

New York: Hard-won MMA legislation expected to produce over \$137M in economic activity



David M. Kall | Thursday, September 1, 2016

In mid-April, Gov. Andrew Cuomo signed [Senate Bill S5949A](#), authorizing mixed martial arts (MMA) events in the Empire State.

The history of MMA in New York is long and storied. A [timeline](#) that Newsday published reveals that in 1997, then-Gov. George Pataki signed a bill that banned MMA in the state. As a result, promoters moved the Ultimate Fighting Championship (UFC) to Alabama. Thereafter:

- June 2008 - The Rules Committee proposed legalizing MMA. The legislation was then referred to the Assembly's Committee on Tourism, Arts, Parks and Sports Development. Although the Tourism Committee voted 14-6 in favor, which would have enabled the athletic commission to regulate the sport, there were no other votes in that session.
- June 2010 - The New York State Senate passed a bill to legalize and regulate MMA by a vote of 32-26, but it stalled in the Assembly without a vote.
- 2011 - There were MMA events in states neighboring New York, but not in New York. There was also additional movement on legislation, but that session closed in June with no vote in the Assembly.
- November 2011 - UFC sued New York, claiming that the state's ban on the sport violates the First Amendment, equal protection and due process.
- 2012 and 2013 - The Senate again passed legislation to legalize and regulate MMA. Subsequent to the 2013 vote, Gov. Cuomo made his first public comments on the issue, saying that it was a possible source of revenue, "something we're very interested in."
- March 2013 - The first sanctioned amateur MMA fight card in New York City in more than 10 years took

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place at the Hammerstein Ballroom. Several more followed.

- June 2013 - Connecticut and all provinces in Canada lifted their ban on MMA, making New York the only place in North America where professional MMA remained illegal.
- November 2013 - UFC released a study contending that MMA events would generate \$68 million in economic impact across New York State, and a total of \$135 million when including expansion of UFC gyms.
- May 2014 - For the fifth straight year, the New York State Senate passed an MMA bill, by a vote of 44-16.
- March 2015 - For the sixth straight year, the New York State Senate passed an MMA bill, by a vote of 47-14.
- June 2015 - For the seventh time, the Assembly Majority Leader introduced a re-worked MMA bill that established an insurance fund for fighters who sustain brain injuries. Once again, the bill did not reach the Assembly floor for a vote.
- September 2015 - The UFC filed another lawsuit, this one in federal court in Manhattan, in a repeated attempt to have the state's ban declared unconstitutional.
- January 2016 - Gov. Cuomo included language in favor of an MMA law in his budget proposal.
- February 2016 - The New York State Senate voted in favor of legalizing MMA for the seventh consecutive year, by a vote of 48-14.
- March 22, 2016 - The Assembly voted in favor of legalizing MMA 113-25, and on April 14, Governor Cuomo signed the measure into law.

To celebrate the law's passage, Gov. Cuomo issued a [press release](#) proclaiming that “[i]t’s time to bring mixed martial arts competitions to the New York stage... we’re excited to begin a new chapter of MMA in the Empire State. This legislation will make the sport a better sport for all involved, and bring new economic activity into arenas across the state, and I’m proud to sign it into law.”

The governor touted numerous benefits, including holding numerous UFC events throughout the state each year, and the generation of \$137 million in economic activity for the state, including \$5.4 million in state and local tax revenues annually.

On Aug. 18, 2016, New York’s Department of Taxation and Finance issued a [Technical Memorandum](#) offering guidance on the taxation of gross receipts from authorized combative sports events, along with information on the sales tax treatment of admission charges to these events.

Noting that the sports at issue are boxing, wrestling, sparring, kick boxing, single discipline martial arts, and mixed martial arts, the memorandum established the new law requires promoters of amateur or professional authorized combative sports events held in New York to report and pay the authorized combative sports tax.

For boxing, sparring, and wrestling matches or exhibitions, this means that

- The 3 percent gross receipts tax from ticket sales that has been in effect since 1999 continues to apply, up to a maximum amount due of \$50,000 per event.
- The 3 percent gross receipts from the broadcasting rights also continues to be in effect, with a maximum amount of tax due per event of \$50,000.

For the newly authorized sports, which are kick-boxing, single discipline martial arts, and MMA, promoters

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of events in New York State must report and pay the authorized combative sports tax as follows, as of Sept. 1, 2016:

- An 8.5 percent gross receipts tax, with no maximum amount of tax due per event.
- A 3 percent tax on the sum of gross receipts from broadcasting rights and gross receipts from digital streaming over the internet, with a maximum amount of tax due per event of \$50,000.

In addition, the memorandum provides definitions, due dates, information about administrative procedures, and penalties. Finally, the memorandum notes that admission charges are exempt from sales taxes.

For all the hand-clapping that Gov. Cuomo included in his press release from supporters, like lawmakers, the UFC chairman and chief executive officer, and Ronda Rousey, the former UFC Women's Bantamweight Champion, not everyone was delighted with the law's passage. In April, on the New York State Senate's website, one New Yorker [opined](#) that "[the] worst thing NY can do is allow MMA. It is not all about money. It tells kids it is not only okay to punch, but to kick, knee, elbow and throw someone to the ground and strangle them. Yup that's what kind of values NY needs."



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