

(Washington, DC) – Rep. Rush Holt (NJ-12) today co-sponsored new legislation that would tax at 100 percent big bonuses set to go to executives, like those at AIG, who are receiving funding from the government’s Troubled Asset Relief Program (TARP). The Bailout Bonus Tax Bracket Act of 2009 would tax bonuses larger than \$100,000 disbursed to employees of companies receiving TARP funds.

“Common sense, common decency, or remorse ideally should have prevented AIG from using taxpayer dollars to lavish rewards on the executives who made so many wrong decisions that led to the company’s near bankruptcy. If AIG – or any other company that needed to come to the federal government for help – goes ahead with these executive bonuses, then we’re going to step in protect taxpayers.”

The government currently owns 80 percent of AIG, which is paying \$165 million in bonus compensation.

The Bailout Bonus Tax Bracket Act of 2009, sponsored by Rep. Steve Israel (NY-02), would apply a new “Bonus Bailout” rate to any bonus paid to TARP fund recipient’s executives. Bonuses would be taxed beginning with those disbursed this year.

For example, if an AIG employee’s taxable income is \$750,000 which includes the \$150,000 AIG bonus received this year, that employee will pay the top marginal rate on \$500,000 of personal income, and then the “Bonus Bailout” tax rate of 100% on the \$150,000 TARP bonus.

Holt Backs Effort to Recover AIG Executive Bonuses

Tuesday, 17 March 2009 00:00

###