

118TH CONGRESS
1ST SESSION

S. 800

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.

IN THE SENATE OF THE UNITED STATES

MARCH 14, 2023

Mr. BLUMENTHAL 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 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,*

3 **SECTION 1. SHORT TITLE.**

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

1 **SEC. 2. SENSE OF THE SENATE.**

2 It is the sense of the Senate that the revenue raised
3 from the tax imposed under subsection (k) of section 1
4 of the Internal Revenue Code of 1986 (as added by section
5 3) will be returned to the Deposit Insurance Fund (as de-
6 fined in section 3 of the Federal Deposit Insurance Act
7 (12 U.S.C. 1813)).

8 **SEC. 3. HIGHER RATE OF TAX ON BONUSES AND STOCK**
9 **PROFITS RECEIVED BY CERTAIN BANK EX-**
10 **ECUTIVES.**

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

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

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

20 “(A) the tax which would be imposed by
21 this section if the taxable income of such indi-
22 vidual for the taxable year were reduced (but
23 not below zero) by the amount of the excluded
24 profits received by such individual during such
25 taxable year, plus

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

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

9 “(2) DEFINITIONS.—For purposes of this sub-
10 section—

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

13 “(i) who—

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

19 “(II) served as an executive offi-
20 cer for such institution prior to such
21 conservatorship or receivership, and

22 “(ii) with respect to the taxable year
23 in which the excluded profits were received,
24 whose adjusted gross income (reduced by
25 the amount of such excluded profits) for

1 such taxable year was greater than
2 \$250,000.

3 “(B) EXCLUDED PROFITS.—

4 “(i) IN GENERAL.—The term ‘ex-
5 cluded profits’ means, with respect to any
6 applicable individual for any taxable
7 year—

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

10 “(aa) after March 1, 2023,

11 and

12 “(bb) by any insured deposi-
13 tory institution within the 60-day
14 period prior to the date on which
15 the Federal Deposit Insurance
16 Corporation was appointed con-
17 servator or receiver for such in-
18 stitution, or

19 “(II) any profit made by such ap-
20 plicable individual from the sale of
21 any security of the insured depository
22 institution that employs such applica-
23 ble individual, if that sale occurs not
24 more than 60 days before the date on
25 which the Federal Deposit Insurance

1 Corporation is appointed conservator
2 or receiver with respect to the insured
3 depository institution.

4 “(ii) CONTROLLED GROUPS.—

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

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

18 “(C) EXECUTIVE OFFICER.—The term ‘ex-
19 ecutive officer’ means, with respect to any in-
20 sured depository institution, its president, any
21 vice president of such institution in charge of a
22 principal business unit, division or function
23 (such as sales, administration or finance), any
24 other officer who performs a policy making
25 function or any other person who performs

1 similar policy making functions for such institu-
2 tion. Executive officers of subsidiaries may be
3 deemed executive officers of such institution if
4 they perform such policy making functions for
5 such institution.

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

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

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