

104TH CONGRESS
2D SESSION

H. R. 3998

To provide that individuals otherwise entitled to receive payments from the Federal Government may specify that a portion of those payments be used for deficit reduction.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 2, 1996

Mr. NETHERCUTT (for himself, Mr. WICKER, and Mr. BARRETT of Wisconsin) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on National Security, Veterans' Affairs, and the Budget, 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

A BILL

To provide that individuals otherwise entitled to receive payments from the Federal Government may specify that a portion of those payments be used for deficit reduction.

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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Citizen Debt Reduction Contribution Act”.

6 (b) TABLE OF CONTENTS.—

Sec. 1. Short title; table of contents.

Sec. 2. Sense of the Congress.

Sec. 3. Income tax refunds.

Sec. 4. Donation of social security benefits for purposes of reducing the Federal deficit.

Sec. 5. Donation of military retirement benefits for purposes of reducing the Federal deficit.

Sec. 6. Donation of veterans' disability compensation for purposes of reducing the Federal deficit.

Sec. 7. Budgetary treatment of savings resulting from this Act.

1 **SEC. 2. SENSE OF THE CONGRESS.**

2 It is the sense of the Congress that any budget sav-
3 ings resulting from this Act should be used solely to re-
4 duce net Government spending. Congress appreciates and
5 respects the contributions made by citizens participating
6 in the programs authorized by this Act, and shares their
7 concerns at excessive Government spending.

8 **SEC. 3. INCOME TAX REFUNDS.**

9 (a) GENERAL RULE.—Subchapter A of chapter 61 of
10 the Internal Revenue Code of 1986 (relating to returns
11 and records) is amended by adding at the end the follow-
12 ing new part:

13 **“PART IX—DESIGNATION OF IN-**
14 **COME TAX OVERPAYMENTS**
15 **TO BE USED TO REDUCE PUB-**
16 **LIC DEBT**

“Sec. 6097. Designation of income tax overpayments.

17 **“SEC. 6097. DESIGNATION OF INCOME TAX OVERPAYMENTS.**

18 “(a) GENERAL RULE.—Every taxpayer who makes a
19 return of the tax imposed by chapter 1 for any taxable
20 year may designate that a specified portion (not less than

1 \$1) of any overpayment of tax for such taxable year shall
2 be used to reduce the public debt of the United States.

3 “(b) MANNER AND TIME OF DESIGNATION.—Any
4 designation under subsection (a) for any taxable year shall
5 be made—

6 “(1) at the time of filing the return of the tax
7 imposed by chapter 1 for such taxable year, and

8 “(2) in such manner as the Secretary may by
9 regulation prescribe, except that such designation
10 shall be made either on the first page of the return
11 or on the page bearing the taxpayer’s signature.

12 “(c) TREATMENT OF AMOUNTS DESIGNATED.—For
13 purposes of this title, the amount designated by any tax-
14 payer under subsection (a)—

15 “(1) shall be treated as being refunded to such
16 taxpayer as of the last date prescribed for filing the
17 return of tax imposed by chapter 1 (determined
18 without regard to extensions) or, if later, the date
19 the return is filed, and

20 “(2) shall be treated as a contribution made by
21 such taxpayer on such date to the United States.”

22 (b) TRANSFER OF DESIGNATED AMOUNTS FOR DEF-
23 ICIT REDUCTION.—The Secretary of the Treasury shall,
24 from time to time, transfer to the special account de-
25 scribed in section 3113(d) of title 31, United States Code,

1 the amounts designated under section 6097 of the Internal
2 Revenue Code of 1986 to be used to reduce the public
3 debt of the United States.

4 (c) CLERICAL AMENDMENT.—The table of parts for
5 subchapter A of chapter 61 of such Code is amended by
6 adding at the end the following new item:

“Part IX. Designation of income tax overpayments to be used to
reduce public debt.”

7 (d) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to taxable years beginning after
9 December 31, 1995.

10 **SEC. 4. DONATION OF SOCIAL SECURITY BENEFITS FOR**
11 **PURPOSES OF REDUCING THE FEDERAL DEF-**
12 **ICIT.**

13 Section 201(i) of the Social Security Act (42 U.S.C.
14 401(i)) is amended—

15 (1) in paragraph (1), by inserting “(A)” after
16 “(1)”;

17 (2) in paragraph (2), by striking “paragraph
18 (1)” and inserting “subparagraph (A)”, and by re-
19 designating subparagraphs (A) and (B) as clauses
20 (i) and (ii), respectively;

21 (3) by redesignating paragraph (2) as subpara-
22 graph (B); and

23 (4) by adding at the end the following new
24 paragraph:

1 “(2)(A) The Commissioner of Social Security shall
2 establish a program under which recipients of monthly in-
3 surance benefits under this title may elect to have the
4 Commissioner, in lieu of certification of payment of bene-
5 fits to the recipient pursuant to section 205(i), certify to
6 the Managing Trustee that all or a designated portion of
7 such benefits be transferred to the general fund of the
8 Treasury as a gift which the Managing Trustee is author-
9 ized, as Secretary of the Treasury, to accept as a gift
10 under subsection (a)(1)(A) of section 3113 of title 31,
11 United States Code (relating to accepting gifts for reduc-
12 ing the public debt).

13 “(B) Amounts to which an election under subpara-
14 graph (A) applies shall not be includible in gross income
15 for purposes of the Internal Revenue Code of 1986. No
16 deduction shall be allowed under such Code with respect
17 to any amount which is not includible in gross income by
18 reason of the preceding sentence.”

19 **SEC. 5. DONATION OF MILITARY RETIREMENT BENEFITS**
20 **FOR PURPOSES OF REDUCING THE FEDERAL**
21 **DEFICIT.**

22 (a) IN GENERAL.—Chapter 71 of title 10, United
23 States Code, is amended by adding at the end the follow-
24 ing new section:

1 **“§ 1413. Donations for purposes of reducing the pub-**
2 **lic debt**

3 “(a) The Secretary concerned shall establish a pro-
4 gram under which a member or former member of the
5 armed forces under the jurisdiction of the Secretary who
6 is entitled to receive retired or retainer pay may elect that
7 all or a designated portion of such pay for any month be
8 transferred to the general fund of the Treasury as a gift
9 to reduce the public debt. Any such election may be re-
10 voked at any time.

11 “(b) For any month for which an election under sub-
12 section (a) is in effect, the Secretary concerned shall with-
13 hold from the retired or retainer pay of the person making
14 the election the amount designated by that person in such
15 election and shall transfer the amount so withheld to the
16 Secretary of the Treasury.

17 “(c) The Secretary of the Treasury is authorized to
18 accept any amount transferred to the Secretary under this
19 section as a gift under subsection (a)(1)(A) of section
20 3113 of title 31 (relating to accepting gifts for reducing
21 the public debt).

22 “(d) Amounts to which an election under subsection
23 (a) applies shall not be includible in gross income for pur-
24 poses of the Internal Revenue Code of 1986. No deduction
25 shall be allowed under such Code with respect to any

1 amount which is not includible in gross income by reason
2 of the preceding sentence.”

3 (b) CLERICAL AMENDMENT.—The table of sections
4 at the beginning of such chapter is amended by adding
5 at the end the following new item:

“1413. Donations for purposes of reducing the public debt.”.

6 **SEC. 6. DONATION OF VETERANS’ DISABILITY COMPENSA-**
7 **TION FOR PURPOSES OF REDUCING THE FED-**
8 **ERAL DEFICIT.**

9 (a) IN GENERAL.—Chapter 53 of title 38, United
10 States Code, is amended by adding at the end the follow-
11 ing new section:

12 **“§ 5320. Donations of compensation for purposes of**
13 **reducing the public debt**

14 “(a) The Secretary shall establish a program under
15 which a veteran who is entitled to compensation may elect
16 that all or a designated portion of such compensation for
17 any month be transferred to the general fund of the Treas-
18 ury as a gift to reduce the public debt. Any such election
19 may be revoked at any time.

20 “(b) For any month for which an election under sub-
21 section (a) is in effect, the Secretary shall withhold from
22 the compensation payable to the veteran making the elec-
23 tion the amount designated by the veteran in such election
24 and shall transfer the amount so withheld to the Secretary
25 of the Treasury.

1 “(c) The Secretary of the Treasury is authorized to
2 accept any amount transferred to the Secretary under this
3 section as a gift under subsection (a)(1)(A) of section
4 3113 of title 31 (relating to accepting gifts for reducing
5 the public debt).

6 “(d) Amounts to which an election under subsection
7 (a) applies shall not be includible in gross income for pur-
8 poses of the Internal Revenue Code of 1986. No deduction
9 shall be allowed under such Code with respect to any
10 amount which is not includible in gross income by reason
11 of the preceding sentence.”

12 (b) CLERICAL AMENDMENT.—The table of sections
13 at the beginning of such chapter is amended by adding
14 at the end the following new item:

“5320. Donations of compensation for purposes of reducing the public debt.”.

15 **SEC. 7. BUDGETARY TREATMENT OF SAVINGS RESULTING**
16 **FROM THIS ACT.**

17 Savings resulting from the enactment of this Act
18 shall not be considered for purposes of estimates made for
19 this Act under section 252(d) of the Balanced Budget and
20 Emergency Deficit Control Act of 1985.

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