

## A gold medal in worthless ideas: Tax breaks for Olympic winners



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WASHINGTON: Another Olympics, another stupid Olympics-related tax proposal.

Many U.S. Olympic athletes have won not just their heats, races and assorted events but also the hearts and minds of the public. Accordingly, our legislators now want to help these battle-scarred warriors by giving them a tax break.

Specifically, a bill that passed the Senate in July by unanimous consent and is now making its way through the House would exempt from taxes the value of the medals Olympic athletes earn, as well as the much larger cash bonuses they receive from the U.S. Olympic Committee when they place. (Athletes receive \$25,000 for gold, \$15,000 for silver and \$10,000 for bronze.)

Similar proposals have been made in Olympics past, including in 2012 and 2014.

“After a successful and hard-fought victory, it’s just not right for the U.S. to welcome these athletes home with a tax on that victory,” Sen. Chuck Schumer, a New York Democrat who co-sponsored the latest Senate bill, said in a statement.

This sounds perfectly reasonable and patriotic, no? Talented athletes train hard and make America proud. Why not let them keep all their winnings?

Except these kinds of tax carve-outs — like most tax carve-outs — are poorly targeted ways to help the population Congress is purportedly trying to help and mostly just end up larding up an already-pork-laden tax code.

Olympic victories are awe-inspiring and no doubt very hard to come by. But the income derived from this work — and that’s what these prizes are, income — are earnings like any other. It’s not clear what makes this method of earning money so virtuous that it deserves to be wholly exempt from taxation — unlike, say, the labor income derived from teaching autistic children, rescuing puppies, tending to cancer patients or serving in the U.S. military.

But let’s assume for a second that you do think sports represent anomalously noble work (Ryan Lochte’s fishy robbery report notwithstanding). Or perhaps, moved by stories of struggling athletes working multiple poorly paid jobs to accommodate their brutal training schedules, you merely want to find a way to help them make ends meet while they’re dreaming big.

A tax break on Olympic-related winnings is a very inefficient, and arguably entirely ineffective, way to achieve this goal.

First of all, as Tax Policy Center senior fellow Howard Gleckman has explained, such a tax break would primarily benefit the richest and most handsomely paid professional athletes — people such as swimmer Michael Phelps, who’s worth an estimated \$50 million to \$60 million, and NBA player Kevin Durant, who’s estimated to have made \$56 million this past year alone.

That is, people who not only owe taxes but are also in the tippy-top tax bracket.

On the other hand, consider the amateur athletes who lack lavish sponsorships and lucrative endorsement deals, and who are just scraping by.

Their very low earnings, coupled with their many legally deductible training-related expenses — coaching, travel, equipment, etc. — generally make it unlikely that they'll actually owe any tax on Olympic winnings, even under current law. So a brand-new exemption wouldn't help them at all.

And of course, making their post-event winnings tax-free does little to help these athletes when they really need it: during the years of thankless training and sacrifice leading up to the Games.

More broadly, it's frustrating that our elected officials constantly complain about the complexity of the tax system and yet insist on cluttering it up with even more special carve-outs.

One well-meaning tax break surely seems relatively harmless. But hundreds or thousands of them compiled together — for struggling actors, tampons, profits on Alzheimer's drugs, educators, clarinet lessons, whatever group or cause du jour seems worthy and sympathetic — are precisely what make income (and sales) tax systems so complicated.

Those carve-outs are not free, either.

The more activities or products you shield from taxation, the higher the tax rates on everything else have to rise to make up for the lost revenue. That in turn makes it more attractive for other interest groups to lobby for yet more targeted tax breaks or otherwise find ways to disguise their earnings to dodge taxes. It's a vicious cycle, one that could be curbed if politicians merely mustered the courage to close these many loopholes and lower rates for everyone.

If politicians want to help Olympic athletes — or teachers or actors or poor women in need of sanitary products, or whatever group the public and their elected officials lately decide are deserving of help — a simpler, better-targeted and more transparent way to do so would be just to directly spend money on those various causes and groups.

Backdoor spending through the tax code is a cowardly and inefficient means to get the job done.

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## Medals Count

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#	COUNTRY	G	S	B	TOTAL
1	United States	46	37	38	121
2	United Kingdom	27	23	17	67
3	China	26	18	26	70
4	Russia	19	18	19	56
5	Germany	17	10	15	42