

110TH CONGRESS
2D SESSION

S. 3675

To amend the Internal Revenue Code of 1986 to provide for the treatment of certain excessive employee remuneration, and for other purposes.

IN THE SENATE OF THE UNITED STATES

OCTOBER 1 (legislative day, SEPTEMBER 17), 2008

Mr. KERRY 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 provide for the treatment of certain excessive employee remuneration, and for other purposes.

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 “Compensation Fair-
5 ness Act of 2008”.

6 **SEC. 2. TREATMENT OF CERTAIN EXCESSIVE EMPLOYEE**
7 **REMUNERATION.**

8 (a) INFLATION INDEX OF LIMITATION.—Section
9 162(m) of the Internal Revenue Code of 1986 is amended
10 by adding at the end the following new paragraph:

1 “(5) INFLATION ADJUSTMENT.—

2 “(A) IN GENERAL.—In the case of any
3 taxable year beginning after 2008, the
4 \$1,000,000 dollar amount under paragraph (1)
5 shall be increased by an amount equal to—

6 “(i) such dollar amount, multiplied by

7 “(ii) the cost of living adjustment de-
8 termined under section 1(f)(3) for the cal-
9 endar year in which the taxable year be-
10 gins, determined by substituting ‘calendar
11 year 2007’ for ‘calendar year 1992’ in sub-
12 paragraph (B) thereof.

13 “(B) ROUNDING.—If any amount as ad-
14 justed under subparagraph (A) is not a multiple
15 of \$1,000, such amount shall be rounded to the
16 next lowest multiple of \$1,000.”.

17 (b) REPEAL OF EXCEPTION FOR REMUNERATION
18 PAYABLE ON COMMISSION BASIS.—Section 162(m)(4) of
19 the Internal Revenue Code of 1986 is amended by striking
20 subparagraph (B) and by redesignating subparagraphs
21 (C) through (G) as subparagraphs (B) through (F), re-
22 spectively.

23 (c) REPEAL OF EXCEPTION FOR OTHER PERFORM-
24 ANCE-BASED COMPENSATION.—Section 162(m)(4) of the
25 Internal Revenue Code of 1986, as amended by subsection

1 (b), is amended by striking subparagraph (B) and by re-
2 designating subparagraphs (C) through (F) as subpara-
3 graphs (B) through (E), respectively.

4 (d) TIMING FOR DETERMINATION OF CERTAIN COV-
5 ERED EMPLOYEES.—Section 162(m)(3)(A) of the Internal
6 Revenue Code of 1986 is amended by striking “as of the
7 close of the taxable year” and inserting “at any time dur-
8 ing the taxable year”.

9 (e) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to taxable years beginning after
11 December 31, 2008.

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