

AMDT #1

Amendment to the Chairman's Mark

Offered by Representatives Van Hollen, Pascrell, McDermott, Lee, Pocan,
Norcross and Moulton

**Boost Paychecks of the Middle Class and Those Working to Get into
the Middle Class by Providing Tax Relief for Working Americans
and Supporting Worker Paychecks over CEO Bonuses**

1. At the end of Title V add the following:

**“Deficit-neutral reserve fund to boost paychecks of the middle class and those
working to get into the middle class by providing tax relief for working Americans**

(a) The House finds that---

- (1) Experience has shown that a strong middle class is critical for achieving robust, sustainable economic growth.
- (2) For generations, Americans knew that the U.S. was the land of opportunity, and that hard work created a clear path to the middle class. But recent studies have found that economic mobility in the U.S. is now well below countries such as Germany, France, and Canada, and that income inequality is a factor driving this.
- (3) Studies by the Organisation for Economic Co-operation and Development (OECD), the International Monetary Fund (IMF), and Standard and Poor's, among others, have concluded that increased income inequality is a threat to economic growth.
- (4) American workers are getting a smaller share of the growing economic pie. For the period 1948-1973, labor productivity increased 97 percent, and real hourly compensation for workers increased at a similar rate: 91 percent. But from 1973-2013, productivity rose by 146 percent and workers' compensation rose by only 18 percent.

- (5) Since the 1970s, economic gains have gone overwhelmingly to the highest-income Americans, while the middle class has been left behind. According to the Congressional Budget Office, between 1979 and 2011, after-tax incomes rose five times as fast for the top one percent of households, whose annual incomes average more than \$1 million, than they did for the middle 60 percent of Americans.
- (6) American families lost economic ground during the 2000s and the Great Recession. Median household income fell 8.6 percent in real terms between 2000 and 2013, and is still no higher than it was in 1989.
- (7) The tax code treats income from wealth more favorably than income from work by giving preferential tax rates on unearned income.
- (8) The top one percent of households receives a disproportionate share – 17 percent – of the benefit of major tax expenditures, according to the Congressional Budget Office. These preferences have exacerbated income and wealth inequality.
- (9) Congress must adopt a bold economic strategy to ensure that all Americans who work hard and play by the rules are rewarded with a fair share of a growing economic pie.

(b) The chairman of the House Committee on the Budget may revise the allocations, aggregates, and other appropriate levels in this resolution for any bill, joint resolution, amendment, or conference report that boosts take-home pay for the middle class and those working to join the middle class. The revisions may be made for measures that—

- (1) provide tax relief for American workers;
- (2) provide incentives for workers to save a portion of their income;
- (3) provide incentives for corporations to raise employee pay and/or provide employees with ownership and profit-sharing opportunities;
- (4) provide tax incentives for investments in apprenticeships and other training programs that result in higher skills and better pay;
- (5) increase the take-home pay of two-earner families and address the additional taxes and costs faced by such families through a second-earner tax deduction or credit;
- (6) modernize and expand the Child and Dependent Care Tax Credit; or

(7) provide other middle class tax relief;

by the amounts provided in such measure if such measure—

(1) is offset by provisions that reduce the more than \$150 billion in tax breaks that go annually to households in the highest income percentile (the top one percent), or that otherwise raise revenue from the top one percent; and

(2) does not increase the deficit for either of the following time periods: fiscal year 2016 to fiscal year 2020 or fiscal year 2016 to fiscal year 2025.”

2. At the end of Title VIII, add the following:

“Sense of the House on the Importance of CEO-Employee Paycheck Fairness

(a) The House finds that---

- (1) Since the 1970s, pay packages for CEOs and other top executives have skyrocketed, while paychecks for typical workers have stagnated.
- (2) In 1978, CEOs of large companies made 30 times what a typical worker made, on average. In 2013, CEOs were paid nearly 300 times more than the typical worker.
- (3) The tax code allows corporations to claim tax deductions for unlimited amounts of CEO bonuses and other executive compensation if it is “performance-based.”
- (4) Corporations deducted a total of \$66 billion in “performance pay” for top executives between 2007 and 2010.
- (5) While CEOs receive staggering amounts of “performance-based” compensation, paychecks for workers in recent decades have not kept pace with gains in worker productivity.
- (6) For the period 1948-1973, labor productivity increased 97 percent, and real hourly compensation for workers increased at a similar rate: 91 percent. But from 1973-2013, productivity rose by 146 percent and workers’ compensation rose by only 18 percent.
- (7) Companies that fail to boost their rank-and-file employees’ paychecks should not receive tax deductions for executive pay exceeding \$1 million per year.
- (8) Conditioning tax deductions for executive pay on pay raises for rank-and-file employees will create a strong incentive to pay workers fairly, so that more

workers see increases in their paychecks that reflect their increased productivity and costs-of-living.

(b) It is the sense of the House that Congress should enact the CEO-Employee Paycheck Fairness Act (H.R. 620). The CEO-Employee Paycheck Fairness Act would incentivize companies to give workers annual raises that, on average, at least keep pace with increases in living costs and labor productivity. If a company fails that test of pay fairness, the legislation would prevent it from claiming tax deductions for chief executive officer (CEO) bonuses or other compensation exceeding \$1 million for highly paid executives or employees.

3. Amend the committee report to reflect the following policy assumptions:

The resolution helps boost paychecks of the middle class and those working to get into the middle class by accommodating deficit-neutral tax relief for working Americans. The legislation could boost paychecks for working Americans by providing: middle class tax relief for American workers; incentives for workers to save a portion of their income; incentives for corporations to raise employee pay and/or provide employees with ownership and profit-sharing opportunities; incentives for investments in apprenticeships and other training programs that result in higher skills and better pay; increases in the take-home pay of two-earner families, addressing the additional taxes and costs faced by such families, through a second-earner tax deduction or credit; or for a modernized and expanded Child and Dependent Care Tax Credit.

The resolution also expresses the sense of the House in support of the CEO-Employee Paycheck Fairness Act (H.R. 620). The legislation would create a strong incentive for companies to raise worker pay and curb tax deductions for excessive executive pay.

The resolution accommodates the necessary level of funding by reducing tax breaks for the top one percent of income earners or otherwise raising revenue from the top one percent.