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119TH CONGRESS
2D SESSION

S. 4616

To amend the Internal Revenue Code of 1986 to impose a tax on specified settlement fund payments, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 21, 2026

Mr. WYDEN (for himself and Mr. SCHUMER) introduced the following bill; which was read twice and referred to the Committee on Finance

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A BILL

To amend the Internal Revenue Code of 1986 to impose a tax on specified settlement fund payments, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Stop Letting United States Heads Funnel Unauthorized Nontransparent Dollars Act of 2026'' or the ''SLUSH FUND Act of 2026''.

SEC. 2. IMPOSITION OF TAX ON SPECIFIED SETTLEMENT FUND PAYMENTS.

(a) IN GENERAL.—Subtitle D of the Internal Revenue Code of 1986 is amended by adding at the end the following new chapter:

"CHAPTER 50B—SPECIFIED SETTLEMENT FUND PAYMENTS

"Sec. 5000E. Imposition of tax on specified settlement fund payments.

"SEC. 5000E. IMPOSITION OF TAX ON SPECIFIED SETTLEMENT FUND PAYMENTS.

"(a) IN GENERAL.—There is hereby imposed on any taxpayer for any taxable year a tax equal to 100 percent of any specified settlement fund payment received by such taxpayer during such taxable year.

"(b) SPECIFIED SETTLEMENT FUND PAYMENT.—For purposes of this section—

"(1) IN GENERAL.—The term 'specified settlement fund payment' means, with respect to any taxpayer for any taxable year, any amount received by such taxpayer during such taxable year from any fund, trust, or account the assets of which are derived from the outcome (whether by settlement, verdict, or otherwise) of any civil action which was filed by a specified person against the United States (or any agency or instrumentality thereof).

"(2) SPECIFIED PERSON.—

"(A) IN GENERAL.—The term 'specified person' means—

"(i) any individual who has served as President of the United States,

"(ii) any member of the family of such individual, and

"(iii) any person controlled (based on principles similar to the principles which apply for purposes of section 52(b)) by one or more individuals described in clause (i) or (ii).

"(B) MEMBER OF THE FAMILY.—The term 'member of the family' means, with respect to any individual described in subparagraph (A)(i)—

"(i) the spouse of such individual, and

"(ii) any individual who bears a relationship to such individual which is described in subparagraphs (A) through (G) of section 152(d)(2).

"(c) SPECIAL RULES.—

"(1) ADMINISTRATIVE PROVISIONS.—For purposes of subtitle F, any tax imposed by this section shall be treated as a tax imposed by subtitle A.

''(2) EXCLUSION FROM GROSS INCOME.—For purposes of chapter 1, the gross income of any taxpayer for any taxable year shall not include any specified settlement fund payment received by such taxpayer during such taxable year.''.

(b) NO DEDUCTION FROM INCOME TAX.—Section 275(a)(6) of such Code is amended by inserting ''50B,'' after ''50A,''.

(c) FAILURE TO PAY TAX ON SPECIFIED SETTLEMENT FUND PAYMENTS.—Part I of subchapter A of chapter 68 of such Code is amended by adding at the end the following new section:

''SEC. 6660. FAILURE TO PAY TAX ON SPECIFIED SETTLEMENT FUND PAYMENTS.

''Any taxpayer who, with respect to any taxable year—

''(1) willfully fails to pay the tax imposed by section 5000E(a), or

''(2) willfully attempts in any manner to evade or defeat such tax or the payment thereof,

shall, in addition to other penalties provided by law, be liable for a penalty of 50 percent of such tax for such taxable year.''.

(d) CLERICAL AMENDMENTS.—

(1) The table of chapters for subtitle D of such Code is amended by adding at the end the following new item:

"Chapter 50B—Specified Settlement Fund Payments".

(2) The table of sections for part I of subchapter A of chapter 68 of such Code is amended by adding at the end the following new item:

"Sec. 6660. Failure to pay tax on specified settlement fund payments.".

(e) Effective Dates.—

(1) In general.—Except as provided by paragraph (2), the amendments made by this section shall apply with respect to amounts received on or after May 20, 2026.

(2) Failure to pay tax on specified settlement fund payments.—The amendment made by subsection (c) shall apply with respect to taxable years ending on or after May 20, 2026.

SEC. 3. RETURNS RELATING TO SPECIFIED SETTLEMENT FUND PAYMENTS.

(a) In General.—Subpart B of part III of subchapter A of chapter 61 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:

"SEC. 6050BB. RETURNS RELATING TO SPECIFIED SETTLEMENT FUND PAYMENTS.

''(a) REQUIREMENT OF REPORTING.—Every trustee, administrator, or other fiduciary who makes any specified settlement fund payment (as defined in section 5000E(b)) to any taxpayer during any taxable year shall make a return, according to the forms and regulations prescribed by the Secretary, setting forth—

''(1) the aggregate amount of such payments received by such taxpayer during such taxable year, and

''(2) the name and address of such taxpayer.

''(b) STATEMENTS TO BE FURNISHED WITH RESPECT TO WHOM INFORMATION IS REQUIRED.—Every person required to make a return under subsection (a) shall furnish to each taxpayer whose name is required to be set forth in such return a written statement—

''(1) showing the identity of the trustee, administrator, or other fiduciary making the specified settlement fund payment,

''(2) showing the aggregate amount of such payments received by such taxpayer required to be shown on the return, and

''(3) notifying that such payments are subject to the tax imposed by section 5000E(a).

The written statement required under the preceding sentence shall be furnished to the taxpayer on or before January 31 of the year following the taxable year for which the return under subsection (a) was required to be made.

''(c) PUBLIC DISCLOSURE OF RETURNS.—The Secretary shall, not later than 1 month following receipt of a return under subsection (a), make such return publicly available (in such form and manner as the Secretary determines appropriate).''.

(b) FAILURE TO FILE RETURN WITH RESPECT TO SPECIFIED SETTLEMENT FUND PAYMENTS.—Section 6652 of such Code is amended by adding at the end the following new subsection:

''(q) FAILURE TO FILE RETURN WITH RESPECT TO SPECIFIED SETTLEMENT FUND PAYMENTS.—In the case of any failure to make a return required under section 6050BB which contains the information required by such section on the date prescribed therefor, unless it is shown that such failure is due to reasonable cause, there shall be paid (on notice and demand by the Secretary and in the same manner as tax) by the person failing to file such return, an amount equal to $10,000 for each such failure.''.

(c) CLERICAL AMENDMENT.—The table of sections for subpart B of part III of subchapter A of chapter 61

of such Code is amended by adding at the end the following new item:

"Sec. 6050BB. Returns relating to specified settlement fund payments.".

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided by paragraph (2), the amendments made by this section shall apply with respect to amounts paid on or after May 20, 2026.

(2) FAILURE TO FILE RETURN WITH RESPECT TO SPECIFIED SETTLEMENT FUND PAYMENTS.—The amendment made by subsection (b) shall apply with respect to taxable years ending on or after May 20, 2026.

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