II

117TH CONGRESS
1ST SESSION

S. 2897

To amend the Internal Revenue Code of 1986 to provide that the exclusion from gross income for qualified scholarships does not apply to athletic scholarships if the recipient receives certain income derived from the recipient's name, image, or likeness.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 29, 2021

Mr. BURR introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide that the exclusion from gross income for qualified scholarships does not apply to athletic scholarships if the recipient receives certain income derived from the recipient's name, image, or likeness.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''NIL Scholarship Tax Act''.

SEC. 2. TREATMENT OF CERTAIN ATHLETIC SCHOLARSHIPS AS INCOME.

(a) IN GENERAL.—Section 117(c) of the Internal Revenue Code of 1986 is amended to read as follows:

"(c) LIMITATIONS.—

"(1) TEACHING SERVICES.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), subsections (a) and (d) shall not apply to that portion of any amount received which represents payment for teaching, research, or other services by the student required as a condition for receiving the qualified scholarship or qualified tuition reduction.

"(B) EXCEPTIONS.—Subparagraph (A) shall not apply to any amount received by an individual under—

"(i) the National Health Service Corps Scholarship Program under section 338A(g)(1)(A) of the Public Health Service Act,

"(ii) the Armed Forces Health Professions Scholarship and Financial Assistance program under subchapter I of chapter 105 of title 10, United States Code, or

"(iii) a comprehensive student work-learning-service program (as defined in section 448(e) of the Higher Education Act of 1965) operated by a work college (as defined in such section).

"(2) CERTAIN ATHLETIC SCHOLARSHIPS.—

"(A) IN GENERAL.—Subsection (a) shall not apply to any athletic scholarship if—

"(i) the individual receiving such athletic scholarship received income in excess of $20,000 during the taxable year from the name, image, or likeness of such individual, or

"(ii) this paragraph applied to such athletic scholarship for any prior taxable year.

"(B) ATHLETIC SCHOLARSHIP.—For purposes of this paragraph, the term 'athletic scholarship' means any qualified scholarship the terms of which require the recipient to participate in a program of intercollegiate athletics at an institution of higher education (as defined in section 102 of the Higher Education Act of 1965 (20 U.S.C. 1002)) in order to be eligible to receive such assistance.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

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