

106TH CONGRESS  
2D SESSION

# S. 2403

To amend the Internal Revenue Code of 1986 to reduce the marriage penalty by providing a nonrefundable marriage credit and adjustment to the earned income credit.

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## IN THE SENATE OF THE UNITED STATES

APRIL 12, 2000

Mr. BAYH (for himself, Mr. DURBIN, Mr. JOHNSON, Mrs. FEINSTEIN, Ms. LANDRIEU, Mr. EDWARDS, and Mrs. MURRAY) 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 reduce the marriage penalty by providing a nonrefundable marriage credit and adjustment to the earned income credit.

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; AMENDMENT OF 1986 CODE.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Targeted Marriage Tax Penalty Relief Act of 2000”.

6 (b) AMENDMENT OF 1986 CODE.—Except as other-  
7 wise expressly provided, whenever in this Act an amend-  
8 ment or repeal is expressed in terms of an amendment  
9 to, or repeal of, a section or other provision, the reference

1 shall be considered to be made to a section or other provi-  
 2 sion of the Internal Revenue Code of 1986.

3 (c) SECTION 15 NOT TO APPLY.—No amendment  
 4 made by section 2 shall be treated as a change in a rate  
 5 of tax for purposes of section 15 of the Internal Revenue  
 6 Code of 1986 .

7 **SEC. 2. MARRIAGE CREDIT.**

8 (a) IN GENERAL.—Subpart A of part IV of sub-  
 9 chapter A of chapter 1 (relating to nonrefundable personal  
 10 credits) is amended by inserting after section 25A the fol-  
 11 lowing new section:

12 **“SEC. 25B. MARRIAGE CREDIT.**

13 “(a) ALLOWANCE OF CREDIT.—In the case of a joint  
 14 return under section 6013, there shall be allowed as a  
 15 credit against the tax imposed by this chapter for the tax-  
 16 able year an amount equal to the lesser of the amount  
 17 determined under subsection (b) or (c) for the taxable  
 18 year.

19 “(b) AMOUNT UNDER SUBSECTION (b).—For pur-  
 20 poses of subsection (a), the amount under this subsection  
 21 for any taxable year with respect to a taxpayer is deter-  
 22 mined in accordance with the following table:

<b>“Taxable year:</b>	<b>Amount:</b>
2001 .....	\$500
2002 .....	\$900
2003 .....	\$1,300
2004 and thereafter .....	\$1,700.

23 “(c) DETERMINATION OF AMOUNT.—

1           “(1) IN GENERAL.—For purposes of subsection  
 2           (a), the amount determined under this subsection  
 3           for any taxable year with respect to a taxpayer is  
 4           equal to the excess (if any) of—

5                   “(A) the joint tentative tax of such tax-  
 6           payer for such year, over

7                   “(B) the combined tentative tax of such  
 8           taxpayer for such year.

9           “(2) JOINT TENTATIVE TAX.—For purposes of  
 10          paragraph (1)(A)—

11                   “(A) IN GENERAL.—The joint tentative tax  
 12          of a taxpayer for any taxable year is equal to  
 13          the tax determined in accordance with the table  
 14          contained in section 1(a) on the joint tentative  
 15          taxable income of the taxpayer for such year.

16                   “(B) JOINT TENTATIVE TAXABLE IN-  
 17          COME.—For purposes of subparagraph (A), the  
 18          joint tentative taxable income of a taxpayer for  
 19          any taxable year is equal to the excess of—

20                   “(i) the earned income (as defined in  
 21          section 32(c)(2)), and any income received  
 22          as a pension or annuity which arises from  
 23          an employer-employee relationship (includ-  
 24          ing any social security benefit (as defined

1 in section 86(d)(1)), of such taxpayer for  
 2 such year, over

3 “(ii) the sum of—

4 “(I) either—

5 “(aa) the standard deduc-  
 6 tion determined under section  
 7 63(c)(2)(A)(i) for such taxpayer  
 8 for such year, or

9 “(bb) in the case of an elec-  
 10 tion under section 63(e), the  
 11 total itemized deductions deter-  
 12 mined under section 63(d) for  
 13 such taxpayer for such year, and

14 “(II) the total exemption amount  
 15 for such taxpayer for such year deter-  
 16 mined under section 151.

17 “(3) COMBINED TENTATIVE TAX.—For pur-  
 18 poses of paragraph (1)(A)—

19 “(A) IN GENERAL.—The combined ten-  
 20 tative tax of a taxpayer for any taxable year is  
 21 equal to the sum of the taxes determined in ac-  
 22 cordance with the table contained in section  
 23 1(c) on the individual tentative taxable income  
 24 of each spouse for such year.

1           “(B) INDIVIDUAL TENTATIVE TAXABLE IN-  
2           COME.—For purposes of subparagraph (A), the  
3           individual tentative taxable income of a spouse  
4           for any taxable year is equal to the excess of—

5                   “(i) the earned income (as defined in  
6                   section 32(c)(2)), and any income received  
7                   as a pension or annuity which arises from  
8                   an employer-employee relationship (includ-  
9                   ing any social security benefit (as defined  
10                  in section 86(d)(1)), of such spouse for  
11                  such year, over

12                  “(ii) the sum of—

13                          “(I) either—

14                                  “(aa) the standard deduc-  
15                                  tion determined under section  
16                                  63(c)(2)(C) for such spouse for  
17                                  such year, or

18                                  “(bb) in the case of an elec-  
19                                  tion under section 63(e), one-half  
20                                  of the total itemized deductions  
21                                  determined under paragraph  
22                                  (2)(B)(ii)(I)(bb) for such spouse  
23                                  for such year, and

1 “(II) one-half of the total exemp-  
 2 tion amount determined under para-  
 3 graph (2)(B)(ii)(II) for such year.

4 “(d) PHASEOUT OF CREDIT.—

5 “(1) IN GENERAL.—The amount which would  
 6 (but for this subsection) be taken into account under  
 7 subsection (a) shall be reduced (but not below zero)  
 8 by the amount determined under paragraph (2).

9 “(2) AMOUNT OF REDUCTION.—The amount  
 10 determined under this paragraph is the amount  
 11 which bears the same ratio to the amount which  
 12 would be so taken into account as—

13 “(A) the excess of—

14 “(i) the taxpayer’s adjusted gross in-  
 15 come for such taxable year, over

16 “(ii) \$120,000, bears to

17 “(B) \$20,000.

18 “(e) INFLATION ADJUSTMENT.—

19 “(1) IN GENERAL.—In the case of any taxable  
 20 year beginning after 2004, the \$1,700 amount re-  
 21 ferred to in subsection (b) and the \$120,000 amount  
 22 referred to in subsection (d)(2)(A)(ii) shall be in-  
 23 creased by an amount equal to—

24 “(A) such dollar amount, multiplied by

(b) CONFORMING AMENDMENT.—The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 25A the following new item:

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

20 (a) IN GENERAL.—Section 32(b) (relating to percent-  
21 ages and amounts) is amended—

24 “(A) IN GENERAL.—Subject to subpara-  
25 graph (B), the credit”,

(2) by adding at the end of paragraph (1) the following new subparagraph:

“(B) JOINT RETURNS.—In the case of a joint return, the phaseout percentage determined under subparagraph (A)—

“(i) in the case of an eligible individual with 1 qualifying child shall be decreased by 1.87 percentage points, and

“(ii) in the case of an eligible individual with 2 or more qualifying children shall be decreased by 2.01 percentage points.”,

(3) by striking “AMOUNTS.—The earned” in paragraph (2) and inserting “AMOUNTS.—

“(A) IN GENERAL.—Subject to subparagraph (B), the earned”, and

(4) by adding at the end the following new subparagraph:

“(B) JOINT RETURNS.—In the case of a joint return, the phaseout amount determined under subparagraph (A) shall be increased by \$2,000.”.

(b) INFLATION ADJUSTMENT.—Paragraph (1)(B) of section 32(j) (relating to inflation adjustments) is amended to read as follows:



“(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined—

“(i) in the case of amounts in subsections (b)(2)(A) and (i)(1), by substituting ‘calendar year 1995’ for ‘calendar year 1992’ in subparagraph (B) thereof, and

“(ii) in the case of the \$2,000 amount in subsection (b)(2)(B), by substituting ‘calendar year 2000’ for ‘calendar year 1992’ in subparagraph (B) of such section 1.”.

(c) ROUNDING.—Section 32(j)(2)(A) (relating to rounding) is amended by striking “subsection (b)(2)” and inserting “subsection (b)(2)(A) (after being increased under subparagraph (B) thereof)”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

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