

118TH CONGRESS
2D SESSION

H. R. 8602

To require the Secretary of Labor to establish a program to provide grants
for job guarantee programs.

IN THE HOUSE OF REPRESENTATIVES

JUNE 3, 2024

Mrs. WATSON COLEMAN (for herself, Ms. OMAR, Ms. NORTON, Ms. TLAIB, Mr. BOWMAN, and Mrs. RAMIREZ) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Education and the Workforce, 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 require the Secretary of Labor to establish a program
to provide grants for job guarantee programs.

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 “Workforce Promotion
5 and Access Act” or the “WPA Act”.

6 **SEC. 2. JOB GUARANTEE GRANT PROGRAM.**

7 (a) DEFINITIONS.—In this section:

1 (1) ELIGIBLE ENTITY.—The term “eligible enti-
2 ty” means—

3 (A) a State;

4 (B) a political subdivision of a State;

5 (C) a Tribal entity;

6 (D) an outlying area; or

7 (E) a consortium of the entities described
8 in subparagraph (B) or (C).

9 (2) JOB GUARANTEE PROGRAM.—The term
10 “job guarantee program” means a program that
11 meets the requirements of subsection (c).

12 (3) RURAL AREA.—The term “rural area”
13 means an area that is located outside of an urban
14 area.

15 (4) TRIBAL ENTITY.—The term “Tribal entity”
16 means an Indian tribe or tribal organization as such
17 terms are defined in section 4 of the Indian Self-De-
18 termination Act (25 U.S.C. 5304).

19 (5) URBAN AREA.—The term “urban area” the
20 has the meaning given the term by the Bureau of
21 the Census in regulations.

22 (6) SECRETARY.—The term “Secretary” means
23 the Secretary of Labor.

24 (7) WIOA DEFINITIONS.—The terms “adult
25 education and literacy activities”, “career planning”,

1 “individual with a barrier to employment”, “in-de-
2 mand industry sector or occupation”, “local board”,
3 “outlying area”, “recognized postsecondary creden-
4 tial”, “State”, “State board”, “supportive services”,
5 and “workplace learning advisor” have the meanings
6 given such terms in section 3 of the Workforce Inno-
7 vation and Opportunity Act (29 U.S.C. 3102).

8 (b) ESTABLISHMENT.—

9 (1) IN GENERAL.—The Secretary shall establish
10 a program to provide competitive grants to eligible
11 entities to establish programs to ensure that any eli-
12 gible individual within the area served by any such
13 eligible entity who applies for a job through such a
14 program established by such eligible entity will be
15 provided with employment in accordance with this
16 section.

17 (2) NATIONAL JOB PRIORITIES.—Prior to solie-
18 iting the initial grants under this section, the Sec-
19 retary shall make publicly available on the website of
20 the Department of Labor a list of national job prior-
21 ities emphasizing strategic job creation in in-demand
22 industry sectors and occupations that address com-
23 munity needs, promote economic resilience, and sup-
24 port sustainable development. The Secretary may

1 take State board and local board suggestions into
2 consideration when developing such list.

3 (3) GRANT PERIOD; ADDITIONAL GRANTS.—

4 (A) GRANT PERIOD.—A grant awarded
5 under this section shall be for a period of 3
6 years. In the case of an additional grant award-
7 ed to an eligible entity, the 3-year grant period
8 for such additional grant shall begin on the day
9 after the last day of the grant period of the pre-
10 ceding grant awarded to such eligible entity
11 under this section.

12 (B) ADDITIONAL GRANTS.—

13 (i) IN GENERAL.—An eligible entity
14 that receives a grant under this section
15 may reapply under this section for one or
16 more additional grants if such eligible enti-
17 ty, as of the date of the application for
18 such additional grant—

19 (I) meets the requirements of
20 subsection (f)(1);

21 (II) has not become ineligible for
22 funds under this section pursuant to
23 subsection (k)(2)(B); and

24 (III) meets any performance re-
25 quirements, as determined by the Sec-

1 retary, with respect to the program
2 carried out under the preceding grant.

3 (ii) GRANT RENEWAL APPLICATION.—

4 Such an eligible entity may submit an ap-
5 plication under subsection (e) for an addi-
6 tional grant prior to the last day of the
7 grant period of the preceding grant award-
8 ed to the eligible entity under this section.

9 (iii) EXPEDITED REVIEW PER-
10 MITTED.—The Secretary may provide an
11 expedited review process for an eligible en-
12 tity's application for an additional grant,
13 which may include a performance review of
14 the program carried out under the pre-
15 ceding grant awarded to the eligible entity
16 under this section.

17 (c) JOB GUARANTEE PROGRAMS.—

18 (1) IN GENERAL.—Subject to paragraph (2), a
19 job guarantee program meets the requirements of
20 this subsection if each job provided under such pro-
21 gram—

22 (A) is available to any individual who—

23 (i) is 18 years of age or older; and

24 (ii) has principal residence in the eli-
25 gible entity as of the date that such indi-

1 vidual applies for a job under such pro-
2 gram;

3 (B) is, with respect to each individual who
4 receives a job under the program, included as
5 part of an established bargaining unit and cov-
6 ered by any applicable collective bargaining
7 agreement in effect if similarly situated employ-
8 ees are part of such unit and represented by an
9 exclusive bargaining representative; and

10 (C) provides each such individual the fol-
11 lowing:

12 (i) A choice between coverage under—

13 (I) a health insurance program
14 that is comparable to that offered to
15 Federal employees under the Federal
16 Employee Health Benefits Program;
17 or

18 (II) the health insurance pro-
19 gram under an applicable collective
20 bargaining agreement as provided for
21 under subparagraph (B).

22 (ii) The following leave—

23 (I) family and medical leave con-
24 sistent with the provisions of the
25 Family and Medical Leave Act of

1 1993 and applicable State law, except
2 that such leave shall be paid leave;
3 and

4 (II) paid sick leave as provided
5 by the Emergency Paid Sick Leave
6 Act under division E of the Families
7 First Coronavirus Response Act (29
8 U.S.C. 2601 note).

9 (iii) The paid training and career de-
10 velopment opportunities developed pursu-
11 ant to subsection (j).

12 (iv) A wage that is not less than the
13 highest of the following rates:

14 (I) \$17 per hour.

15 (II) The hourly wage required to
16 be paid to employees in the area to be
17 served under the program.

18 (III) The prevailing wage in the
19 area involved for a similar job as re-
20 quired by chapter 67 of title 41,
21 United States Code, and other related
22 laws.

23 (IV) The applicable wage under
24 an applicable collective bargaining

1 agreement as provided for under sub-
2 paragraph (B).

3 (2) SUSPENSIONS.—

4 (A) IN GENERAL.—An eligible individual
5 who receives job under a job guarantee program
6 under this section may be released or suspended
7 from such job if such individual—

8 (i) fails to perform the stipulated du-
9 ties; or

10 (ii) is generally disruptive to the work-
11 place involved.

12 (B) REVIEW PROCEDURES.—The Secretary
13 shall establish procedures to provide for an op-
14 portunity for a review of any such release or
15 suspension.

16 (d) OTHER USES OF FUNDS.—A grant awarded
17 under this section may be used to provide workers in a
18 job guarantee program with—

19 (1) supportive services, which may include food,
20 transportation, child care, dependent care, housing,
21 clothing and personal protection equipment, and
22 needs-related payments, that are necessary to enable
23 an individual to participate in activities authorized
24 under this section;

1 (2) access to a workplace learning advisor to
2 support the education, skill development, job train-
3 ing, career planning, and credentials required to
4 progress toward career goals of such employees in
5 order to meet employer requirements related to job
6 openings and career advancements that support eco-
7 nomic self-sufficiency;

8 (3) adult education and literacy activities, in-
9 cluding those provided by public libraries;

10 (4) activities that assist justice-involved individ-
11 uals, formerly incarcerated individuals, and individ-
12 uals with criminal records in reentering the work-
13 force; and

14 (5) financial literacy activities including those
15 described in section 129(b)(2)(D) of the Workforce
16 Innovation and Opportunity Act (29 U.S.C.
17 3164(b)(2)(D)).

18 (e) APPLICATIONS.—An eligible entity seeking a
19 grant under this section shall submit an application to the
20 Secretary at such time, in such manner, and containing
21 such information as the Secretary may require. Such ap-
22 plication shall include—

23 (1) a description of the geographic area and
24 population that the entity intends to serve under the
25 job guarantee program established under the grant,

1 including the area unemployment rate, underemploy-
2 ment rate, unemployment rate for individuals with
3 disabilities, poverty rate, housing vacancy rate, crime
4 rate, household income distribution, home-ownership
5 rate, labor force participation rate, and educational
6 attainment distribution;

7 (2) to the extent practicable, a description of
8 the jobs that will be offered under the job guarantee
9 program, including—

10 (A) a description of supports provided to
11 individuals with disabilities and accommoda-
12 tions required under the Americans with Dis-
13 abilities Act of 1990 (42 U.S.C. 12101 et seq.);
14 and

15 (B) a description of supports and proce-
16 dures to ensure job access and opportunities for
17 individuals with criminal records, including in-
18 formation on physical and programmatic acces-
19 sibility, in accordance with section 188 of the
20 Workforce Innovation and Opportunity Act (29
21 U.S.C. 3248), if applicable, and the Americans
22 with Disabilities Act of 1990, for individuals
23 with disabilities;

24 (3) the need in the area for jobs to be per-
25 formed, including for jobs designated as a high-skill,

1 high-wage, or in-demand industry sector or occupa-
2 tion by the Secretary, State board, or local board;

3 (4) a description of State, local, or philan-
4 thropic funding, including through coordination and
5 in-kind or nonfinancial support, if any, that will be
6 provided to assist in carrying out the job guarantee
7 program;

8 (5) an assurance that the eligible entity will es-
9 tablish—

10 (A) a public internet website, in conjunc-
11 tion with the Secretary, to post all available
12 jobs under the job guarantee program; and

13 (B) a process for individuals to apply for
14 such jobs;

15 (6) a comprehensive plan to describe how the
16 funding under the program will leverage existing or
17 anticipated local, State, and Federal funding;

18 (7) an assurance that necessary administrative
19 data systems and information technology infrastruc-
20 ture are available, or will be available, to provide for
21 full participation in the evaluation under subsection
22 (m);

23 (8) a description of how the eligible entity will
24 comply with the requirements described in sub-
25 section (c)(1)(D);

1 (9) an assurance that the entity will enter into
2 an allocation agreement with the Secretary under
3 subsection (k)(2)(A); and

4 (10) an assurance that any job in the energy
5 and infrastructure sector provided under the pro-
6 gram will not exacerbate the impacts of climate
7 change.

8 (f) SELECTION.—In awarding grants to eligible enti-
9 ties under this section, the Secretary shall—

10 (1) select eligible entities that—

11 (A) as of the date of submission of the ap-
12 plication under subsection (e), has an unem-
13 ployment rate that (as determined by the Bu-
14 reau of Labor Statistics based on the most re-
15 cent data available as of such date or, in the
16 case of an eligible entity that is a Tribal entity
17 with respect to which no Federal data are avail-
18 able, based on employment entity submitted by
19 the Tribal entity) is at least the lower of—

20 (i) 5 percent; or

21 (ii) 80 percent of the national unem-
22 ployment rate;

23 (B) in the case of eligible entities seeking
24 an additional grant pursuant to subsection
25 (b)(3), have not been determined to be ineligible

1 for funds under this section pursuant to sub-
2 section (k)(2)(B); and

3 (2) consider diversity in geographic location,
4 urban-rural composition, and political entity, includ-
5 ing the representation of Tribal entities.

6 (g) AMOUNT OF GRANT.—

7 (1) ESTABLISHMENT OF FUND.—There is es-
8 tablished in the Treasury of the United States a sep-
9 arate account to be known as the “Job Guarantee
10 Program Trust Fund” (referred to in this section as
11 the “Fund”).

12 (2) TRANSFERS TO FUND.—There is hereby ap-
13 propriated to the Fund amounts equivalent to—

14 (A) taxes received in the Treasury under
15 subchapter C of chapter 36 of the Internal Rev-
16 enue Code of 1986; and

17 (B) interest earned on investment of
18 amounts in the Fund under rules similar to the
19 rules of section 9602(b) of such Code.

20 (3) USE OF AMOUNTS.—The Secretary shall use
21 amounts in the Fund to make payments to grantees
22 under grants under this section in accordance with
23 paragraph (4).

24 (4) PAYMENTS.—

1 (A) IN GENERAL.—The Secretary shall de-
2 termine the annual amount of a grant under
3 this section based on a formula to be developed
4 by the Secretary.

5 (B) PAYMENTS.—The Secretary shall
6 make payments to grantees under this section
7 based on a standardized payment schedule and
8 in a manner determined appropriate by the Sec-
9 retary. The Secretary shall not make subse-
10 quent payments to a grantee after the initial
11 payment until the grantee certifies to the Sec-
12 retary that the grantee has expended, trans-
13 ferred, or obligated not less than 80 percent of
14 the most recent payment made under this sub-
15 section.

16 (h) LIMITATIONS.—An eligible entity may not use
17 amounts received under a grant under this section to—

18 (1) employ individuals who will replace, or lead
19 to the displacement of, existing employees, positions,
20 or individuals who would otherwise perform similar
21 employment;

22 (2) disrupt existing contracts or collective bar-
23 gaining agreements; and

24 (3) perform functions otherwise prohibited by
25 applicable Federal, State, or local laws.

1 (i) FEDERAL PROVISION OF JOBS IN PROGRAM
2 SITES.—

3 (1) GUIDANCE.—Not later than 30 days after
4 the date on which the Secretary awards the first
5 grant under this section, the Secretary shall—

6 (A) provide guidance to the heads of ap-
7 propriate Federal agencies to notify such agen-
8 cies of job guarantee programs established
9 under the grants awarded to eligible entities
10 under this section, and that such agencies may
11 work with such eligible entities to carry out
12 such programs on behalf of such eligible entities
13 and receive reimbursement for carrying out
14 such a program;

15 (B) request that, not later than 30 days
16 after the date on which the guidance is received
17 under subparagraph (A), the heads of such
18 agencies notify the Secretary of the number and
19 types of jobs that each such agency would make
20 available through each of the programs; and

21 (C) ensure that each such agency makes
22 best efforts to provide jobs through the pro-
23 grams established under such grants.

24 (2) APPLICATION OF PROVISIONS.—The re-
25 quirements of subsection (c) relating to wages and

1 benefits provided to participants in jobs provided
2 under job guarantee programs, and the limitations
3 in subsection (h), shall apply to Federal agencies
4 and jobs provided under this subsection.

5 (3) LISTING OF JOBS ON WEBSITE.—The Sec-
6 retary shall establish procedures to ensure that jobs
7 identified under paragraph (1)(B) are listed on the
8 appropriate public internet website as provided for
9 under subsection (e)(5)(A).

10 (j) TRAINING AND DEVELOPMENT.—

11 (1) IN GENERAL.—Not later than 30 days after
12 the date of enactment of this Act, the Secretary
13 shall develop procedures to support a minimum of 1
14 week, and up to 8 weeks, of paid training and career
15 development opportunities to eligible individuals se-
16 lected to participate in a program under this section
17 in order to enable such individuals to perform duties
18 required by such program.

19 (2) SPECIFIC POPULATIONS.—With respect to
20 individuals with barriers to employment (as defined
21 in section 3(24) of the Workforce Innovation and
22 Opportunity Act (29 U.S.C. 3102(24)), the training
23 period may include specific job-related training and
24 counseling and other general skills training to pre-
25 pare such individuals to reenter the workforce.

1 (k) AUDITS; ALLOCATION AGREEMENTS.—

2 (1) AUDITS.—The Secretary, acting through
3 the Inspector General of the Department of Labor,
4 shall carry out annual audits of the use of grant
5 funds provided to eligible entities under this section.

6 (2) ALLOCATION AGREEMENTS AND MISUSE OF
7 FUNDS.—

8 (A) ALLOCATION AGREEMENTS.—An eligi-
9 ble entity shall enter into an allocation agree-
10 ment with the Secretary that shall provide that
11 the Secretary shall recoup any amounts paid to
12 the entity under a grant under this section if
13 the results of an audit under paragraph (1) in-
14 clude a finding that there was an intentional or
15 reckless misuse of such funds by such entity.

16 (B) LOSS OF ELIGIBILITY.—An eligible en-
17 tity that is determined to have falsified or oth-
18 erwise misstated data in any report submitted
19 to the Secretary with the intent to deceive or
20 mislead the Secretary shall be ineligible to re-
21 ceive additional funds under this section.

22 (l) REPORTS.—

23 (1) SUBMISSION OF REPORTS.—Not later than
24 90 days after the end of each fiscal year for which
25 an eligible entity obligates or expends any amounts

1 made available under a grant under this section, the
2 eligible entity shall submit to the Secretary a report
3 that—

4 (A) specifies the amount of grant funds
5 obligated or expended for the preceding fiscal
6 year;

7 (B) specifies any purposes for which the
8 funds were obligated or expended; and

9 (C) includes any other information that the
10 Secretary may require to more effectively ad-
11 minister the grant program under this section,
12 including the indicators of performance under
13 section 116(b)(2)(A)(i) of the Workforce Inno-
14 vation and Opportunity Act (29 U.S.C.
15 3141(b)(2)(A)(i)), with the performance data
16 disaggregated by race, ethnicity, sex, age, and
17 membership in a population specified in section
18 3(24) of such Act (29 U.S.C. 3102(24)).

19 (2) PUBLICATION OF REPORTS.—Not later than
20 180 days after the end of each fiscal year for which
21 an eligible entity obligates or expends any amounts
22 made available under a grant under this section, the
23 Secretary shall publish such reports from paragraph
24 (1) in a searchable online database.

1 (m) EVALUATION.—The Chief Evaluation Officer at
2 the Department of Labor shall provide for the conduct of
3 an evaluation of each program carried out by an eligible
4 entity under this section, using a rigorous design and eval-
5 uation methods to assess the implementation of the pro-
6 gram and its impact on, with respect to the area served
7 by such program—

8 (1) overall employment, public-sector employ-
9 ment, and private-sector employment;

10 (2) private-sector employment, wages, and bene-
11 fits;

12 (3) poverty rate;

13 (4) public assistance spending and other Fed-
14 eral spending in the area served by the program;

15 (5) child health and educational outcomes;

16 (6) health and well-being of those with mental,
17 emotional, and behavioral health needs;

18 (7) incarceration rates;

19 (8) the environment, including air quality and
20 water quality;

21 (9) the indicators of performance as described
22 in subsection (l)(1)(C); and

23 (10) other economic development and individual
24 outcome indicators, as determined by the Secretary.

1 (n) EXPANSION OF WORK OPPORTUNITY CREDIT TO
2 INCLUDE PARTICIPANTS IN JOB GUARANTEE PRO-
3 GRAMS.—

4 (1) IN GENERAL.—Subsection (d) of section 51
5 of the Internal Revenue Code of 1986 is amended—

6 (A) in paragraph (1)—

7 (i) in subparagraph (I), by striking
8 “or” at the end,

9 (ii) in subparagraph (J), by striking
10 the period at the end and inserting “, or”,
11 and

12 (iii) by adding at the end the fol-
13 lowing new subparagraph:

14 “(K) a qualified participant in a job guar-
15 antee program.”, and

16 (B) by adding at the end the following new
17 paragraph:

18 “(16) QUALIFIED PARTICIPANT IN A JOB GUAR-
19 ANTEE PROGRAM.—The term ‘qualified participant
20 in a job guarantee program’ means any individual
21 who is certified by the designated local agency as
22 having participated in a job guarantee program
23 under section 2 of the Workforce Promotion and Ac-
24 cess Act for not less than 3 months during the 6-
25 month period ending on the hiring date.”.

1 (2) EFFECTIVE DATE.—The amendments made
 2 by this subsection shall apply to individuals who
 3 begin work for the employer after December 31,
 4 2024.

5 (o) APPROPRIATIONS.—From funds in the Treasury
 6 not otherwise appropriated, there are appropriated to the
 7 Secretary such sums as may be necessary to carry out this
 8 section.

9 **SEC. 3. TRANSACTION TAX.**

10 (a) IN GENERAL.—Chapter 36 of the Internal Rev-
 11 enue Code of 1986 is amended by inserting after sub-
 12 chapter B the following new subchapter:

13 **“Subchapter C—Tax on Trading Transactions**

 “Sec. 4475. Tax on trading transactions.

 “Sec. 4476. Derivative defined.

14 **“SEC. 4475. TAX ON TRADING TRANSACTIONS.**

15 “(a) IMPOSITION OF TAX.—There is hereby imposed
 16 a tax on each covered transaction with respect to any secu-
 17 rity.

18 “(b) RATE OF TAX.—The tax imposed under sub-
 19 section (a) with respect to any covered transaction shall
 20 be 0.1 percent of the specified base amount with respect
 21 to such covered transaction.

22 “(c) SPECIFIED BASE AMOUNT.—For purposes of
 23 this section, the term ‘specified base amount’ means—

1 “(1) except as provided in paragraph (2), the
2 fair market value of a security (determined as of the
3 time of the covered transaction), and

4 “(2) in the case of any payment with respect to
5 a derivative, the amount of such payment.

6 “(d) COVERED TRANSACTION.—For purposes of this
7 section—

8 “(1) IN GENERAL.—The term ‘covered trans-
9 action’ means—

10 “(A) except as provided in subparagraph
11 (B), any purchase if—

12 “(i) such purchase occurs on, or is
13 subject to the rules of, a qualified board or
14 exchange located in the United States, or

15 “(ii) the purchaser or seller is a
16 United States person, and

17 “(B) any transaction with respect to a de-
18 rivative if—

19 “(i) such derivative is traded on, or is
20 subject to the rules of, a qualified board or
21 exchange located in the United States, or

22 “(ii) any party with rights under such
23 derivative is a United States person.

24 “(2) EXCEPTION FOR INITIAL ISSUES.—No tax
25 shall be imposed under subsection (a) on any cov-

1 ered transaction with respect to the initial issuance
2 of any security described in subparagraph (A), (B),
3 or (C) of subsection (e)(1).

4 “(e) DEFINITIONS AND SPECIAL RULES.—For pur-
5 poses of this section—

6 “(1) SECURITY.—For purposes of this section,
7 the term ‘security’ means—

8 “(A) any share of stock in a corporation,

9 “(B) any partnership or beneficial owner-
10 ship interest in a partnership or trust,

11 “(C) except as provided in paragraph (2),
12 any note, bond, debenture, or other evidence of
13 indebtedness, and

14 “(D) any derivative (as defined in section
15 4476).

16 “(2) EXCEPTION FOR CERTAIN TRADED SHORT-
17 TERM INDEBTEDNESS.—A note, bond, debenture, or
18 other evidence of indebtedness which—

19 “(A) is traded on, or is subject to the rules
20 of, a qualified board or exchange located in the
21 United States, and

22 “(B) has a fixed maturity of not more
23 than 100 days,

24 shall not be treated as described in paragraph
25 (1)(C).

1 “(3) QUALIFIED BOARD OR EXCHANGE.—The
2 term ‘qualified board or exchange’ has the meaning
3 given such term by section 1256(g)(7).

4 “(f) BY WHOM PAID.—

5 “(1) IN GENERAL.—The tax imposed by this
6 section shall be paid by—

7 “(A) in the case of a transaction which oc-
8 curs on, or is subject to the rules of, a qualified
9 board or exchange located in the United States,
10 such qualified board or exchange, and

11 “(B) in the case of a purchase not de-
12 scribed in subparagraph (A) which is executed
13 by a broker (as defined in section 6045(c)(1))
14 which is a United States person, such broker.

15 “(2) SPECIAL RULES FOR DIRECT, ETC.,
16 TRANSACTIONS.—In the case of any transaction to
17 which paragraph (1) does not apply, the tax imposed
18 by this section shall be paid by—

19 “(A) in the case of a transaction described
20 in subsection (d)(1)(A)—

21 “(i) the purchaser if the purchaser is
22 a United States person, and

23 “(ii) the seller if the purchaser is not
24 a United States person, and

1 “(B) in the case of a transaction described
2 in subsection (d)(1)(B)—

3 “(i) the payor if the payor is a United
4 States person, and

5 “(ii) the payee if the payor is not a
6 United States person.

7 “(g) TREATMENT OF EXCHANGES AND PAYMENTS
8 WITH RESPECT TO DERIVATIVES.—For purposes of this
9 section—

10 “(1) TREATMENT OF EXCHANGES.—

11 “(A) IN GENERAL.—An exchange shall be
12 treated as the sale of the property transferred
13 and a purchase of the property received by each
14 party to the exchange.

15 “(B) CERTAIN DEEMED EXCHANGES.—In
16 the case of a distribution treated as an ex-
17 change for stock under section 302 or 331, the
18 corporation making such distribution shall be
19 treated as having purchased such stock for pur-
20 poses of this section.

21 “(2) PAYMENTS WITH RESPECT TO DERIVA-
22 TIVES TREATED AS SEPARATE TRANSACTIONS.—Ex-
23 cept as otherwise provided by the Secretary, any
24 payment with respect to any derivative shall be

1 treated as a separate transaction for purposes of
2 this section.

3 “(h) APPLICATION TO TRANSACTIONS BY CON-
4 TROLLED FOREIGN CORPORATIONS.—

5 “(1) IN GENERAL.—For purposes of this sec-
6 tion, a controlled foreign corporation shall be treated
7 as a United States person.

8 “(2) SPECIAL RULES FOR PAYMENT OF TAX ON
9 DIRECT, ETC., TRANSACTIONS.—In the case of any
10 transaction which is a covered transaction solely by
11 reason of paragraph (1) and which is not described
12 in subsection (f)(1)—

13 “(A) PAYMENT BY UNITED STATES SHARE-
14 HOLDERS.—Any tax which would (but for this
15 paragraph) be payable under subsection (f)(2)
16 by the controlled foreign corporation shall, in
17 lieu thereof, be paid by the United States
18 shareholders of such controlled foreign corpora-
19 tion as provided in subparagraph (B).

20 “(B) PRO RATA SHARES.—Each such
21 United States shareholder shall pay the same
22 proportion of such tax as—

23 “(i) the stock which such United
24 States shareholder owns (within the mean-

1 ing of section 958(a)) in such controlled
2 foreign corporation, bears to

3 “(ii) the stock so owned by all United
4 States shareholders in such controlled for-
5 eign corporation.

6 “(C) DEFINITIONS.—For purposes of this
7 subsection, the terms ‘United States share-
8 holder’ and ‘controlled foreign corporation’ have
9 the meanings given such terms in sections
10 951(b) and 957(a), respectively.

11 “(i) ADMINISTRATION.—The Secretary shall carry
12 out this section in consultation with the Securities and Ex-
13 change Commission and the Commodity Futures Trading
14 Commission.

15 “(j) GUIDANCE; REGULATIONS.—The Secretary
16 shall—

17 “(1) provide guidance regarding such informa-
18 tion reporting concerning covered transactions as the
19 Secretary deems appropriate, and

20 “(2) prescribe such regulations as are necessary
21 or appropriate to prevent avoidance of the purposes
22 of this section, including the use of non-United
23 States persons in such transactions.

1 **“SEC. 4476. DERIVATIVE DEFINED.**

2 “(a) IN GENERAL.—For purposes of this subchapter,
3 except as otherwise provided in this section, the term ‘de-
4 rivative’ means any contract (including any option, for-
5 ward contract, futures contract, short position, swap, or
6 similar contract) the value of which, or any payment or
7 other transfer with respect to which, is (directly or indi-
8 rectly) determined by reference to one or more of the fol-
9 lowing:

10 “(1) Any share of stock in a corporation.

11 “(2) Any partnership or beneficial ownership
12 interest in a partnership or trust.

13 “(3) Any evidence of indebtedness.

14 “(4) Except as provided in subsection (b)(1),
15 any real property.

16 “(5) Any commodity which is actively traded
17 (within the meaning of section 1092(d)(1)).

18 “(6) Any currency.

19 “(7) Any rate, price, amount, index, formula, or
20 algorithm.

21 “(8) Any other item as the Secretary may pre-
22 scribe.

23 Except as provided in regulations prescribed by the Sec-
24 retary to prevent the avoidance of the purposes of this
25 subchapter, such term shall not include any item described
26 in paragraphs (1) through (8).

1 “(b) EXCEPTIONS.—

2 “(1) CERTAIN REAL PROPERTY.—

3 “(A) IN GENERAL.—For purposes of this
4 subchapter, the term ‘derivative’ shall not in-
5 clude any contract with respect to interests in
6 real property (as defined in section
7 856(c)(5)(C)) if such contract requires physical
8 delivery of such real property.

9 “(B) OPTIONS TO SETTLE IN CASH.—

10 “(i) IN GENERAL.—For purposes of
11 subparagraph (A), a contract which pro-
12 vides for an option of cash settlement shall
13 not be treated as requiring physical deliv-
14 ery of real property unless the option is—

15 “(I) not exercisable uncondition-
16 ally, and

17 “(II) exercisable only in unusual
18 and exceptional circumstances.

19 “(ii) OPTION OF CASH SETTLE-
20 MENT.—For purposes of clause (i), a con-
21 tract provides an option of cash settlement
22 if the contract settles in (or could be set-
23 tled in) cash or property other than the
24 underlying real property.

1 “(2) SECURITIES LENDING, SALE-REPURCHASE,
2 AND SIMILAR FINANCING TRANSACTIONS.—To the
3 extent provided by the Secretary, for purposes of
4 this subchapter, the term ‘derivative’ shall not in-
5 clude the right to the return of the same or substan-
6 tially identical securities transferred in a securities
7 lending transaction, sale-repurchase transaction, or
8 similar financing transaction.

9 “(3) OPTIONS RECEIVED IN CONNECTION WITH
10 THE PERFORMANCE OF SERVICES.—For purposes of
11 this subchapter, the term ‘derivative’ shall not in-
12 clude any option described in section 83(e)(3) re-
13 ceived in connection with the performance of serv-
14 ices.

15 “(4) INSURANCE CONTRACTS, ANNUITIES, AND
16 ENDOWMENTS.—For purposes of this subchapter,
17 the term ‘derivative’ shall not include any insurance,
18 annuity, or endowment contract issued by an insur-
19 ance company to which subchapter L applies (or
20 issued by any foreign corporation to which such sub-
21 chapter would apply if such foreign corporation were
22 a domestic corporation).

23 “(5) DERIVATIVES WITH RESPECT TO STOCK
24 OF MEMBERS OF SAME WORLDWIDE AFFILIATED
25 GROUP.—For purposes of this subchapter, the term

1 ‘derivative’ shall not include any derivative (deter-
 2 mined without regard to this paragraph) with re-
 3 spect to stock issued by any member of the same
 4 worldwide affiliated group (as defined in section
 5 864(f)) in which the taxpayer is a member.

6 “(6) COMMODITIES USED IN NORMAL COURSE
 7 OF TRADE OR BUSINESS.—For purposes of this sub-
 8 chapter, the term ‘derivative’ shall not include any
 9 contract with respect to any commodity if—

10 “(A) such contract requires physical deliv-
 11 ery with the option of cash settlement only in
 12 unusual and exceptional circumstances, and

13 “(B) such commodity is used (and is used
 14 in quantities with respect to which such deriva-
 15 tive relates) in the normal course of the tax-
 16 payer’s trade or business (or, in the case of an
 17 individual, for personal consumption).

18 “(c) CONTRACTS WITH EMBEDDED DERIVATIVE
 19 COMPONENTS.—

20 “(1) IN GENERAL.—If a contract has derivative
 21 and nonderivative components, then each derivative
 22 component shall be treated as a derivative for pur-
 23 poses of this subchapter. If the derivative component
 24 cannot be separately valued, then the entire contract

1 shall be treated as a derivative for purposes of this
 2 subchapter.

3 “(2) EXCEPTION FOR CERTAIN EMBEDDED DE-
 4 RIVATIVE COMPONENTS OF DEBT INSTRUMENTS.—A
 5 debt instrument shall not be treated as having a de-
 6 rivative component merely because—

7 “(A) such debt instrument is denominated
 8 in a nonfunctional currency (as defined in sec-
 9 tion 988(c)(1)(C)(ii)), or

10 “(B) payments with respect to such debt
 11 instrument are determined by reference to the
 12 value of a nonfunctional currency (as so de-
 13 fined).

14 “(d) TREATMENT OF AMERICAN DEPOSITORY RE-
 15 CEIPTS AND SIMILAR INSTRUMENTS.—Except as other-
 16 wise provided by the Secretary, for purposes of this sub-
 17 chapter, American depository receipts (and similar instru-
 18 ments) with respect to shares of stock in foreign corpora-
 19 tions shall be treated as shares of stock in such foreign
 20 corporations.”.

21 (b) INFORMATION REPORTING WITH RESPECT TO
 22 CONTROLLED FOREIGN CORPORATIONS.—Section
 23 6038(a)(1)(B) of such Code is amended by inserting “and
 24 transactions which are covered transactions for purposes
 25 of section 4475 by reason of the application of section

1 4475(h)(1) to such corporation” before the semicolon at
2 the end.

3 (c) CONFORMING AMENDMENT.—The table of sub-
4 chapters for chapter 36 of such Code is amended by in-
5 serting after the item relating to subchapter B the fol-
6 lowing new item:

“SUBCHAPTER C. TAX ON TRADING TRANSACTIONS”.

7 (d) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to transactions after December 31,
9 2024.

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