



## **Babies Over Billionaires Act**

### Section-by-Section Summary

#### Section 1. Short Title

- Cites the short title of the Act as the “Babies over Billionaires Act of 2022.”

#### Section 2. Findings

- Highlights the growing wealth inequality throughout the country and illustrates how the tax code favors wealth over children and families.
- This bias undermines the federal government’s ability to generate revenue that could offset the costs of numerous tax and social programs that would directly benefit children and families across the country.

#### Section 3. Deemed Realization Capital Gains Tax Rules

- Implements an annual tax on 30% of unrealized capital gains from tradable assets at the prevailing long-term capital gains rate.
- Implements a tax on 50% of unrealized capital gains from non-tradable assets every 5 years giving impacted filers 5 years to pay off the resulting liability.
- The Secretary of the Treasury will have 1 year after enactment to issue regulations regarding the valuation of the net worth of ultra-millionaires for the purposes of this tax.
- Mandates annual audits of all individuals that have reported in excess of \$100 million in assets at any time in the last 3 years to ensure compliance with penalties up to 40% of any understatement of net worth.
- Declares a sense of Congress that the passage of this bill would not preclude any state or local government from passing similar legislation.
- Allocates such sums as is necessary to administer the tax created in this bill to the IRS.

#### Section 4. Family Investment Trust Fund

- Establishes the Family Investment Trust Fund to evenly distribute revenue raised by the tax in this bill to the Department of Education and the Department of Health and Human Services.