

104TH CONGRESS
1ST SESSION

H. R. 620

To increase the minimum wage and to deny employers a deduction for payments of excessive compensation.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 20, 1995

Mr. SABO introduced the following bill; which was referred to the Committee on Economic and Educational Opportunities and, in addition, to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To increase the minimum wage and to deny employers a deduction for payments of excessive compensation.

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 “Income Equity Act
5 of 1995”.

6 **SEC. 2. INCREASE IN MINIMUM WAGE.**

7 Section 6(a)(1) of the Fair Labor Standards Act of
8 1938 (29 U.S.C. 206(a)(1)) is amended by striking out
9 “and not less than \$4.25 an hour after March 31, 1991”

1 and inserting in lieu thereof “not less than \$4.25 an hour
2 until the 90th day after the date of the enactment of the
3 Income Equity Act of 1995, and not less than \$6.50 an
4 hour after the 90th day after such date”.

5 **SEC. 3. DENIAL OF DEDUCTION FOR PAYMENTS OF EXCES-**
6 **SIVE COMPENSATION.**

7 (a) IN GENERAL.—Section 162 of the Internal Reve-
8 nue Code of 1986 (relating to deduction for trade or busi-
9 ness expenses) is amended by inserting after subsection
10 (h) the following new subsection:

11 “(i) EXCESSIVE COMPENSATION.—

12 “(1) IN GENERAL.—No deduction shall be al-
13 lowed under this chapter for any excessive com-
14 pensation with respect to any full-time employee.

15 “(2) EXCESSIVE COMPENSATION.—For pur-
16 poses of this subsection, the term ‘excessive com-
17 pensation’ means, with respect to any employee, the
18 amount by which—

19 “(A) the compensation for services per-
20 formed by such employee during the taxable
21 year, exceeds

22 “(B) an amount equal to 25 times the low-
23 est compensation for services performed by any
24 other employee during such taxable year.

1 “(3) DEFINITIONS AND SPECIAL RULES.—For
2 purposes of this subsection—

3 “(A) COMPENSATION.—

4 “(i) IN GENERAL.—The term ‘com-
5 pensation’ means salary, wages, and bo-
6 nuses.

7 “(ii) PART-YEAR EMPLOYEES.—In the
8 case of any part-year employee, the com-
9 pensation of the employee shall be com-
10 puted on an annualized basis.

11 “(B) EMPLOYER.—All persons treated as a
12 single employer under subsection (a) or (b) of
13 section 52 or subsection (m) or (o) of section
14 414 shall be treated as 1 employer.”

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

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