

103^D CONGRESS
1ST SESSION

H. R. 3278

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

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 13, 1993

Mr. SABO introduced the following bill; which was referred jointly to the Committee on Ways and Means and Education and Labor

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 1993”.

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”
10 and inserting in lieu thereof “not less than \$4.25 an hour

1 until the 90th day after the date of the enactment of the
2 Minimum Wage Amendments of 1993, and not less than
3 \$6.50 an hour after the 90th day after such date”.

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

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

10 “(i) EXCESSIVE COMPENSATION.—

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

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

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

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

24 “(3) DEFINITIONS AND SPECIAL RULES.—For
25 purposes of this subsection—

1 “(A) COMPENSATION.—

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

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

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

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

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