

119TH CONGRESS  
1ST SESSION

# H. R. 4208

To prohibit the political punishment of donor States, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 26, 2025

Mrs. TORRES of California introduced the following bill; which was referred to the Committee on Oversight and Government Reform, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To prohibit the political punishment of donor States, 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 “Taxpayer Protection  
5 Act”.

6 **SEC. 2. NO POLITICAL PUNISHMENT OF DONOR STATES.**

7 (a) NO GENERAL PROHIBITIONS ON PROVIDING  
8 FEDERAL FUNDING.—Notwithstanding any other provi-  
9 sion of law, the President, or any other member of the

1 executive branch, may not target a donor State by impos-  
2 ing a general prohibition on awarding a grant to, or enter-  
3 ing into a contract or other agreement with, the donor  
4 State (or a political subdivision of such donor State, or  
5 a public or nonprofit entity in such donor State).

6 (b) NO REVOCATIONS OR SUSPENSIONS OF FEDERAL  
7 FUNDING.—Notwithstanding any other provision of law,  
8 the President, or any other member of the executive  
9 branch, may not revoke or suspend any grant, contract,  
10 or other agreement awarded to, or entered into with, a  
11 donor State (or a political subdivision of such donor State,  
12 or a public or nonprofit entity in such donor State), unless  
13 the Comptroller General of the United States determines  
14 that the donor State (or such political subdivision or enti-  
15 ty) has committed fraud, waste, or abuse with respect to  
16 such grant, contract, or agreement.

17 (c) DEFINITIONS.—In this section—

18 (1) DONOR STATE.—The term “donor State”  
19 means any State the taxpayers of which have on av-  
20 erage, over the 3-year period preceding the date of  
21 the enactment of this Act, paid a total amount in  
22 Federal income taxes that exceeds the average total  
23 amount of Federal funding provided to the State  
24 over such period.

1           (2) PUBLIC ENTITY.—The term “public entity”  
2           includes public schools and public hospitals.

3 **SEC. 3. DONOR STATE PROTECTION TRUST FUND.**

4           (a) IN GENERAL.—Subchapter A of Chapter 98 of  
5 the Internal Revenue Code of 1986 is amended by adding  
6 at the end the following new section:

7 **“SEC. 9512. DONOR STATE PROTECTION TRUST FUND.**

8           “(a) CREATION OF TRUST FUND.—There is hereby  
9 established in the Treasury of the United States a trust  
10 fund to be known as the ‘Donor State Protection Trust  
11 Fund’, consisting of such amounts as may be appropriated  
12 to such Trust Fund as provided in this section.

13           “(b) TRANSFER TO TRUST FUND OF AMOUNTS  
14 EQUIVALENT TO CERTAIN TAXES.—There are hereby ap-  
15 propriated to the Donor State Protection Trust Fund  
16 amounts equivalent to the taxes received in the Treasury  
17 under subtitle A paid by the taxpayers of donor States.  
18 For each calendar year, if the unobligated amounts in  
19 such Trust Fund exceed \$4,000,000,000,000 on Decem-  
20 ber 31 of such year, such excess amounts shall be trans-  
21 ferred to the general fund of the Treasury.

22           “(c) AVAILABILITY OF AND EXPENDITURES FROM  
23 TRUST FUND.—

1           “(1) IN GENERAL.—Amounts in the Donor  
2 State Protection Trust Fund shall be available, with-  
3 out further appropriation, to a donor State—

4           “(A) if, and only if, the President, or an-  
5 other member of the executive branch—

6           “(i) imposes, in violation of section  
7 2(a) of the Taxpayer Protection Act, a  
8 general prohibition on awarding a grant to,  
9 or entering into a contract or other agree-  
10 ment with, the donor State (or a political  
11 subdivision of such donor State, or a public  
12 or nonprofit entity in such donor State), or

13           “(ii) revokes or suspends, in violation  
14 of section 2(b) of such Act, a grant, con-  
15 tract, or other agreement awarded to, or  
16 entered into with, the donor State (or such  
17 political subdivision or entity), and

18           “(B) for the purpose of making any ex-  
19 penditures determined necessary or appropriate  
20 by the donor State.

21           “(2) LIMITATION.—In the case of any grant,  
22 contract, or other agreement that is revoked or sus-  
23 pended, as described in paragraph (1)(A)(ii), with  
24 respect to a donor State (or a political subdivision  
25 of such donor State, or a public or nonprofit entity

1 in such donor State), the amounts in the Trust  
2 Fund available to the donor State shall be limited to  
3 the amount equal to the amount the donor State (or  
4 such political subdivision or entity) would have re-  
5 ceived under such grant, contract, or agreement but  
6 for such revocation or suspension.

7 “(d) DEFINITIONS.—For purposes of this section, the  
8 terms ‘donor State’ and ‘public entity’ have the meaning  
9 given such terms in section 2(c) of the Taxpayer Protec-  
10 tion Act.”.

11 (b) CLERICAL AMENDMENT.—The table of sections  
12 for subchapter A of chapter 98 of such Code is amended  
13 by adding at the end the following new item:

“9512. Donor State Protection Trust Fund.”.

14 (c) EFFECTIVE DATE.—The amendments made by  
15 this Act shall apply to taxes received after the date of the  
16 enactment of this Act.

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