

116TH CONGRESS
1ST SESSION

S. 2312

To amend the Internal Revenue Code of 1986 to impose a surtax on corporations with significant disparities in employee wages.

IN THE SENATE OF THE UNITED STATES

JULY 30, 2019

Mr. MERKLEY 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 impose a surtax on corporations with significant disparities in employee wages.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Equity in Compensa-
5 tion Act”.

6 **SEC. 2. SURTAX ON CORPORATIONS WITH SIGNIFICANT**
7 **DISPARITY IN EMPLOYEE WAGES.**

8 (a) IN GENERAL.—Part II of subchapter A of chap-
9 ter 1 of the Internal Revenue Code of 1986 is amended

1 by redesignating section 12 as section 13 and by inserting
2 after section 11 the following new section:

3 **“SEC. 12. SURTAX ON CORPORATIONS WITH SIGNIFICANT**
4 **DISPARITY IN EMPLOYEE WAGES.**

5 “(a) IN GENERAL.—In the case of an applicable cor-
6 poration, there is hereby imposed (in addition to any other
7 tax imposed by this subtitle) a tax equal to the applicable
8 percentage of taxable income.

9 “(b) APPLICABLE CORPORATION.—For purposes of
10 this section, the term ‘applicable corporation’ means any
11 corporation which—

12 “(1) has gross revenue for the taxable year in
13 excess of \$1,000,000,000, and

14 “(2) has a wage disparity level in excess of
15 3,000 percent.

16 “(c) APPLICABLE PERCENTAGE.—For purpose of
17 this section, the applicable percentage shall be determined
18 as follows:

“In the case of an applicable corporation with a wage disparity level that is—	The applica- ble percent- age is—
Over 3,000 percent but not over 5,000 percent	2
Over 5,000 percent but not over 10,000 percent	3
Over 10,000 percent but not over 20,000 percent	4
Over 20,000 percent but not over 50,000 percent	5
Over 50,000 percent but not over 100,000 percent	6
Over 100,000 percent	10.

19 “(d) WAGE DISPARITY LEVEL.—For purposes of this
20 section—

1 “(1) IN GENERAL.—The term ‘wage disparity
2 level’ means the ratio (expressed as a percentage) of
3 the annual salary of highest compensated officer of
4 the corporation to the median annual salary of all
5 employees of the corporation.

6 “(2) DETERMINATION OF ANNUAL SALARY.—
7 The annual salary of any officer or employee shall
8 be determined by taking into account the wages
9 (within the meaning of section 3121(a), but deter-
10 mined without regard to any dollar limitation con-
11 tained in such section) paid to such officer or em-
12 ployee for services performed during the taxable
13 year. In the case of any officer or employee who is
14 not employed for the entire taxable year, the wages
15 paid for such taxable year shall be increased by an
16 amount equal to the product of the average daily
17 wages paid to such employees for the number of
18 days during the taxable year during which such em-
19 ployee was employed and the number of days during
20 the taxable year during which such employee was
21 not so employed.

22 “(e) EXCEPTIONS; TREATMENT OF FOREIGN COR-
23 PORATIONS.—Rules similar to the rules of subsections (c)
24 and (d) of section 11 shall apply for purposes of this sec-
25 tion.”.

1 (b) CLERICAL AMENDMENT.—The table of sections
2 for part II of subchapter A of chapter 1 of such Code
3 is amended by redesignating the item relating to section
4 12 as relating to section 13 and by inserting after the item
5 relating to section 11 the following new item:

“Sec. 12. Surtax on corporations with significant disparity in employee wages.”.

6 (c) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to taxable years beginning after
8 December 31, 2019.

○