

119TH CONGRESS
1ST SESSION

S. 584

To amend the Internal Revenue Code of 1986 to exclude from gross income any judgments, awards, and settlements with respect to sexual assault or sexual harassment claims, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 13, 2025

Mrs. GILLIBRAND (for herself and Mrs. BLACKBURN) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to exclude from gross income any judgments, awards, and settlements with respect to sexual assault or sexual harassment claims, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Tax Fairness for Sur-
5 vivors Act”.

1 **SEC. 2. EXEMPTING FROM FEDERAL INCOME TAXATION**
 2 **PAYMENTS ALLOCABLE TO SEXUAL ASSAULT**
 3 **OR SEXUAL HARASSMENT CLAIMS.**

4 (a) IN GENERAL.—Part III of subchapter B of chap-
 5 ter 1 of the Internal Revenue Code of 1986 is amended
 6 by inserting before section 140 the following new section:

7 **“SEC. 139J. AMOUNTS RECEIVED AS JUDGMENTS, AWARDS,**
 8 **AND SETTLEMENTS WITH RESPECT TO SEX-**
 9 **UAL ASSAULT OR SEXUAL HARASSMENT**
 10 **CLAIMS.**

11 “(a) IN GENERAL.—In the case of an individual,
 12 gross income shall not include any amount received as a
 13 judgment, award, or settlement (including back pay, front
 14 pay, punitive damages, reimbursement of attorney’s fees,
 15 or any payments made in connection with a release of
 16 claims or to resolve or settle claims), whether by lump sum
 17 or periodic payments, from—

18 “(1) a claim involving such individual as the
 19 victim of an alleged nonconsensual sexual act or sex-
 20 ual contact, as such terms are defined in section
 21 2246 of title 18, United States Code, or similar ap-
 22 plicable Tribal, State, or local law, including when
 23 the victim lacks capacity to consent, or

24 “(2) a claim involving conduct that is alleged to
 25 constitute sexual harassment of such individual
 26 under applicable Federal, Tribal, State, or local law.

1 “(b) REGULATIONS AND GUIDANCE.—The Secretary
 2 shall issue such regulations or other guidance as the Sec-
 3 retary determines necessary to carry out the purposes of
 4 this section, including regulations or other guidance to dis-
 5 tinguish amounts received in connection with a claim de-
 6 scribed in subsection (a) from other amounts received as
 7 part of a judgment, award, or settlement.”.

8 (b) SOCIAL SECURITY TAXES.—Section 3121(a) of
 9 such Code is amended by striking “or” at the end of para-
 10 graph (22), by striking the period at the end of paragraph
 11 (23) and inserting “; or”, and by inserting after para-
 12 graph (23) the following new paragraph:

13 “(24) any amount received which is excludable
 14 from the gross income of the employee under section
 15 139J.”.

16 (c) RAILROAD RETIREMENT TAX.—Section 3231(e)
 17 of such Code is amended by adding at the end the fol-
 18 lowing new paragraph:

19 “(13) AMOUNTS RECEIVED AS JUDGMENTS,
 20 AWARDS, AND SETTLEMENTS WITH RESPECT TO
 21 SEXUAL ASSAULT OR SEXUAL HARASSMENT
 22 CLAIMS.—The term ‘compensation’ shall not include
 23 any amount received which is excludable from the
 24 gross income of the employee under section 139J.”.

1 (d) UNEMPLOYMENT TAXES.—Section 3306(b) of
 2 such Code is amended by striking “or” at the end of para-
 3 graph (19), by striking the period at the end of paragraph
 4 (20) and inserting “; or”, and by inserting after para-
 5 graph (20) the following new paragraph:

6 “(21) any amount received which is excludable
 7 from the gross income of the employee under section
 8 139J.”.

9 (e) WAGE WITHHOLDING.—Section 3401 of such
 10 Code is amended by striking “or” at the end of paragraph
 11 (22), by striking the period at the end of paragraph (23)
 12 and inserting “, or”, and by inserting after paragraph
 13 (23) the following new paragraph:

14 “(24) any amount received which is excludable
 15 from the gross income of the employee under section
 16 139J.”.

17 (f) CLERICAL AMENDMENT.—The table of sections
 18 for part III of subchapter B of chapter 1 of the Internal
 19 Revenue Code of 1986 is amended by inserting before the
 20 item relating to section 140 the following new item:

“Sec. 139J. Amounts received as judgments, awards, and settlements with re-
 spect to sexual assault or sexual harassment claims.”.

21 (g) EFFECTIVE DATE.—The amendments made by
 22 this section shall apply to taxable years beginning after
 23 the date of the enactment of this Act.

