PATRIOTIC MILLIONAIRES

THE MONEY AGENDA

PROPOSED: Prosperity for American Workers Act

A tax on employers who pay below the cost of living.

The Prosperity for American Workers Act will, for the first time, meaningfully connect the prosperity of American families to the prosperity of American businesses. It mandates a base regional wage for employees that if not met will trigger an excise tax, incentivizing companies with strong revenues of $10m or more to pay their workers a wage that is sufficient to cover the cost of living. As a clear revenue raiser that does not substitute for the minimum wage, this is a policy that can be part of reconciliation.

The Prosperity for American Workers Act:

- **Applies to high revenue businesses** of $10 million annually or more.
- **Creates an excise tax phased in over 10 years**, starting at 10% of the wage underpayment for each employee paid less than the regional base wage, increasing by 10% each year until year 10, when the excise tax would be 100% of the wage differential. The tax will be non-deductible.
- **Establishes a two-tiered regional base wage reflecting the localized cost of living**, calculated using the IRS Collection Financial Standards. This calculation includes regionally specific numbers for housing, transportation, and utilities with national averages for food, clothing, and out-of-pocket healthcare expenses. The IRS Collection Financial Standards will be used to establish an hourly or salary wage for W2 workers, with an additional 10% increase for independent contract workers.
- **Respects existing collective bargaining agreements** that create higher wage floors than mandated in this policy.

Background: Some of the largest and most profitable private companies in America rely on business models that depend on low wages. This new policy creates a system of accountability for private employers that take advantage of a depressed wage floor and establishes a new way to incentivize good employment practices, all in the hopes of creating greater shared prosperity. This bill requires high-revenue businesses to pay a small penalty to the government when they do not adequately compensate their workers. This is not a replacement for minimum wage law nor is it a substitute for corporate tax reform. Patriotic Millionaires has long advocated for raising the federal minimum wage, which needs to be increased after 17 years of stagnation.

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