

## Molins, Sanders Discuss Tax Implications of NIL Collectives as Nonprofits in *Forbes* Article

In the News

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Stinson attorneys [Tom Molins](#) and Ethan Sanders are quoted in a recent *Forbes* article, "Looking For A Tax Break? Buy Your Alma Mater Its Next Football Star," discussing tax implications concerning Name, Image and Likeness (NIL) collectives as nonprofits in college sports.

Legal and regulatory uncertainty has remained steady since the implementation of NIL in June 2021, but universities continue to attract better athletes to their programs via NIL collectives. Typically organized and designed as charitable organizations – donations to the collective are said to be a gift to a charitable organization – the collectives free up additional funds from boosters and alums to players, providing that players contribute some time to the collective's charitable work. Now, the rapid rise of these collectives prompts the question of how they will be treated under the U.S. tax code.

"The big questions are whether the nonprofit collective is doing actual charitable work that serves a public good and whether paying the student-athletes serves the charitable purpose of the nonprofit collective. Or is the collective just set up as a way to make payments to student-athletes," Molins and Sanders said to *Forbes*.

They continue, saying, "Ultimately, it will depend on how the nonprofit collective operates. Just paying a student-athlete a large sum to sign autographs may not be viewed as fulfilling a collective's charitable purpose. Similarly, paying student-athletes to donate their time working at a soup kitchen or homeless shelter probably will also not suffice. While those are clearly charitable endeavors, paying a student-athlete to do volunteer work is really not serving a public good that justifies payment."

Molins has over 25 years of experience advising clients on the state and federal tax aspects of business transactions and investments, including acquisitions and dispositions, strategic joint ventures, private equity and capital markets transactions, restructurings, financings and workouts.

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Sanders, whose practice focuses on advising clients on commercial business litigation and construction law matters in state and federal courts, arbitrations and mediations, is engaged in the evolving practices of esports and sports betting. He is a frequent contributor to and co-editor of the firm's *At the Corners* Newsletter, which examines how the law intersects with the rapidly developing areas of esports, sports technology & wagering topics.

Sign into *Forbes* to [read the full article](#).

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