

118TH CONGRESS  
1ST SESSION

# H. R. 1654

To amend the Internal Revenue Code of 1986 to impose a higher rate of tax on bonuses and profits from sales of stock received by executives employed by failing banks that were closed and for which the Federal Deposit Insurance Corporation has been appointed as conservator or receiver.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 17, 2023

Mr. SCHIFF (for himself, Mr. LEVIN, Mr. GOMEZ, Mr. TAKANO, Ms. MCCOLLUM, Mrs. WATSON COLEMAN, Mr. GARAMENDI, Mr. MULLIN, Mr. GRIJALVA, Mr. MCGOVERN, Ms. PINGREE, Mr. GOLDMAN of New York, Mr. SWALWELL, Mr. EVANS, Mr. BOYLE of Pennsylvania, Mr. POCAN, Ms. ESHOO, Mr. CARSON, and Mr. KHANNA) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to impose a higher rate of tax on bonuses and profits from sales of stock received by executives employed by failing banks that were closed and for which the Federal Deposit Insurance Corporation has been appointed as conservator or receiver.

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Deliver Executive Prof-  
3 its On Seized Institutions to Taxpayers Act” or the “DE-  
4 POSIT Act”.

5 **SEC. 2. SENSE OF THE CONGRESS.**

6 It is the sense of the Congress that the revenue raised  
7 from the tax imposed under section 1(k) of the Internal  
8 Revenue Code of 1986 (as added by section 3) will be re-  
9 turned to the Deposit Insurance Fund (as defined in sec-  
10 tion 3 of the Federal Deposit Insurance Act (12 U.S.C.  
11 1813)).

12 **SEC. 3. HIGHER RATE OF TAX ON BONUSES AND STOCK**  
13 **PROFITS RECEIVED BY CERTAIN BANK EX-**  
14 **ECUTIVES.**

15 (a) IN GENERAL.—Section 1 of the Internal Revenue  
16 Code of 1986 is amended by adding at the end the fol-  
17 lowing new subsection:

18 “(k) RATE OF TAX ON PROFITS RECEIVED BY CER-  
19 TAIN BANK EXECUTIVES.—

20 “(1) IN GENERAL.—In the case of any applica-  
21 ble individual who receives any excluded profits dur-  
22 ing the taxable year, the tax imposed by this section  
23 shall be equal to—

24 “(A) the tax which would be imposed by  
25 this section if the taxable income of such indi-  
26 vidual for the taxable year were reduced (but

1 not below zero) by the amount of the excluded  
2 profits received by such individual during such  
3 taxable year, plus

4 “(B) 90 percent of the excluded profits de-  
5 scribed in subclause (I) of paragraph (2)(B)(i)  
6 which were received by such individual during  
7 such taxable year, plus

8 “(C) 100 percent of the excluded profits  
9 described in subclause (II) of such paragraph  
10 which were received by such individual during  
11 such taxable year.

12 “(2) DEFINITIONS.—For purposes of this sub-  
13 section—

14 “(A) APPLICABLE INDIVIDUAL.—The term  
15 ‘applicable individual’ means any individual—

16 “(i) who—

17 “(I) was employed by an insured  
18 depository institution for which the  
19 Federal Deposit Insurance Corpora-  
20 tion has been appointed conservator  
21 or receiver, and

22 “(II) served as an executive offi-  
23 cer for such institution prior to such  
24 conservatorship or receivership, and

1 “(ii) with respect to the taxable year  
2 in which the excluded profits were received,  
3 whose adjusted gross income (reduced by  
4 the amount of such excluded profits) for  
5 such taxable year was greater than  
6 \$250,000.

7 “(B) EXCLUDED PROFITS.—

8 “(i) IN GENERAL.—The term ‘ex-  
9 cluded profits’ means, with respect to any  
10 applicable individual for any taxable  
11 year—

12 “(I) any payment in the nature  
13 of a bonus which is paid—

14 “(aa) after March 1, 2023,  
15 and

16 “(bb) by any insured depository  
17 institution within the 60-day  
18 period prior to the date on which  
19 the Federal Deposit Insurance  
20 Corporation was appointed con-  
21 servator or receiver for such in-  
22 stitution, or

23 “(II) any profit made by such ap-  
24 plicable individual from the sale of  
25 any security of the insured depository

1 institution that employs such applica-  
2 ble individual, if that sale occurs not  
3 more than 60 days before the date on  
4 which the Federal Deposit Insurance  
5 Corporation is appointed conservator  
6 or receiver with respect to the insured  
7 depository institution.

8 “(ii) CONTROLLED GROUPS.—

9 “(I) IN GENERAL.—For purposes  
10 of clause (i), all persons treated as a  
11 single employer under subsection (a)  
12 or (b) of section 52 or under sub-  
13 section (m) or (o) of section 414 shall  
14 be treated as one person.

15 “(II) INCLUSION OF FOREIGN  
16 CORPORATIONS.—For purposes of  
17 subclause (I), in applying subsections  
18 (a) and (b) of section 52 to this sec-  
19 tion, section 1563 shall be applied  
20 without regard to subsection (b)(2)(C)  
21 thereof.

22 “(C) EXECUTIVE OFFICER.—The term ‘ex-  
23 ecutive officer’ means, with respect to any in-  
24 sured depository institution, its president, any  
25 vice president of such institution in charge of a

1 principal business unit, division or function  
2 (such as sales, administration or finance), any  
3 other officer who performs a policy making  
4 function or any other person who performs  
5 similar policy making functions for such institu-  
6 tion. Executive officers of subsidiaries may be  
7 deemed executive officers of such institution if  
8 they perform such policy making functions for  
9 such institution.

10 “(D) INSURED DEPOSITORY INSTITU-  
11 TION.—The term ‘insured depository institu-  
12 tion’ has the same meaning given such term  
13 under section 3 of the Federal Deposit Insur-  
14 ance Act (12 U.S.C. 1813).”.

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

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