

PERFORMANCE SPORT, TAX WAIVER AND SPORTS INCENTIVE LAW

ESPORTE RENDIMENTO, RENÚNCIA FISCAL E LEI DE INCENTIVO AO ESPORTE

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RESUMO

Este trabalho teve como objetivo analisar o desempenho da aplicação da Lei de Incentivo ao Esporte (LIE) de 2007 a 2011 no que se refere ao esporte rendimento. As informações da lei foram extraídas diretamente do site do Ministério do Esporte. O recorte metodológico procurou contemplar a análise dos recursos autorizados à captação, recursos captados, taxa de sucesso e fator redistributivo. Os resultados encontrados permitem aferir que a LIE veio não só para manter o *status quo* na distribuição dos recursos federais, mas também para amplificar a diferença na sua aplicação em direção às regiões e estados mais desenvolvidos.

Palavras-chave: Esporte. Esporte Rendimento. Renúncia Fiscal. Lei de Incentivo. Justiça Social.

ABSTRACT

This study aims to analyze the application of the Sports Incentive Law (SIL) from 2007 to 2011 regarding performance sport. Information about this law was taken straight from the Brazil Sports Ministry website. The methodological view attempted to comprise the analysis of authorized raising resources, raised funds, success rate and redistributive factor. Results found allow us to infer that the SIL came up not only to keep the *status quo* in federal funds distribution, but also to amplify the difference in its application towards more developed regions and countries.

Keywords: Sport. Performance Sport. Tax Waiver. Sports Incentive Law. Social Justice.

Introduction

Sports Incentive Law (Act 11.438/2006)¹ stands as an important sports public policy, right next to Segundo Tempo Program (STP) and Sport and Leisure in the City Program (SLCP), implemented by the federal government in Brazil during Lula's term (2003 to 2006/2007 to 2010). Sports Incentive Law has been created in order to guarantee more investments to the sports field.

Sports funding theme has been turning up in literature specially to evaluate the performance of the Sports Ministry in the sports field. Almeida and Marchi Jr.² have rated that redirected funds from the federal government to states and municipalities ended up prioritizing high performance sport. Athayde, Mascarenhas and Salvador³ identified instability in fundings from some educational and participative sport programs and the prioritization of investments in high performance sport during Lula's government. Figuerôa et al.⁴ and Teixeira et al.⁵ have analyzed the government's planning and funding for the Olympic and Paralympic games in 2016. Veronez⁶ has analyzed the performance of governments regarding sports funding after the 1988 Federal Constitution. Silva et al.⁷ have analyzed legal aspects from the funding of performance sport in Brazil. Castro⁸ has assessed government's planning and budget execution from 2004 to 2011.

Despite the implementation of the Sports Incentive Law (SIL) having occurred from 2007 on, only a few papers aim to analyze its performance. The most significant one is the study ran by Matias et al.⁹. In that paper, the authors reached the conclusion that SIL contributes just a little to the guarantee of sport access as a social right. However, judging by

the amount of invested resources, there is a reduced number of papers that bring about the debate on how these expenses are made.

The present paper aims to contribute overcoming such a gap. To do so, it sought to understand to what extent transferring political authority to market agents promotes regional balance on the access to performance sport through SIL. In this respect, it has been run an analysis of regional performance of investments regarding authorized raising resources, raised resources and if its distribution has prioritized regions where the practice of performance sport needs more incentive and investment from 2007 to 2011.

For this analysis, the study was organized in a way to present, in its first section, briefly, the functioning of SIL. In the following section, to discuss the purpose of tax waiver. Then, to point out the methodology outline and discussion of results and, finally, propose a conclusion.

Sports Incentive Law (SIL)

Sports Incentive Law follows the same format as the Culture Incentive Law (CIL)¹⁰, the Rouanet Law. While the latter intends to promote culture, the former one plans to foster performance sport, educational sport and participative sport. The main and essential difference concerns the amount of raised resources in the market along with legal entities. While in CIL tax waiver is at 4%, sport got only 1% from Income Taxes (IT) due to taxed companies on real profit. Legal entities may deduct up to 6% of due IT.

SIL has been regulated by Act 6.180/2007¹¹, which describes the conditions for sport financing and criteria for participation. So that the Technical Committee may assess the offer, it is necessary that the applicant registers in the Sports Ministry website and presents a sport or parasport project. With the project approved, it starts the raising funds stage, next to the private sector. Companies are promoted in terms of allocating part of the project resources from due taxes in exchange for tax waiver. Therefore, all invested resources are of political nature, not private. However, the decision on which policies will be receiving enough financial input from the market is made privately. State is not an agent in the definition of effectively implemented policies. Which means, it loses its political role in the definition of sports public policies to receive State funds.

In the first paragraph of Art.II, Act 11.438¹, it is described that one of the goal of this act is to promote social inclusion through sport, preferably in socially vulnerable communities. Thus, the result of this incentive should promote social justice. That way, promoting means accepting that reality points to disadvantages of certain groups according to access to different sport expressions (educational, participative or performance sport) and that, as proposed by Rawls' Theory of Justice (1992)¹², it is necessary to have a distinguished distribution of resources in order to include the least privileged ones.

Decentralization or democratization in the access to sport is the goal to be pursued by SIL, but its regularization does not point to that goal being reached effectively. Despite SIL aiming to reduce social inequality, institutional causes affect resource distribution. On the one hand, it can be noticed that SIL has not established regional limits in tax waiver in a way that it interferes on potential sponsors' behavior. On the other hand, differently from Matias et al.⁹, that sees the Technical Committee's non-observance of regional distribution among SIL offers as a legal landmark violation, the caption of Art. 21, Act 6.180/2007¹¹, sets out limitations to the act itself. It indicates that the Technical Committee should only observe the intention of the rule.

As projects are regulated on demand, it is not possible to have this kind of control. The constant flow of offers submission and forwarding to the Technical Committee creates difficulties to the control of regional offer asymmetry. No tool has been outlined to correct

this asymmetry. More technical qualified sectors tend to get ahead in the approval of offers due to the law design.

As portrayed by neoinstitutionalism, institutions, in this case regarding the norm (SIL), are not neutral; they share advantages in an unequal way^{13,14}. In the heart of this dispute, lies the appropriation of short public funds. It cannot be seen as mere coincidence the fact that performance sport approves most of the projects (593; 53,51%) and proposes the highest amount of resources in the analyzed period of time (R\$ 869.453.227,00; 64,31%). Its interests have been always well apprehended by the norms ruling the Brazilian sport system¹⁵.

Tax Waiver

Tax Waiver is part of the Brazilian strategies for financing in which the government gives away part of a company's due taxes (which means, there is a loss in revenue) so that it can invest in areas designated by law. To Sayd^{16,10},

“Tax waiver [...] is a public financing tool, via tributary system, generally related to the promotion of social policies, and may be used to minimize regional inequalities regarding the development of some sectors and projects.”

Tax waiver or indirect tax expense¹⁷, sought through incentive laws, needs to be interpreted as a result of govern's tax effort aiming to diminish regional inequalities (Item I, article 151, Federal Constitution/88). In the case of SIL, letting go of funds that might raise the number of direct actions in sports benefit, it is expected that State goals can be pursued and that private sector, through incentives, help expanding determined funds towards less developed regions and sectors¹⁷⁻¹⁹.

Tributary benefit leads to loss in federal tax collections, decreasing its capacity to promote social welfare. Another important element here is that this resource is not Union-exclusive, given that states and municipalities are direct beneficiaries from the Income Tax sharing through States and Municipalities Participation Funds (SPF and MPF). By giving up this revenue, there is a loss in collections from all three governmental divisions, which will not be compensated with any other resource^{17,19,20}. Therefore, the State does that so the revenue can be used in a fast decentralized manner to foster social justice.

Almeida¹⁷ points out that to some people tributary benefit is seen as a public policy (neutral governmental action) in which the protagonist is the private sector. However, tax waiver is not private. Even being public, private sector can use it for advertising purposes (in the case of a sponsor). Sponsors allow companies that invest in incentive laws to attract new clients, on behalf of social responsibility, promoting the company's image, obtaining commercial return from investment or adding value to the brand²¹⁻²⁵. Individual return maximization²⁶ is one of the possibilities received by public policies through incentive laws.

In the cultural policy field, criticisms to this model are consolidated. Pitombo²⁷ frames this policy model as a liberalizing matrix, since State becomes a mere accessory for public policies and market the main actor. A modern corporate patronage arises with public funds in which private initiative defines the application of resources taking its commercial interests in account. In this case, the partnership discourse comes undone, since there are no extra private funds to justify this relation²⁸. Companies' marketing department turns into the main deciding element of public policy²⁹. As Nascimento²³ sees it, this contemporary patronage, by allowing companies to define where to invest public funds, allows a strong concentrator selective allocation. Its interests are always turned to regions of more dynamic economy and greater population density.

Companies' marketing department's choice of investing public resources may attribute a concentrating resource strength despite tax waiver spirit. Brazil has a background of tax

incentive that ended up generating severe allocation distortions, increasing existent inequalities even more¹⁷ and also the State's effort to guarantee social justice.

Brazilian Gross Domestic Product (GDP) becomes an important analytical variable for this scenario, because it leads the way to economic dynamic. In Brazilian society, there is a huge inequality on wealth distribution among regions and states. In 2011, Brazilian GDP was around R\$ 4.143 trillion. Southeast region absorbed a significant part of this production, 55,44% (R\$ 2.299 trillion), and regions North and Northeast only 5,5% and 13,6%, respectively. Thus, there is a great asymmetry on wealth distribution in Brazil, which generates socioeconomic inequalities³⁰.

This asymmetry can be explained by Brazilian social and historical traits in economic capital accumulation. Regions South and Southeast end up having diverse conditions for raising funds via market, since they gather significant part of Gross Domestic Product (GDP). Such condition may produce locational distortions in case the State does not have a tool to regulate the participation of economical agents in the distribution of public resources generated from tax waiver. As it happens to the Rouanet Law, which follows the same tax waiver principle as SIL, by investing in a certain project, the investor aims to get a better return of its image next to the public. From the point of view of both regional economic potential and target public, regions South and Southeast are favored in the end^{31,32}. As Freitas mentions^{33,14}: "From the moment when management and sponsorship start to be responsibility of private companies, the result is a greater concentration of investments in regions where it is set or where it can get the most marketing return possible".

An important counterpoint in terms of public policies and that seeks to reduce inequalities of local (municipality) and regional (states) access to resources is the mandatory constitutional transfers, FPE and FPM (Act 5.172/66)³⁴ establishes a redistributive share to each state). Following the principle of social justice, this fund enhances the position of more fragile states regarding economic and social conditions³⁵. Regions North and Northeast answer for 73,48% of FPE, while regions South and Southeast add up 15%. This distribution seeks to promote better balance in the access of resources that foster economic and social development³⁶.

Despite the existence of a conceptual dispute regarding the definition of social inclusion and vulnerable communities, in general lines it is possible to associate these elements to welfare deficiency in places with low rates of human development. Accordingly, tax waiver should promote the decrease of inequalities in access to sports, increasing funds in areas where its development occurs in precarious ways, because "(...) a policy that aims to fight regional inequalities must privilege funds transfers to poorer states in order to promote infrastructure and human capital development."^{37: 709}

Regions North and Northeast are the ones that show lower levels of sports development – not only on performance sports, as observed in IBGE's "Brazilian municipalities profile - Sport"³⁸.

Thus, tax waiver promoted by SIL must be interpreted as a public policy capable of legitimizing the platform of sports right, together with the reduction of regional inequalities on the access to public resources as provided in 1988 Constitution. Among these, is the sport, is worth emphasizing that Santos and Freitas³⁹ analysis does not differentiate, in terms of sport right, state guarantee and democratization of performance sport.

Methods

This exploratory study aims to verify to what extent transferring political authority to market agents promotes regional balance on the access to performance sport through SIL. The

period of time studied here was from 2007, SIL implementation date, to 2011. Its specific purposes are: a) Identifying regional performance regarding presented projects, resources authorized to be raised (AR), raised resources (RR) and failure in raising; b) Verifying if resources raising had redistributive effects among regions and states.

Information about incentives was taken straight from the Sports Ministry website⁴⁰. The available information allowed a database to be built with the following data: project proposing entity, year, federation unit from where the proponent is, approved amount to be raised, amount raised in the market, sponsors – with the respective resources planned on the projects. Over 733 projects on performance sport have been registered, in which state and regional distribution may be observed on Table 1.

Table 1. Distribution of the approved projects to the raised resources by the SIL from 2007 to 2011.

Region	State	Nº	%
North	Acre	-	-
	Amapá	02	0,27
	Amazonas	-	-
	Pará	06	0,82
	Rondônia	03	0,41
	Roraima	-	-
	Tocantins	01	0,14
Subtotal		12	1,64
Northeast	Alagoas	02	0,27
	Bahia	05	0,68
	Ceará	08	1,09
	Maranhão	01	0,14
	Paraíba	04	0,55
	Pernambuco	02	0,27
	Piauí	-	-
	Rio Grande do Norte	06	0,82
	Sergipe	02	0,27
Subtotal		30	4,09
Southeast	Espírito Santo	12	1,64
	Minas Gerais	74	10,10
	Rio de Janeiro	147	20,05
	São Paulo	240	32,74
Subtotal		473	64,52
South	Paraná	52	7,09
	Rio Grande do Sul	77	10,50
	Santa Catarina	44	6,00
Subtotal		173	23,60
Midwest	Distrito Federal	17	2,32
	Goiás	26	3,55
	Mato Grosso	02	0,27
	Mato Grosso do Sul	-	-
Subtotal		45	3,14
Total		733	100

Note: ⁴⁰.

Fonte: The authors

Analysis variables used here were resources authorized to be raised (AR), raised resources (SR), success and failure in raising resources and redistributive capacity. AR refer to those approved by the Sports Ministry to be raised at the market. RR are the numbers

actually raised at the market. Success in raising are the projects that got over 90% of raised funds and failure means less than 20% of raising. SIL Execution Manual allows starting activities only on projects with a minimum funding of 20%.

When the researcher realized some proponents presented the same project with equal figures for consecutive years, up to 3 years, raised amount was add up: 146 projects entered in this case. In 12 situations, offering entities presented the same project twice. Following this criteria, a new configuration appears in the distribution of projects by Federative Units and regions, as it can be seen on Table 2.

Table 2. Distribution of SIL projects from 2007 to 2011 per unit of the federation.

Region	State	Nº	%
North	Acre	-	-
	Amapá	01	0,17
	Amazonas	-	-
	Pará	05	0,87
	Rondônia	02	0,35
	Roraima	-	-
	Tocantins	01	0,17
Subtotal		09	1,56
Northeast	Alagoas	01	0,17
	Bahia	03	0,52
	Ceará	07	1,22
	Maranhão	01	0,17
	Paraíba	03	0,52
	Pernambuco	02	0,35
	Piauí	-	-
	Rio Grande do Norte	05	0,87
	Sergipe	02	0,35
Subtotal		24	4,17
Southeast	Espírito Santo	09	1,56
	Minas Gerais	62	10,76
	Rio de Janeiro	115	19,97
	São Paulo	186	32,29
Subtotal		372	64,58
South	Paraná	40	6,94
	Rio Grande do Sul	60	10,42
	Santa Catarina	35	6,08
Subtotal		135	26,56
Midwest	Distrito Federal	15	2,60
	Goiás	20	3,47
	Mato Grosso	01	0,17
	Mato Grosso do Sul	-	-
Subtotal		36	6,25
Total		576	100

Note: ⁴⁰.

Fonte: The authors

Results

The first analysis regards AR. These resources, in terms of number of projects, allow to evaluate only regional distributions of needed competences in elaborating projects. Under this light, it is possible to observe that region Southeast represents 64,58% (Table 2) out of approved proposals. Together with region South, they are responsible for 91,14% of projects. That number by itself represents brutal concentration of technical abilities for the approval of projects in regions with better social and economic development, collaborating with the deepening of existent inequalities in Brazil.

Putting the first paragraph in Art. 2 from Act 11.438 together with Item 3 from Art. 3 in 1988 Federal Constitution it is possible to affirm that the design of law, by not imposing regional limits for approval of projects, ends up favoring more privileged regions. As it can be verified on Table 3, these are the ones that take better advantage of this possibility offered by the norm.

Table 3. Regional distribution of resources authorized (RA) to be raised with SIL from 2007 to 2011.

Region	Nº	RA (R\$)	%
North	9	9.948.569,00	1,17
Northeast	24	27.275.659,00	3,20
Midwest	36	55.587.746,00	6,52
Southeast	371	653.277.069,00	76,67
South	135	105.957.376,00	12,44

Note: ⁴⁰.

Fonte: The authors

In the case of the involved figures, region Southeast overrepresents its participation when compared to the percentage of approved projects. While region Southeast is responsible for 64,58% of projects, its participation on resources authorized to be raised was 76,67%. As it can be observed, regional distribution of capacities and interest in presenting projects reinforce inequalities already existent in the country.

In this respect, SIL performance keeps reproducing the *status quo* existent in the distribution of resources (in terms of number of projects) in performance sport registered in Brazilian municipalities profile – Sport, IBGE (2006).

Raising AR are not always fully raised. As market agents (sponsors) are the ones that define which projects will be transferred from public funds, their return maximization strategies end up interfering in the evaluation. Bearing in mind the parallel possible to be established between SIL and Rouanet Law, this aspect has been already discussed by culture field analysis²¹⁻²⁶ that repeat itself in SIL.

While the approval of a project is a relation between proposer and State, in which the latter defines the quality of offers, RR are a relation between proposer and platform of interests and needs of potential sponsors. As it can be seen on third column, Table 4, RR global performance rate has varied among regions. Regional economic agents present diverse behaviors.

Table 4. Regional distribution of raised resources (RR) from the LIE from 2007 to 2011.

Region	AR (R\$)	RR (R\$)	%	Déficit
North	9.948.569,00	7.226.551,66	72,64	2.722.017,34
Northeast	27.275.659,00	9.192.513,12	33,70	18.083.145,88
Midwest	55.587.746,00	11.869.724,73	21,35	43.718.021,27
Southeast	653.277.069,00	335.153.898,10	51,28	317.921.933,6
South	105.957.376,00	29.371.478,83	27,72	76.585.897,17

Note: ⁴⁰.

Fonte: The authors

In the case of region North, the lowest number of projects and amount of requested resources have helped guarantee higher percentage of RR among regions. The second best performance came from region Southeast. The raised 51,28% are nominally superior to the volume of AR from other regions. That demonstrates a strong economic dynamic in this region, capable of liberating great amounts of resources for performance sport. Even recognizing economic differences between Northeast and South, raising ability has not varied much, despite a slight advantage to the former.

Regarding deficit, there is a directly proportional relation between AR and RR. Perhaps the explanation for this reality is the limits of its own market in supporting the distribution of this amount of resources. In this case, potential sponsors end up vetoing the tax waiver authorized by the Federal Government. Knowing the reasons for this veto opens up an important window in the research after understanding limits of SIL.

Despite that projects may be readapted and start development at 20% of total raising from raised resources, only the ones that obtained over 90% of RR are having the opportunity of being fully implemented. As it can be observed on the following table.

Table 5. Regional Distribution of projects/waiver that got over 90% of SIL from 2007 to 2011.

Region	Nº Projects	%	Tax Waiver (R\$)	% AR
North	5	55,56	6.951.990,85	69,88
Northeast	7	29,17	3.882.302,89	14,23
Midwest	10	27,78	2.398.901,68	4,32
Southeast	119	32,08	168.635.529,5	25,84
South	29	21,48	8.949.869,67	8,45

Note: ⁴⁰.

Fonte: The authors

The first observation about Table 5 regards the RR (raised resources) in collection of over 90% AR. With the exception of region North, which has had the higher percentage of projects obtaining more than 90% of raising, the other regions had reached lower percentage. Region North seems to have its own dynamic, since region Northeast has reached a closer number of projects, but with a much inferior performance. However, when compared to region South, which has higher economic development, it obtained better results. Even with a high number of projects with more than 90% RR, region Northeast got the second best result. That emphasizes the potential this region has on guaranteeing investments needed for the full development of projects.

Regarding the earned waiver, region North stands out as the most efficient. Despite region Southeast having obtained only 25,84% of project resources, nominal reached value is very expressive. It demonstrates that economic environment of region Southeast is much favorable to raising resources for implementation of SIL in terms of performance sport.

It is noticeable the low efficiency in raising resources in the region with the second best economic development in the country, region south. In that case, higher development does not lead to higher success in resources rising. That means, there is not direct relation between success in raising and economic regional development.

Projects that did not obtain at least 20% of RR cannot carry out its object. This way, they are projects that were unsuccessful in raising resources.

Table 6. Regional distribution of project resources that got less than 20% of SIL from 2007 to 2011.

Region	N° Projects	%	Tax Waiver (R\$)	%
North	0	0	0,00	0
Northeast	4	16,67	13.980.003,00	51,25
Midwest	6	16,67	14.611.080,00	26,28
Southeast	53	14,29	103.981.830,00	15,94
South	32	23,70	31.257.923,00	29,50

Note: ⁴⁰.

Fonte: The authors

When it comes to percentage of unsuccessful projects, there is no difference between regions Northeast, Center-West and Southeast (Table 6). Region North, which holds lower economic development, obtained the best result. The worst one goes to region South. Region Southeast, even with a higher number of unsuccessful projects, got the second best result. So, it is a region almost unaffected by this reality.

Regarding resources, region Southeast was the one that obtained the second best result, only behind region North. Region Northeast, from the percentage point, got the worst result. Half AR could not be raised. Thus, there is no enrinnment capable of promoting space for SIL. The same can be said about region South, with 29,50% inefficiency on raising AR. Two variables allow a comparative analysis with results found able to highlight market strength and redistributive role expected from public policies in sports field.

Regional GDP allows to verify he economic potential of the market. Region Southeast takes more than half wealth and regions North and Center-West get the worst result. The State Participation Fund follows another logic. It seeks to ward more vulnerable states in a way to assure minimum equitable standards for facing state challenges. Regions Northeast and North-West are the most privileged with resources. This indicates they are the regions with more difficulties to implement public policies.

The first indicator characterizes regional wealth concentration (market wealth). The second one, social justice on the distribution of public funds. It carries a redistributive idea. As waiver resources are public, it is important to check whether they follow towards *status quo* in the distribution of public resources available in the market or are able to foster social justice.

As the transfer of political authority in the implementation of SIL shifts for the market, it is expected that resources concentrate in regions with higher GDP. Resources here are projects, figures authorized to be raised and raising success. The three variable may reproduce *status quo*, if they follow percentage distribution of GDP among regions, deepen inequalities, enhance positions of region higher in development, or reach redistributive objectives.

In the first case, percentage distribution of projects followed a dynamic of higher concentration of offers in higher development regions. Southeast and South obtained projects offers. Here, there seems to be a tendency to offer projects in regions of higher development and human capital able to present projects. The difference in technical capacity of regions to approve projects is a mark of inequality amplified by SIL.

Table 7. Comparative analysis between state distribution of GDP, FPE and projects that obtained more than 20% of SIL raised funds from 2007 to 2011 in PS by state and region.

State	GDP (%)	FPE (%)	N° Projects (%)	AR (%)	SR (%)
North	5,5	25,37	1,56	1,17	2,94
Northeast	13,6	52,46	4,17	3,20	4,12
Midwest	9,1	7,17	6,25	6,52	5,88
Southeast	55,3	8,48	64,58	76,67	70,00
South	16,5	6,52	26,56	12,44	17,06

Note: ^{38; 40.}

Fonte: The authors

When AR and GDP are compared, Southeast participation promotes strong resource concentration [GDP (55,5%); AR (76,67%)] (Table 7). There is a deepening in inequality towards the most developed region, going against tax waiver spirit, as mentioned by Sayd (2003). 88 Federal Constitution itself has established, on Item I from Art. 151, that tax waiver aims to promote balance among regions.

RR evaluation reproduces the reality found in the previous analysis. Southeast region is responsible for 70% of successful projects in raising and 88,37% of resources invested in these projects. Specially regarding resources, the invisible hand of the market works to guarantee incompatible concentration, even with the national wealth distribution. When political authority is transferred to the market, there happens a worsening in resource concentration and enhancing of State inefficiency. As revealed by Nascimento²³, contemporary sponsorship tends to concentrate funds.

Final Considerations

As pointed out by Houlihan⁴¹, the five-year period selected allows to verify certain dynamic of public policy and the results show that the SIL is not fulfilling its main goal, the development of national sport. There has been a concentration of resources in regions Southeast and South, and significant loss of resources by less developed regions, North and Northeast. Such effect emphasizes regional inequalities.

The impressive and unequal difference in the presentation of projects by regions is a strong indicative of the need of action by the state to improve conditions for a balanced dispute for funds. SIL has deepened the asymmetry in resources distribution for PS among states and regions. In that case, results presented are aligned to Almeida's¹⁶ analysis in which concerns the possible concentrating effect of the application of incentive laws (allocative distortion) in a country marked by profound inequalities in the access to funds. On the other hand, loss in collections by the State, via tax waiver, takes away an important tool to reduce these inequalities. Resources renounced due to waiver could be reused so that the govern might redirect them with the goal of reducing regional inequalities. Rouanet Law has not served as institutional learning for the Brazilian government follow a different path in SIL implementation. The state, by letting go of political authority, guarantees that market establishes its own priorities²¹.

Data also reveal the low efficiency of the market to guarantee success to projects approved by Sport Ministry with resources other than theirs. By investing in SIL projects,

there is no loss in collecting. On the contrary, public resources are used to promote the image of investing companies. That means, State is used to promote private gains.

As it can be noticed, SIL implementation demonstrated that it is not a proper tool for the development of PS in Brazil. Its implementation seems to have happened, mainly, to enhance resources in states and regions that already are more developed regarding PS. SIL does not promote only resource concentration directed to performance sport; it also promotes huge regional inequality in the access to those resources.

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