CERTAIN MINOR LEAGUE BASEBALL**
2 **CLUBS.**

3 (a) IN GENERAL.—The Administrator shall, subject
4 to the availability of appropriations, make covered grants
5 to eligible entities in accordance with this section.

6 (b) AUTHORITY.—The Associate Administrator for
7 the Office of Disaster Assistance of the Small Business
8 Administration shall coordinate and formulate policies re-
9 lating to the administration of covered grants.

10 (c) CERTIFICATION OF NEED.—An eligible entity ap-
11 plying for a covered grant shall submit a good faith certifi-
12 cation that the uncertainty of current economic conditions
13 makes necessary the grant to support the ongoing oper-
14 ations of the eligible entity.

15 (d) MULTIPLE BUSINESS ENTITIES.—The Adminis-
16 trator shall treat each eligible entity as an independent,
17 non-affiliated entity for the purposes of this section.

18 (e) GRANT TERMS.—

19 (1) NUMBER OF GRANTS.—

20 (A) IN GENERAL.—Except as provided in
21 subparagraph (B), an eligible entity may receive
22 only 1 covered grant.

23 (B) SUPPLEMENTAL GRANT.—The Admin-
24 istrator may make a second covered grant to an
25 eligible entity if, as of June 30, 2021, the gross
26 revenues of such eligible entity for calendar

1 year 2021 as of such date are not more than
2 30 percent of the gross revenues of such eligible
3 entity for the corresponding period of 2019, or,
4 if the gross revenues of the eligible entity were
5 negatively impacted by a natural disaster or
6 weather disruption in 2019, not more than 30
7 percent of the average gross revenues of the eli-
8 gible entity during the first 6 months of 2016,
9 2017, and 2018, due to the COVID-19 pan-
10 demic.

11 (2) AMOUNT.—

12 (A) IN GENERAL.—Except as provided in
13 subparagraph (B), a covered grant shall be in
14 an amount equal to the lesser of—

15 (i) the amount equal to 45 percent of
16 the gross revenues of the eligible entity for
17 2019, or, if the gross revenues of the eligi-
18 ble entity were negatively impacted by a
19 natural disaster or weather disruption in
20 2019, equal to 45 percent of the average
21 annual gross revenues of the eligible entity
22 over the 3-year period from 2016 through
23 2018, which shall include the gross reve-
24 nues of all subsidiaries and other related
25 entities that are consolidated with the

gross revenues of the eligible entity in a financial statement prepared in accordance with generally accepted accounting principles for such eligible entity for such year; or

(ii) \$10,000,000.

(B) SUPPLEMENT GRANT AMOUNT.—A covered grant made pursuant to paragraph (1)(B) shall be in an amount equal to 50 percent of the first covered grant received by the eligible entity.

(3) GRANT AGGREGATE MAXIMUM.—The total amount of covered grants received by an eligible entity may not exceed \$10,000,000.

(4) USE OF FUNDS.—

(A) TIMING.—

(i) EXPENSES INCURRED.—

(I) IN GENERAL.—Except as provided in subclause (II), amounts received under a covered grant may only be used for expenses incurred during the period beginning on March 1, 2020 and ending on December 31, 2021.

1 (II) EXTENSION FOR SUPPLE-

2 MENTAL GRANTS.—If an eligible enti-
3 ty receives a grant under paragraph
4 (1)(B), amounts received under a cov-
5 ered grant may be used for costs in-
6 curred during the period beginning on
7 March 1, 2020 and ending September
8 30, 2022.

9 (ii) EXPENDITURE.—

10 (I) IN GENERAL.—Except as pro-
11 vided in subclause (II), an eligible en-
12 tity shall return to the Administrator
13 any amounts received under a covered
14 grant that are not expended on or be-
15 fore the date that is 1 year after the
16 date of disbursement of the covered
17 grant.

18 (II) EXTENSION FOR SUPPLE-

19 MENTAL GRANTS.—If an eligible enti-
20 ty receives a grant under paragraph
21 (1)(B), the eligible entity shall return
22 to the Administrator any amounts re-
23 ceived under any covered grant that
24 are not expended on or before the
25 date that is 18 months after the date

1 of disbursement of the first covered
2 grant received by the eligible entity.

3 (B) ALLOWABLE EXPENSES.—An eligible
4 entity may use amounts received under a cov-
5 ered grant for—

6 (i) payroll costs;

7 (ii) payments on any covered rent ob-
8 ligation or other obligation to a public enti-
9 ty from whom the primary venue of the eli-
10 gible entity is leased or licensed;

11 (iii) any covered utility payment;

12 (iv) payments of interest or principal
13 due on any covered mortgage obligation;

14 (v) payments of interest or principal
15 due on any indebtedness or debt instru-
16 ment incurred in the ordinary course of
17 business that is a liability of the eligible
18 entity and was in place or incurred prior to
19 February 15, 2020;

20 (vi) covered worker protection expend-
21 itures;

22 (vii) payments made to independent
23 contractors, as reported on Form-1099
24 MISC, not to exceed a total of \$100,000 in
25 annual compensation for any individual

1 employee of an independent contractor;
2 and

3 (viii) other ordinary and necessary
4 business expenses, including—

5 (I) maintenance expenses;

6 (II) administrative costs, includ-
7 ing fees and licensing costs;

8 (III) State and local taxes and
9 fees;

10 (IV) operating leases in effect as
11 of February 15, 2020;

12 (V) payments required for insur-
13 ance on any insurance policy;

14 (VI) settling existing debts with
15 vendors; and

16 (VII) advertising, production,
17 transportation, and capital expendi-
18 tures relating to the primary venue of
19 the eligible entity or events held at
20 such venue, except that a grant under
21 this section may not be used primarily
22 for such expenditures.

23 (C) PROHIBITED EXPENSES.—An eligible
24 entity may not use amounts received under a
25 grant under this section—

- 1 (i) to purchase real estate;
- 2 (ii) for payments of interest or prin-
- 3 cipal for loans originated after February
- 4 15, 2020;
- 5 (iii) to invest or re-lend funds;
- 6 (iv) for contributions or expenditures
- 7 to, or on behalf of, any political party,
- 8 party committee or candidate for elective
- 9 office; or
- 10 (v) for any other use as may be rea-
- 11 sonably prohibited by the Administrator.

12 (f) INCREASED OVERSIGHT.—The Administrator
13 shall increase oversight of eligible entities receiving cov-
14 ered grants, which may include the following:

15 (1) DOCUMENTATION.—Additional documenta-
16 tion requirements that are consistent with the eligi-
17 bility and other requirements under this section, in-
18 cluding requiring an eligible entity that receives a
19 grant under this section to retain records that docu-
20 ment compliance with the requirements for grants
21 under this section—

22 (A) with respect to employment records,
23 for the 4-year period following receipt of the
24 grant; and

1 (B) with respect to other records, for the
2 3-year period following receipt of the grant.

3 (2) REVIEWS OF USE.—Reviews of the use of
4 the grant proceeds by an eligible entity to ensure the
5 compliance with requirements established under this
6 section and by the Administrator, including that the
7 Administrator may—

8 (A) review and audit grants under this sec-
9 tion; and

10 (B) in the case of fraud of other material
11 noncompliance with respect to a grant under
12 this section—

13 (i) require repayment of misspent
14 funds; or

15 (ii) pursue legal action to collect
16 funds.

17 (g) OVERSIGHT AND AUDIT PLAN.—

18 (1) IN GENERAL.—Not later than 45 days after
19 the date of enactment of this Act, the Administrator
20 shall submit to the Committee on Small Business
21 and Entrepreneurship of the Senate and the Com-
22 mittee on Small Business of the House of Rep-
23 resentatives an audit plan that details—

1 (A) the policies and procedures of the Ad-
2 ministrator for conducting oversight and audits
3 of covered grants; and

4 (B) the metrics that the Administrator
5 shall use to determine which covered grants will
6 be audited pursuant to subsection (f).

7 (2) REPORT.—Not later than 60 days after the
8 date of enactment of this Act, and each month
9 thereafter until the date that is 1 year after the date
10 on which all amounts appropriated to make covered
11 grants have been expended, the Administrator shall
12 submit to the Committee on Small Business and En-
13 trepreneurship of the Senate and the Committee on
14 Small Business of the House of Representatives a
15 report on the oversight and audit activities of the
16 Administrator under this subsection, which shall in-
17 clude—

18 (A) the total number of covered grants ap-
19 proved and disbursed;

20 (B) the total amount of covered grants re-
21 ceived by each eligible entity;

22 (C) the number of active investigations and
23 audits of covered grants;

24 (D) the number of completed reviews and
25 audits of covered grants, including a description

1 of any findings of fraud or other material non-
2 compliance; and

3 (E) any substantial changes made to the
4 oversight and audit plan submitted under para-
5 graph (1).

6 (h) TAX TREATMENT OF COVERED LOANS.—

7 (1) IN GENERAL.—For the purposes of the In-
8 ternal Revenue Code of 1986—

9 (A) no covered grant shall be included in
10 the gross income of the eligible entity that re-
11 ceives such covered grant;

12 (B) no deduction shall be denied, no tax
13 attribute shall be reduced, and no basis increase
14 shall be denied, by reason of the exclusion from
15 gross income provided by subparagraph (A);
16 and

17 (C) in the case of a partnership or S cor-
18 poration that receives such a covered grant—

19 (i) any amount excluded from income
20 by reason of subparagraph (A) shall be
21 treated as tax exempt income for purposes
22 of sections 705 and 1366 of the Internal
23 Revenue Code of 1986; and

24 (ii) the Secretary of the Treasury (or
25 the Secretary's delegate) shall prescribe

1 rules for determining a partner's distribu-
2 tive share of any amount described in
3 clause (i) for purposes of section 705 of
4 the Internal Revenue Code of 1986.

5 (2) APPLICABILITY.—Paragraph (1) shall apply
6 to taxable years ending after the date of enactment
7 of this Act.

8 (i) FUNDING.—Notwithstanding any provision of cov-
9 ered law, from any funds appropriated under such a law
10 that have not been obligated as of the date of enactment
11 of this Act and are no longer being used to carry out the
12 activities under such a law, the remaining funds or
13 \$550,000,000, whichever is greater, but in any case not
14 more than \$550,000,000, shall be allocated to the Admin-
15 istrator to carry out this section, of which not more than
16 \$50,000,000 shall be allocated to Independent Profes-
17 sional Baseball Clubs.

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