

116TH CONGRESS  
1ST SESSION

# S. 2445

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

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IN THE SENATE OF THE UNITED STATES

SEPTEMBER 9, 2019

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

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## 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 “Fair Share for Work-  
5 ers 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<br>with a wage disparity level that is— | The<br>applicable<br>percentage<br>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%.                                   |

1       “(d) WAGE DISPARITY LEVEL.—For purposes of this  
2 section—

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

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

24       “(e) EXCEPTIONS; TREATMENT OF FOREIGN COR-  
25 PORATIONS.—Rules similar to the rules of subsections (c)

1 and (d) of section 11 shall apply for purposes of this sec-  
2 tion.”.

3 (b) CLERICAL AMENDMENT.—The table of sections  
4 for part II of subchapter A of chapter 1 of such Code  
5 is amended by redesignating the item relating to section  
6 12 as relating to section 13 and by inserting after the item  
7 relating to section 11 the following new item:

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

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

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