WASHINGTON, D.C.—Today the House of Representatives passed H.R. 1586, a bill to recoup taxpayer dollars used to pay bonuses for employees of TARP recipients—including AIG, by a vote of 328 to 93. Representative Xavier Becerra (CA-31), Vice Chair of the House Democratic Caucus and senior member of the Ways and Means Committee, voted for the bill.

“This Tuesday members of House Leadership promised to take action to safeguard the taxpayer from financing inexplicable bonuses for many of the people who helped created this economic crisis. Today we made good on that promise by passing a bill that will recoup these misspent dollars,” Rep. Becerra said following today’s vote. “Today’s action sends a powerful message to those who would try to make a profit at the expense of the taxpayer—the American people will not stand for it, and the people’s House will take immediate action to stop it.”

After receiving more than $170 billion in taxpayer funds, AIG paid $165 million in retention payments to executives – most of whom have mismanaged their company to the edge of bankruptcy. The top recipient received more than $6.4 million and more than 73 of these executives were paid over $1 million in retention bonuses.

H.R. 1586 will recover the bulk of these bonuses by applying a separate income tax rate of 90 percent to bonuses received by individuals from companies which have received at least $5 billion from TARP. It would also apply to bonuses paid by Fannie Mae and Freddie Mac. For this purpose, bonuses will be defined as any retention payment, incentive payment, or other bonus which is in addition to regular employee compensation payable on a periodic basis.

The special tax rate only would apply to individuals and families with overall income (including income other than bonuses) in excess of $250,000, and applies to bonuses paid after December 31, 2008.

BECERRA.HOUSE.GOV # #