

103^D CONGRESS
2^D SESSION

H. R. 5091

To provide for tax relief in the case of low economic growth.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 23, 1994

Mr. OBEY (for himself, Mr. FILNER, Mr. BONIOR, Mr. HAMILTON, Mr. HINCHEY, Mrs. MEEK, Mr. RUSH, Mr. RICHARDSON, Mr. CLAY, Mr. BRYANT, Mr. VENTO, Mr. SERRANO, Mr. ANDREWS of Maine, Mr. WILSON, and Ms. PELOSI) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To provide for tax relief in the case of low economic growth.

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 “Economic Growth and
5 Jobs Act of 1994”.

6 **SEC. 2. TAX RELIEF IN THE EVENT OF LOW GROWTH.**

7 (a) LOW-GROWTH REPORT.—

8 (1) IN GENERAL.—At any time, the Director of
9 the Office of Management and Budget (hereafter in
10 this section referred to as the “Director”) shall no-

1 tify the President and the Congress if the Director
2 has determined that for any of the periods described
3 in paragraph (2)—

4 (A) economic growth as measured by the
5 change in real Gross Domestic Product (GDP)
6 at an annual rate is estimated to be less than
7 3 percent, and

8 (B) the rate of national unemployment
9 (seasonally adjusted) is estimated to be greater
10 than 6.0 percent.

11 (2) TESTING PERIODS.—For purposes of para-
12 graph (1), the periods described in this paragraph
13 are—

14 (A) the period consisting of the quarter
15 during which the notification is given and the
16 quarter preceding such notification,

17 (B) the period consisting of the preceding
18 4 quarters, and

19 (C) the period consisting of the 4 quarters
20 following such notification.

21 (b) PRESIDENTIAL AUTHORIZATION OF TEMPORARY
22 TAX REDUCTIONS.—

23 (1) PRESIDENTIAL DECLARATION.—After noti-
24 fication under subsection (a), the President may
25 issue a declaration that temporary income tax reduc-

1 tions are required for a specified calendar year to
2 provide a quick and necessary fiscal stimulus to the
3 economy. Any such declaration shall be transmitted
4 to the Congress.

5 (2) TEMPORARY TAX MODIFICATIONS.—If the
6 President transmits a declaration under paragraph
7 (1) to the Congress—

8 (A) TEMPORARY TAX REDUCTIONS.—

9 (i) IN GENERAL.—Effective for tax-
10 able years beginning in the calendar year
11 specified in such declaration—

12 (I) the rates applicable to the
13 first income bracket in the tax tables
14 contained in section 1 of the Internal
15 Revenue Code of 1986 shall be re-
16 duced by a percentage (not to exceed
17 $13\frac{1}{3}$ percent) specified in such dec-
18 laration, and

19 (II) the amounts set forth as tax
20 in such tables shall be adjusted to re-
21 flect such rate reduction.

22 (ii) WITHHOLDING ADJUSTMENTS.—
23 The withholding tables or procedures pre-
24 scribed by the Secretary of the Treasury or
25 his delegate under section 3402(a) of such

1 Code shall be modified so that, to the max-
2 imum extent possible, the full calendar
3 year effect of such reduction is reflected
4 through withholding reductions during the
5 portion of the calendar year after such dec-
6 laration.

7 (B) TEMPORARY SURTAX WHERE ECO-
8 NOMIC GROWTH REQUIREMENTS SUBSE-
9 QUENTLY SATISFIED.—

10 (i) IN GENERAL.—Effective for tax-
11 able years beginning in the first subse-
12 quent calendar year for which the eco-
13 nomic growth requirements of paragraph
14 (3) are satisfied—

15 (I) each rate of tax in the tax ta-
16 bles contained in section 1 of the In-
17 ternal Revenue Code of 1986 shall be
18 increased by the percentage deter-
19 mined under paragraph (4) for such
20 year, and

21 (II) the amounts set forth as tax
22 in such tables shall be adjusted to re-
23 flect such rate increases.

24 (ii) WITHHOLDING ADJUSTMENTS.—
25 Effective for such subsequent calendar

1 year, the withholding tables or procedures
2 prescribed by the Secretary of the Treas-
3 ury or his delegate under section 3402(a)
4 of such Code shall be modified to reflect
5 the increase in tax rates under clause (i).

6 (3) ECONOMIC GROWTH REQUIREMENTS.—The
7 economic growth requirements of this paragraph are
8 satisfied for any calendar year if, before the begin-
9 ning of such calendar year, the President determines
10 (and publishes such determination in the Federal
11 Register) that for such calendar year and the imme-
12 diately preceding calendar year—

13 (A) economic growth as measured by the
14 change in the real Gross Domestic Product
15 (GDP) is estimated to be greater than 4 per-
16 cent, and

17 (B) the rate of national unemployment
18 (seasonally adjusted) is estimated to be less
19 than 6.0 percent.

20 (4) RATE INCREASE PERCENTAGE.—The per-
21 centage determined under this paragraph is the per-
22 centage increase in the tax rates contained in section
23 1 of the Internal Revenue Code of 1986 which the
24 President estimates will result in an aggregate in-
25 crease in receipts under chapter 1 of such Code

1 equal to the aggregate decrease in receipts under
2 such Code by reason of subparagraph (A) of para-
3 graph (2). Such percentage shall be published in the
4 Federal Register before the beginning of the cal-
5 endar year for which the economic growth require-
6 ments of paragraph (2) are satisfied.

7 (5) SPECIAL RULES WHERE MORE THAN 1 RATE
8 REDUCTION.—If there has been more than 1 reduc-
9 tion under paragraph (2)(A) before any increase
10 under paragraph (2)(B)—

11 (A) paragraph (2)(B) shall not be limited
12 to the first subsequent calendar year for which
13 the economic growth requirements of paragraph
14 (3) are satisfied, but

15 (B) the percentage determined under para-
16 graph (4) for each such subsequent calendar
17 year shall be determined by taking into account
18 only the decrease in receipts under such Code
19 with respect to taxable years beginning in a sin-
20 gle calendar year, beginning with the earliest
21 calendar year with respect to which a percent-
22 age increase has not been determined under
23 paragraph (4).

1 **SEC. 3. TREATMENT UNDER PAY-AS-YOU-GO PROCEDURES.**

2 Any reduction or increase in receipts resulting from
3 section 2 of this Act shall not be considered for any pur-
4 pose under the Balanced Budget and Emergency Deficit
5 Control Act of 1985.

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