To amend the Internal Revenue Code of 1986 to impose a tax on employers whose employees receive certain Federal benefits, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. SANDERS introduced the following bill; which was read twice and referred to the Committee on _____________________

A BILL

To amend the Internal Revenue Code of 1986 to impose a tax on employers whose employees receive certain Federal benefits, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Stop Bad Employers by Zeroing Out Subsidies Act”.

SEC. 2. TAX ON EMPLOYERS WITH EMPLOYEES RECEIVING CERTAIN FEDERAL BENEFITS.

(a) IN GENERAL.—The Internal Revenue Code of 1986 is amended by inserting after chapter 36 the following new chapter:
CHAPTER 37—EMPLOYERS WITH EMPLOYEES RECEIVING CERTAIN FEDERAL BENEFITS

SEC. 4501. EMPLOYERS WITH EMPLOYEES RECEIVING CERTAIN FEDERAL BENEFITS.

“(a) Imposition of Corporate Welfare Tax.—There is hereby imposed on each large employer a tax equal to 100 percent of the qualified employee benefits with respect to such employer for the taxable year.

“(b) Large Employer.—

“(1) In general.—For purposes of this section, the term ‘large employer’ means, with respect to a calendar year, an employer who employed an average of at least 500 employees on business days during the preceding calendar year.

“(2) Rules for determining employer size.—For purposes of this subsection:

“(A) Application of aggregation rule for employers.—All persons treated as a single employer under subsection (b), (c), (m), or (o) of section 414 of the Internal Revenue Code of 1986 shall be treated as 1 employer.

“(B) Employers not in existence in preceding year.—In the case of an employer which was not in existence throughout the pre-
ceding calendar year, the determination of whether such employer is a large employer shall be based on the average number of employees that it is reasonably expected such employer will employ on business days in the current calendar year.

“(C) Predecessors.—Any reference in this subsection to an employer shall include a reference to any predecessor of such employer.

“(c) Qualified Employee Benefits.—For purposes of this section:

“(1) In general.—The term ‘qualified employee benefits’ means, with respect to a person for a taxable year, the sum of the qualified Federal benefits received by individuals who are employees of such person for such taxable year.

“(2) Qualified Federal Benefits.—The term ‘qualified Federal benefits’ means, with respect to an individual, the following:

“(A) The dollar value of supplemental nutrition assistance for which the household (as defined in section 3(m) of the Food and Nutrition Act of 2008) that includes such individual is eligible.
“(B) The dollar value of meals that such individual or dependents of such individual are eligible for under the school lunch program under the Richard B. Russell National School Lunch Act and the school breakfast program under section 4 of the Child Nutrition Act of 1966.

“(C) The aggregate amount of the monthly assistance payments for rental of a dwelling unit that the household of such individual is a member of is eligible to have made on its behalf pursuant to section 8 of the United States Housing Act of 1937.

“(D) The amount of payments made under section 1903 of the Social Security Act with respect to expenditures made by a State under a State Medicaid plan under title XIX of such Act (or a waiver of such plan) for medical assistance for such individual or for dependents of such individual.

“(d) EMPLOYEE.—For purposes of this section, the term ‘employee’ means—

“(1) any full-time or part-time employee,

“(2) any individual who is a full-time or part-time independent contractor (including any employee
of such independent contractor) and provides services to the employer, unless—

“(A) the individual is free from control and direction in connection with the performance of the service, both under the contract for the performance of service and in fact,

“(B) the service is performed outside the usual course of the business of the employer, and

“(C) the individual is customarily engaged in an independently established trade, occupation, profession, or business of the same nature as that involved in the service performed, and

“(3) any individual who is a full-time or part-time joint employee, provided that the employer possess, reserves, or exercises sufficient direct or indirect control over the essential terms and conditions of employment of such employee.

“(e) REGULATIONS.—The Secretary, in consultation with the Secretary of Agriculture, the Secretary of Housing and Urban Development, and the Administrator of the Centers for Medicare and Medicaid Services, shall prescribe such regulations as may be necessary or appropriate to carry out this chapter.”.
(b) CLERICAL AMENDMENTS.—The table of chapters for subtitle D of such Code is amended by inserting after the item relating to chapter 36 the following new item:

“CHAPTER 37—EMPLOYERS WITH EMPLOYEES RECEIVING CERTAIN FEDERAL BENEFITS”.

(e) EFFECTIVE DATE.—The amendments made by this Act apply with respect to taxable years beginning after December 31, 2018.

SEC. 3. UNLAWFUL EMPLOYMENT PRACTICES RELATED TO FEDERAL BENEFITS OF APPLICANTS.

(a) IN GENERAL.—It shall be an unlawful employment practice for any large employer (as defined in section 4501(b) of the Internal Revenue Code of 1986) to make inquiries of an applicant for employment, or otherwise seek information about such an applicant (including through the use of any form or application), relating to whether such applicant receives Federal benefits.

(b) ENFORCEMENT.—A violation of subsection (a) shall be treated as, and enforced by the Secretary of Labor in the same manner as, a violation of section 6 of the Fair Labor Standards Act of 1938 (29 U.S.C. 206), except that for purposes of section 15(b) of such Act (29 U.S.C. 215(b)), the employer shall be liable to the individual alleging the violation for any lost wages due the individual and an additional equal amount of liquidated damages.