

UNITED STATES APPRECIATION FOR OLYMPIANS AND
 PARALYMPIANS ACT OF 2016

SEPTEMBER 20, 2016.—Committed to the Committee of the Whole House on the
 State of the Union and ordered to be printed

Mr. BRADY of Texas, from the Committee on Ways and Means,
 submitted the following

R E P O R T

[To accompany H.R. 5946]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means, to whom was referred the bill (H.R. 5946) to amend the Internal Revenue Code of 1986 to exclude from gross income any prizes or awards won in competition in the Olympic Games or the Paralympic Games, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

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The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “United States Appreciation for Olympians and Paralympians Act of 2016”.

SEC. 2. OLYMPIC AND PARALYMPIC MEDALS AND USOC PRIZE MONEY EXCLUDED FROM GROSS INCOME.

(a) **IN GENERAL.**—Section 74 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

“(d) **EXCEPTION FOR OLYMPIC AND PARALYMPIC MEDALS AND PRIZES.**—

“(1) **IN GENERAL.**—Gross income shall not include the value of any medal awarded in, or any prize money received from the United States Olympic Committee on account of, competition in the Olympic Games or Paralympic Games.

“(2) **LIMITATION BASED ON ADJUSTED GROSS INCOME.**—

“(A) **IN GENERAL.**—Paragraph (1) shall not apply to any taxpayer for any taxable year if the adjusted gross income (determined without regard to this subsection) of such taxpayer for such taxable year exceeds \$1,000,000 (half of such amount in the case of a married individual filing a separate return).

“(B) **COORDINATION WITH OTHER LIMITATIONS.**—For purposes of sections 86, 135, 137, 199, 219, 221, 222, and 469, adjusted gross income shall be determined after the application of paragraph (1) and before the application of subparagraph (A).”.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to prizes and awards received after December 31, 2015.

I. SUMMARY AND BACKGROUND

A. PURPOSE AND SUMMARY

The bill, H.R. 5946, as reported by the Committee on Ways and Means, excludes the value of Olympic medals and prize money awarded by the U.S. Olympic Committee for competition in the Olympic or Paralympic Games from gross income.

B. BACKGROUND AND NEED FOR LEGISLATION

While the Committee continues to work on comprehensive tax reform as a critical means of promoting economic growth and job creation, the Committee believes it is important to provide immediate relief from unfair taxes. The Committee believes that this exclusion of the value of Olympic and Paralympic medals and prizes from gross income will eliminate an unfair tax burden.

C. LEGISLATIVE HISTORY

Background

H.R. 5946 was introduced on September 7, 2016, and was referred to the Committee on Ways and Means.

Committee action

The Committee on Ways and Means marked up H.R. 5946, the “United States Appreciation for Olympians and Paralympians Act of 2016,” on September 14, 2016, and ordered the bill, as amended, favorably reported (with a quorum being present).

Committee hearings

No hearings have been held on H.R. 5946.

II. EXPLANATION OF THE BILL

A. EXCLUSION FROM GROSS INCOME FOR THE VALUE OF MEDALS AWARDED AT OLYMPIC OR PARALYMPIC GAMES AND FOR CERTAIN PRIZES OR AWARDS PAID BY THE U.S. OLYMPIC COMMITTEE TO COMPETITORS (SEC. 2 OF THE BILL AND SEC. 74 OF THE CODE)

PRESENT LAW

U.S. citizens and residents are subject to U.S. taxation on their worldwide income, from whatever source derived,¹ absent a specific statutory exception. Prizes and awards are specifically included in income.² If prizes or awards are provided in the form of goods or services, the fair market value of the goods or services provided is the amount to be included in income.³

There are three exceptions to the general rule of inclusion of prizes and awards: First, qualified scholarships described in section 117; second, certain employee achievement awards; and third, awards for religious, charitable, scientific, educational, artistic, literary or civic achievement, provided that the recipient takes no action to be considered for the award, requests that the monetary award be transferred to a designated governmental unit or tax-exempt organization to which deductible charitable contributions are permitted, and is not required to render future substantial services as a condition of the award.⁴ Examples of awards that may qualify for the third exception if the monies associated with the award are timely donated include the Nobel and Pulitzer prizes. In contrast, prizes or awards in recognition of athletic achievement are generally ineligible for the exception.⁵

The United States Olympic Committee (“USOC”) is a corporation created by statute to serve as a coordinating body for United States participation in international competitive amateur sports, in order to provide “the most competent amateur representation possible in each event” in the Olympic, Paralympic and Pan-American Games.⁶ As part of its activities, the USOC awards each U.S. Olympic athlete prize money for each medal won, in the amounts of \$25,000 for each gold medal, \$15,000 for each silver medal, and \$10,000 for each bronze medal. U.S. Paralympic athletes receive

¹ Sec. 61.

² Sec. 74.

³ Treas. Reg. sec. 1.74–1(a)(2).

⁴ Treas. Reg. sec. 1.74–1(b).

⁵ *Wills v. Commissioner*, 48 T.C. 308 (1967), aff’d 411 F.2d 537 (9th Cir. 1969), in which the Court held that the value of the S. Rae Hickock Belt, awarded to baseball player Maury Wills as outstanding professional athlete of the year, was includible in income as a prize or award given for athletic achievement, and ineligible for the exception available for awards based on educational, civil, literary, scientific or artistic achievement.

⁶ See generally, 36 U.S.C. secs. 220501 through 220512. The organization does not generally receive Federal funding, although specific programs for veterans of U.S. military service receive Federal assistance. Instead, the organization raises funds from donors as well as revenue from licensing of use of the US Olympic team name and insignia, as well as granting of broadcast rights in the United States. The purposes of the organization are enumerated in section 220503, and include promotion of physical fitness and sports participation generally, financial assistance to athletes or sport federations, development of training facilities and technical support to amateur athletic programs that support sports that are included in the Olympics, Paralympics and Pan-Am games. The USOC provides a quadrennial report to Congress on its operations. The most recent report, covering the period 2009 through 2012, was issued June 1, 2013, and is available at <http://www.teamusa.org/Footer/Legal/Governance-Documents>.

\$5,000, \$3,500 and \$2,500 respectively for each gold, silver and bronze medal awarded.⁷ All U.S. Olympians and U.S. Paralympians are required to be U.S. citizens.⁸ As a result, these performance awards from the USOC are includible as prizes and awards, regardless of whether the athletes derive the income for activities performed inside, or outside, the United States.⁹ The prize money awarded to U.S. athletes by the USOC, as well as the fair market value of gold, silver, and bronze medals, is includible in gross income.

REASONS FOR CHANGE

The Committee believes that the athletes who represent the United States on the global stage at the Olympic and Paralympic games perform a valuable patriotic service. The athletes do so only after years of personal sacrifice to attain the level of excellence required to compete at the Olympic and Paralympic games. The Committee also believes that during their years of training and preparation, many athletes representing the United States in the games earn little or no money from participation in their chosen sports and often defer pursuit of careers outside sports. Monetary prizes awarded by the USOC to medalists on the U.S. teams are intended to reward such sacrifices and to provide incentives to other athletes who seek to represent the United States on a global stage. The Committee believes that providing this exclusion for the receipt of an Olympic or Paralympic medal and other prizes awarded by the USOC generally should be without tax consequences.

EXPLANATION OF PROVISION

The provision creates a new exception to the general rule requiring inclusion of prizes and awards in gross income. Under the terms of the exception, neither the value of the medals awarded to U.S. Olympic or Paralympic athletes nor the cash prizes given by the USOC are includible in income for Federal tax purposes. This exclusion does not apply to taxpayers whose adjusted gross income (determined without regard to the value of such medals or rewards) is in excess of \$1,000,000 (or half such amount in the case of a married taxpayer filing a separate return).

⁷Based solely on recent metal prices, the values of the medals awarded at the Rio games are bear the following approximate values of \$565 for the gold, \$305 for the silver and \$5 for the bronze. See, Reid Carlson, "The Monetary Worth of the 2016 Rio Olympic Medals," SwimSwam, available at <https://swimswam.com/monetary-worth-rio-medals>.

⁸The international governing bodies of the Olympic and Paralympic games permit certain exceptions for athletes from countries that do not have national organizations eligible to enter teams in the games. See, Rule 41 and related by-laws, *The International Olympic Committee Charter*, available at <http://www.teamusa.org/About-the-USOC/Inside-the-USOC/Olympic-Movement/Structure>, and Chapter 3.1, *The International Paralympic Committee Handbook*, available at https://www.paralympic.org/sites/default/files/document/160523070735592_Rio%2BQG_23_May_2016.pdf. Peter Spiro, "Citizenship and the Olympics," 5 *Insights*, (Spring 2016), published by American Bar Association, http://www.americanbar.org/publications/insights_on_law/16/spring-2016/citizenship-and-the-olympics.

⁹A credit may be allowed for any foreign income tax imposed on awards for games held outside the United States. Many Olympic host countries (including the United States) exempt non-resident athletes from income tax on awards. As in the United States, these exemptions may be part of a host country's tax law, and some contracts between the International Olympic Committee and Olympic host cities confirm the exemption. Under a typical contract, the host city and the host city's Organizing Committee promise either that the host country will not tax performance awards or, if the host country does tax performance awards, that the host city or Organizing Committee will reimburse athletes for the amount of the tax. For example, Rio de Janeiro entered into a Host City Contract containing this clause. A draft contract corresponding to the 2022 Olympics in China also contains this clause.

EFFECTIVE DATE

The provision applies to prizes and awards received after December 31, 2015.

III. VOTES OF THE COMMITTEE

In compliance with clause 3(b) of rule XIII of the Rules of the House of Representatives, the following statement is made concerning the vote of the Committee on Ways and Means in its consideration of H.R. 5946, the “United States Appreciation for Olympians and Paralympians Act of 2016,” on September 14, 2016.

An amendment by Mr. Pascrell to the amendment in the nature of a substitute, which would subject the exclusion for the value of Olympic or Paralympic prizes and awards to an income limitation, was agreed to by unanimous consent (with a quorum being present).

The bill, H.R. 5946, as amended, was ordered favorably reported to the House of Representatives by a voice vote (with a quorum being present).

IV. BUDGET EFFECTS OF THE BILL**A. COMMITTEE ESTIMATE OF BUDGETARY EFFECTS**

In compliance with clause 3(d) of rule XIII of the Rules of the House of Representatives, the following statement is made concerning the effects on the budget of the bill, H.R. 5946, as reported.

The bill, as reported, is estimated to have the following effect on Federal budget receipts for fiscal years 2017–2026:

FISCAL YEARS											
[Millions of dollars]											
2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2017–21	2017–26
–1	[1]	[1]	[1]	–1	[1]	[1]	[1]	–1	[1]	–2	–3

NOTE: Details do not add to totals due to rounding.
[1] Loss of less than \$500,000.

Pursuant to clause 8 of rule XIII of the Rules of the House of Representatives, the following statement is made by the Joint Committee on Taxation with respect to the provisions of the bill amending the Internal Revenue Code of 1986: The gross budgetary effect (before incorporating macroeconomic effects) in any fiscal year is less than 0.25 percent of the current projected gross domestic product of the United States for that fiscal year; therefore, the bill is not “major legislation” for purposes of requiring that the estimate include the budgetary effects of changes in economic output, employment, capital stock and other macroeconomic variables.

B. STATEMENT REGARDING NEW BUDGET AUTHORITY AND TAX EXPENDITURES BUDGET AUTHORITY

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee states that the bill involves no new or increased budget authority. The Committee further states that the bill enlarges a tax expenditure.

C. COST ESTIMATE PREPARED BY THE CONGRESSIONAL BUDGET
OFFICE

In compliance with clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, requiring a cost estimate prepared by the CBO, the following statement by CBO is provided.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, September 16, 2016.

Hon. KEVIN BRADY,
*Chairman, Committee on Ways and Means,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 5946, the United States Appreciation for Olympians and Paralympians Act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Jacob Fabian.

Sincerely,

KEITH HALL.

Enclosure.

H.R. 5946—United States Appreciation for Olympians and Paralympians Act

H.R. 5946 would amend the Internal Revenue Code to exclude from gross income, for income tax purposes, certain prizes or awards won in competition in the Olympic Games or the Paralympic Games. Starting on January 1, 2016, the exclusion would apply to monetary prizes received from the United States Olympic Committee and the intrinsic value of the medals awarded. The exclusion would not apply to individuals with adjusted gross income above \$1 million, or half of that amount for married individuals filing a separate return.

The staff of the Joint Committee on Taxation (JCT) estimates that enacting the bill would reduce revenues, thus increasing federal budget deficits, by about \$3 million over the 2017–2026 period. Specifically, JCT estimates that the bill would have no effect on revenues in 2016 and would reduce them by \$1 million in 2017, 2021, and 2025, and by less than \$500,000 in the other years of the 2017–2026 period.

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending and revenues. Enacting H.R. 5946 would reduce revenues; therefore, pay-as-you-go procedures apply. The estimated increases in the deficit are shown in the following table. Enacting the bill would not affect direct spending.

JCT and CBO estimate that enacting the bill would not increase net direct spending in any of the four 10-year periods beginning in 2027, and would increase on-budget deficits over those periods by very small amounts.

JCT has determined that H.R. 5946 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

The CBO staff contact for this estimate is Jacob Fabian. The estimate was approved by John McClelland, Assistant Director for Tax Analysis.

CBO ESTIMATE OF PAY-AS-YOU-GO EFFECTS FOR H.R. 5946, AS ORDERED REPORTED BY THE HOUSE COMMITTEE ON WAYS AND MEANS ON SEPTEMBER 14, 2016

	By fiscal year, in millions of dollars—												
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2016– 2021	2016– 2026
NET INCREASE IN THE DEFICIT													
Statutory Pay-As-You-Go Effects ...	0	1	0	0	0	1	0	0	0	1	0	2	3

Source: Staff of the Joint Committee on Taxation.

V. OTHER MATTERS TO BE DISCUSSED UNDER THE RULES OF THE HOUSE

A. COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

With respect to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives (relating to oversight findings), the Committee advises that it was as a result of the Committee’s review of the provisions of H.R. 5946 that the Committee concluded that it is appropriate to report the bill, as amended, favorably to the House of Representatives with the recommendation that the bill do pass.

B. STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

With respect to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee advises that the bill contains no measure that authorizes funding, so no statement of general performance goals and objectives for which any measure authorizes funding is required.

C. INFORMATION RELATING TO UNFUNDED MANDATES

This information is provided in accordance with section 423 of the Unfunded Mandates Reform Act of 1995 (Pub. L. No. 104–4).

The Committee has determined that the bill does not contain Federal mandates on the private sector. The Committee has further determined that the bill does not impose a Federal intergovernmental mandate on State, local, or tribal governments.

D. APPLICABILITY OF HOUSE RULE XXI 5(b)

Rule XXI 5(b) of the Rules of the House of Representatives provides, in part, that “A bill or joint resolution, amendment, or conference report carrying a Federal income tax rate increase may not be considered as passed or agreed to unless so determined by a vote of not less than three-fifths of the Members voting, a quorum being present.” The Committee has carefully reviewed the bill, and states that the bill does not involve any Federal income tax rate increases within the meaning of the rule.

E. TAX COMPLEXITY ANALYSIS

The following statement is made pursuant to clause 3(h)(1) of rule XIII of the Rules of the House of Representatives. Section 4022(b) of the Internal Revenue Service Restructuring and Reform Act of 1998 (“IRS Reform Act”) requires the staff of the Joint Committee on Taxation (in consultation with the Internal Revenue Service and the Treasury Department) to provide a tax complexity analysis. The complexity analysis is required for all legislation reported by the Senate Committee on Finance, the House Committee on Ways and Means, or any committee of conference if the legislation includes a provision that directly or indirectly amends the Internal Revenue Code of 1986 and has widespread applicability to individuals or small businesses.

Pursuant to clause 3(h)(1) of rule XIII of the Rules of the House of Representatives, the staff of the Joint Committee on Taxation has determined that a complexity analysis is not required under section 4022(b) of the IRS Reform Act because the bill contains no provisions that amend the Internal Revenue Code of 1986 and that have “widespread applicability” to individuals or small businesses, within the meaning of the rule.

F. CONGRESSIONAL EARMARKS, LIMITED TAX BENEFITS, AND LIMITED TARIFF BENEFITS

With respect to clause 9 of rule XXI of the Rules of the House of Representatives, the Committee has carefully reviewed the provisions of the bill and states that the provisions of the bill do not contain any congressional earmarks, limited tax benefits, or limited tariff benefits within the meaning of the rule.

G. DUPLICATION OF FEDERAL PROGRAMS

In compliance with Sec. 3(g)(2) of H. Res. 5 (114th Congress), the Committee states that no provision of the bill establishes or reauthorizes: (1) a program of the Federal Government known to be duplicative of another Federal program, (2) a program included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139, or (3) a program related to a program identified in the most recent Catalog of Federal Domestic Assistance, published pursuant to the Federal Program Information Act (Public Law 95–220, as amended by Public Law 98–169).

H. DISCLOSURE OF DIRECTED RULE MAKINGS

In compliance with Sec. 3(i) of H. Res. 5 (114th Congress), the following statement is made concerning directed rule makings: The Committee estimates that the bill requires no directed rule makings within the meaning of such section.

VI. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

A. TEXT OF EXISTING LAW AMENDED OR REPEALED BY THE BILL, AS REPORTED

In compliance with clause 3(e)(1)(A) of rule XIII of the Rules of the House of Representatives, the text of each section proposed to be amended or repealed by the bill, as reported, is shown below:

TEXT OF EXISTING LAW AMENDED OR REPEALED BY THE BILL, AS REPORTED

In compliance with clause 3(e)(1)(A) of rule XIII of the Rules of the House of Representatives, the text of each section proposed to be amended or repealed by the bill, as reported, is shown below:

INTERNAL REVENUE CODE OF 1986

* * * * *

Subtitle A—Income Taxes

* * * * *

CHAPTER 1—NORMAL TAXES AND SURTAXES

* * * * *

Subchapter B—Computation of Taxable Income

* * * * *

PART II—ITEMS SPECIFICALLY INCLUDED IN GROSS INCOME

* * * * *

SEC. 74. PRIZES AND AWARDS.

(a) **GENERAL RULE.**—Except as otherwise provided in this section or in section 117(relating to qualified scholarships), gross income includes amounts received as prizes and awards.

(b) **EXCEPTION FOR CERTAIN PRIZES AND AWARDS TRANSFERRED TO CHARITIES.**—Gross income does not include amounts received as prizes and awards made primarily in recognition of religious, charitable, scientific, educational, artistic, literary, or civic achievement, but only if—

(1) the recipient was selected without any action on his part to enter the contest or proceeding;

(2) the recipient is not required to render substantial future services as a condition to receiving the prize or award; and

(3) the prize or award is transferred by the payor to a governmental unit or organization described in paragraph (1) or (2) of section 170(c) pursuant to a designation made by the recipient.

(c) **EXCEPTION FOR CERTAIN EMPLOYEE ACHIEVEMENT AWARDS.**—

(1) **IN GENERAL.**—Gross income shall not include the value of an employee achievement award (as defined in section 274(j)) received by the taxpayer if the cost to the employer of the employee achievement award does not exceed the amount allowable as a deduction to the employer for the cost of the employee achievement award.

(2) **EXCESS DEDUCTION AWARD.**—

If the cost to the employer of the employee achievement award received by the taxpayer exceeds the amount allowable as a deduction to the employer, then gross income includes the greater of—

(A) an amount equal to the portion of the cost to the employer of the award that is not allowable as a deduction to the employer (but not in excess of the value of the award),
or

(B) the amount by which the value of the award exceeds the amount allowable as a deduction to the employer.

The remaining portion of the value of such award shall not be included in the gross income of the recipient.

(3) **TREATMENT OF TAX-EXEMPT EMPLOYERS.**—In the case of an employer exempt from taxation under this subtitle, any reference in this subsection to the amount allowable as a deduction to the employer shall be treated as a reference to the amount which would be allowable as a deduction to the employer if the employer were not exempt from taxation under this subtitle.

(4) **CROSS REFERENCE.**—For provisions excluding certain de minimis fringes from gross income, see section 132(e).

* * * * *

B. CHANGES IN EXISTING LAW PROPOSED BY THE BILL, AS REPORTED

In compliance with clause 3(e)(1)(B) of rule XIII of the Rules of the House of Representatives, changes in existing law proposed by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e)(1)(B) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in italics and existing law in which no change is proposed is shown in roman):

INTERNAL REVENUE CODE OF 1986

* * * * *

Subtitle A—Income Taxes

* * * * *

CHAPTER 1—NORMAL TAXES AND SURTAXES

* * * * *

Subchapter B—Computation of Taxable Income

* * * * *

PART II—ITEMS SPECIFICALLY INCLUDED IN GROSS INCOME

* * * * *

SEC. 74. PRIZES AND AWARDS.

(a) **GENERAL RULE.**—Except as otherwise provided in this section or in section 117 (relating to qualified scholarships), gross income includes amounts received as prizes and awards.

(b) **EXCEPTION FOR CERTAIN PRIZES AND AWARDS TRANSFERRED TO CHARITIES.**—Gross income does not include amounts received as prizes and awards made primarily in recognition of religious, charitable, scientific, educational, artistic, literary, or civic achievement, but only if—

- (1) the recipient was selected without any action on his part to enter the contest or proceeding;
- (2) the recipient is not required to render substantial future services as a condition to receiving the prize or award; and
- (3) the prize or award is transferred by the payor to a governmental unit or organization described in paragraph (1) or (2) of section 170(c) pursuant to a designation made by the recipient.

(c) **EXCEPTION FOR CERTAIN EMPLOYEE ACHIEVEMENT AWARDS.**—

(1) **IN GENERAL.**—Gross income shall not include the value of an employee achievement award (as defined in section 274(j)) received by the taxpayer if the cost to the employer of the employee achievement award does not exceed the amount allowable as a deduction to the employer for the cost of the employee achievement award.

(2) **EXCESS DEDUCTION AWARD.**—If the cost to the employer of the employee achievement award received by the taxpayer exceeds the amount allowable as a deduction to the employer, then gross income includes the greater of—

(A) an amount equal to the portion of the cost to the employer of the award that is not allowable as a deduction to the employer (but not in excess of the value of the award),

or
(B) the amount by which the value of the award exceeds the amount allowable as a deduction to the employer.

The remaining portion of the value of such award shall not be included in the gross income of the recipient.

(3) **TREATMENT OF TAX-EXEMPT EMPLOYERS.**—In the case of an employer exempt from taxation under this subtitle, any reference in this subsection to the amount allowable as a deduction to the employer shall be treated as a reference to the amount which would be allowable as a deduction to the employer if the employer were not exempt from taxation under this subtitle.

(4) CROSS REFERENCE.—For provisions excluding certain de minimis fringes from gross income, see section 132(e).

(d) EXCEPTION FOR OLYMPIC AND PARALYMPIC MEDALS AND PRIZES.—

(1) IN GENERAL.—Gross income shall not include the value of any medal awarded in, or any prize money received from the United States Olympic Committee on account of, competition in the Olympic Games or Paralympic Games.

(2) LIMITATION BASED ON ADJUSTED GROSS INCOME.—

(A) IN GENERAL.—Paragraph (1) shall not apply to any taxpayer for any taxable year if the adjusted gross income (determined without regard to this subsection) of such taxpayer for such taxable year exceeds \$1,000,000 (half of such amount in the case of a married individual filing a separate return).

(B) COORDINATION WITH OTHER LIMITATIONS.—For purposes of sections 86, 135, 137, 199, 219, 221, 222, and 469, adjusted gross income shall be determined after the application of paragraph (1) and before the application of subparagraph (A).

* * * * *

