

WASHINGTON, DC - Congressman Steny H. Hoyer (MD) joined a majority in the U.S. House today in support of legislation to recover bonuses for individuals at companies receiving government assistance to stabilize the financial system. The legislation (H.R. 1586) will impose a new 90 percent *tax on bonuses received* by executives who worked at companies, such as American International Group (AIG), that received more than \$5 billion in taxpayer assistance. Similar legislation will be considered in the Senate next week. Congressman Hoyer released the following statement.

"In a crisis that has repeatedly shaken Americans' faith in the most powerful financial institutions, the sordid AIG bonuses stand out. They crystallize the greed at the source of this crisis. Many of their beneficiaries join a long line of executives who feel entitled to personal enrichment, regardless of the performance of their companies and regardless of their destruction of others' wealth. Among the recipients of these bonuses are executives who played a key role in bringing our economy to its sorry state-and their willingness to accept rewards for failure speaks poorly of their character.

"After its collapse, the federal government acquired an 80% stake in AIG-which means that these bonuses were largely paid for by average taxpayers, the same Americans who are struggling to hold on to their jobs and homes. Democrats will not allow that money to be wasted, especially at a time when all of our efforts are needed to turn this recession around and stabilize our financial markets. So we are taking every legal step to reclaim the money. The bill that has just passed the House is a first step to doing so, and more efforts can be expected in the days to come, both from Congress and the Obama Administration."

Additional background: The bill would impose a 90 percent tax on bonuses paid after December 31, 2008, by companies that have received over \$5 billion in Troubled Assets Relief Program (TARP) funds, Fannie Mae, and Freddie Mac. The tax would also apply to bonuses paid by entities affiliated with these companies. Three-fourths of the TARP funds that have been spent went to companies that would be covered by this bill. This tax will not apply to any bonus that is returned to the company in the same taxable year that the bonus is paid. The bill would not affect taxpayers with adjusted gross income below \$250,000 or employees of companies that have received \$5 billion or less in TARP funds.

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