To ensure high-income earners pay a fair share of Federal taxes.

IN THE SENATE OF THE UNITED STATES

Mr. WHITEHOUSE (for himself, Mr. BROWN, Mr. DURBIN, Ms. WARREN, Mr. MARKEY, Ms. KLOBUCAR, Mrs. FEINSTEIN, Ms. BALDWIN, Mr. REED, Mr. VAN HOLLEN, Mr. LEAHY, Mr. BOOKER, Mr. BLUMENTHAL, Ms. HIRONO, Mrs. GILLIBRAND, Mr. MERKLEY, and Mr. SANDERS) introduced the following bill; which was read twice and referred to the Committee on __________________

A BILL

To ensure high-income earners pay a fair share of Federal taxes.

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 “Paying a Fair Share
5 Act of 2021”.
6 SEC. 2. FAIR SHARE TAX ON HIGH-INCOME TAXPAYERS.
7 (a) In GENERAL.—Subchapter A of chapter 1 of the
8 Internal Revenue Code of 1986 is amended by adding at
9 the end the following new part:
“PART VIII—FAIR SHARE TAX ON HIGH-INCOME TAXPAYERS

SEC. 59B. FAIR SHARE TAX.

(a) General Rule.—

(1) Phase-In of Tax.—In the case of any high-income taxpayer, there is hereby imposed for a taxable year (in addition to any other tax imposed by this subtitle) a tax equal to the product of—

(A) the amount determined under paragraph (2), and

(B) a fraction (not to exceed 1)—

(i) the numerator of which is the excess of—

(I) the taxpayer’s adjusted gross income, over

(II) the dollar amount in effect under subsection (c)(1), and

(ii) the denominator of which is the dollar amount in effect under subsection (c)(1).

(2) Amount of Tax.—The amount of tax determined under this paragraph is an amount equal to the excess (if any) of—

(A) the tentative fair share tax for the taxable year, over
“(B) the excess of—

“(i) the sum of—

“(I) the regular tax liability (as defined in section 26(b)) for the taxable year, determined without regard to any tax liability determined under this section,

“(II) the tax imposed by section 55 for the taxable year, plus

“(III) the payroll tax for the taxable year, over

“(ii) the credits allowable under part IV of subchapter A (other than sections 27(a), 31, and 34).

“(b) Tentative Fair Share Tax.—For purposes of this section—

“(1) In general.—The tentative fair share tax for the taxable year is 30 percent of the excess of—

“(A) the adjusted gross income of the taxpayer, over

“(B) the modified charitable contribution deduction for the taxable year.

“(2) Modified Charitable Contribution Deduction.—For purposes of paragraph (1)—
“(A) IN GENERAL.—The modified charitable contribution deduction for any taxable
year is an amount equal to the amount which
bears the same ratio to the deduction allowable
under section 170 (section 642(c) in the case of
a trust or estate) for such taxable year as—

“(i) the amount of itemized deductions allowable under the regular tax (as
defined in section 55) for such taxable
year, determined after the application of
section 68, bears to

“(ii) such amount, determined before
the application of section 68.

“(B) TAXPAYER MUST ITEMIZE.—In the
case of any individual who does not elect to
itemize deductions for the taxable year, the
modified charitable contribution deduction shall
be zero.

“(c) HIGH-INCOME TAXPAYER.—For purposes of this
section—

“(1) IN GENERAL.—The term ‘high-income tax-
payer’ means, with respect to any taxable year, any
taxpayer (other than a corporation) with an adjusted
gross income for such taxable year in excess of
$1,000,000 (50 percent of such amount in the case of a married individual who files a separate return).

“(2) INFLATION ADJUSTMENT.—

“(A) IN GENERAL.—In the case of a taxable year beginning after 2021, the $1,000,000 amount under paragraph (1) shall be increased by an amount equal to—

“(i) such dollar amount, multiplied by

“(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘calendar year 2020’ for ‘calendar year 2016’ in subparagraph (A)(ii) thereof.

“(B) ROUNING.—If any amount as adjusted under subparagraph (A) is not a multiple of $10,000, such amount shall be rounded to the next lowest multiple of $10,000.

“(d) PAYROLL TAX.—For purposes of this section, the payroll tax for any taxable year is an amount equal to the excess of—

“(1) the taxes imposed on the taxpayer under sections 1401, 1411, 3101, 3201, and 3211(a) (to the extent such tax is attributable to the rate of tax in effect under section 3101) with respect to such
taxable year or wages or compensation received during such taxable year, over

“(2) the deduction allowable under section

164(f) for such taxable year.

“(e) Special Rule for Estates and Trusts.—

For purposes of this section, in the case of an estate or trust, adjusted gross income shall be computed in the manner described in section 67(e).

“(f) Not Treated as Tax Imposed by This Chapter for Certain Purposes.—The tax imposed under this section shall not be treated as tax imposed by this chapter for purposes of determining the amount of any credit under this chapter (other than the credit allowed under section 27(a)) or for purposes of section 55.”.

(b) Clerical Amendment.—The table of parts for subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new item:

“Part VIII—Fair Share Tax on High-Income Taxpayers”.

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2020.

Sec. 3. Sense of the Senate Regarding Tax Reform.

It is the sense of the Senate that—

(1) Congress should enact tax reform that repeals unfair and unnecessary tax loopholes and ex-
penditures, simplifies the system for millions of taxpayers and businesses, and makes sure that the wealthiest taxpayers pay a fair share; and

(2) this Act is an interim step that can be done quickly and serve as a floor on taxes for the highest-income taxpayers, cut the deficit by billions of dollars a year, and help encourage more fundamental reform of the tax system.