

107TH CONGRESS  
1ST SESSION

# H. R. 1687

To establish a commission to study and make recommendations on marginal tax rates for the working poor.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 2, 2001

Mr. PETRI (for himself, Mr. MCHUGH, Mr. HORN, and Mr. SMITH of Texas) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To establish a commission to study and make recommendations on marginal tax rates for the working poor.

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 “Poverty Trap Study  
5       Act of 2001”.

6       **SEC. 2. FINDINGS.**

7       Congress finds the following:

8               (1) Low income people are subject to many  
9       taxes, including the Federal income tax, payroll  
10      taxes, and State income taxes. In addition, eligibility

1 for many Federal and State programs for assistance  
2 to the working poor, such as the earned income tax  
3 credit, food stamps, housing assistance programs,  
4 medicaid, child care assistance, and the women, in-  
5 fants, and children (WIC) nutrition program is  
6 based in part on income levels. The rates at which  
7 the benefits from such programs are phased out  
8 have the same effect as additional taxes imposed on  
9 the beneficiaries.

10 (2) The total effective marginal rate of tax for  
11 additional income earned by low income people can  
12 exceed 100 percent and can be a disincentive to  
13 working more hours, getting a raise, learning a more  
14 lucrative trade, getting married, or engaging in  
15 other economic or social activities.

16 **SEC. 3. NATIONAL COMMISSION ON MARGINAL TAX RATES**  
17 **FOR THE WORKING POOR.**

18 (a) ESTABLISHMENT.—There is established a com-  
19 mission to be known as the National Commission on Mar-  
20 ginal Tax Rates for the Working Poor (in this section re-  
21 ferred to as the “Commission”).

22 (b) DUTIES OF THE COMMISSION.—The Commission  
23 shall—

24 (1) determine the total effective marginal rate  
25 of tax from all taxes and benefit program phaseouts

1 that persons are subject to (both as individuals and  
2 as married couples) at all earnings levels between  
3 \$7,000 and \$30,000 per year for at least 5 States,  
4 including Wisconsin and California; and

5 (2) submit the report required under subsection  
6 (f) to Congress.

7 (c) MEMBERSHIP.—

8 (1) NUMBER AND APPOINTMENT.—The Com-  
9 mission shall be composed of 12 members, of  
10 whom—

11 (A) 3 shall be appointed by the Speaker of  
12 the House of Representatives;

13 (B) 2 shall be appointed by the Minority  
14 Leader of the House of Representatives;

15 (C) 3 shall be appointed by the Majority  
16 Leader of the Senate;

17 (D) 2 shall be appointed by the Minority  
18 Leader of the Senate; and

19 (E) 2 shall be appointed by the President.

20 (2) CHAIRMAN.—The members of the Commis-  
21 sion shall elect a chairman of the Commission at its  
22 first meeting.

23 (3) BACKGROUND.—At least half of the mem-  
24 bers appointed by each person who appoints mem-  
25 bers under paragraph (1) shall be recognized experts

1 from think tanks or academia in the subject matter  
2 reviewed by the Commission.

3 (4) TERMS OF APPOINTMENT.—The term of  
4 any appointment under paragraph (1) to the Com-  
5 mission shall be for the life of the Commission.

6 (5) MEETINGS.—The President shall designate  
7 a member of the Commission to call the first meet-  
8 ing of the Commission. Thereafter, the Commission  
9 shall meet at the call of its Chairman or a majority  
10 of its members.

11 (6) QUORUM.—A quorum shall consist of 7  
12 members of the Commission.

13 (7) VACANCIES.—A vacancy on the Commission  
14 shall be filled in the same manner in which the origi-  
15 nal appointment was made, not later than 30 days  
16 after the Commission is given notice of the vacancy,  
17 and shall not affect the power of the remaining  
18 members to execute the duties of the Commission.

19 (8) COMPENSATION.—Members of the Commis-  
20 sion shall receive no additional pay, allowances, or  
21 benefits by reason of their service on the Commis-  
22 sion.

23 (9) EXPENSES.—Each member of the Commis-  
24 sion shall receive travel expenses and per diem in

1        lieu of subsistence in accordance with sections 5702  
2        and 5703 of title 5, United States Code.

3        (d) STAFF AND SUPPORT SERVICES.—

4            (1) EXECUTIVE DIRECTOR.—

5                    (A) APPOINTMENT.—The Chairman shall  
6                    appoint an executive director of the Commis-  
7                    sion.

8                    (B) COMPENSATION.—The executive direc-  
9                    tor shall be paid the rate of basic pay for level  
10                   V of the Executive Schedule.

11            (2) STAFF.—With the approval of the Commis-  
12            sion, the executive director may appoint such per-  
13            sonnel as the executive director considers appro-  
14            priate.

15            (3) APPLICABILITY OF CIVIL SERVICE LAWS.—  
16            The staff of the Commission shall be appointed with-  
17            out regard to the provisions of title 5, United States  
18            Code, governing appointments in the competitive  
19            service, and shall be paid without regard to the pro-  
20            visions of chapter 51 and subchapter III of chapter  
21            53 of such title (relating to classification and Gen-  
22            eral Schedule pay rates).

23            (4) EXPERTS AND CONSULTANTS.—With the  
24            approval of the Commission, the executive director

1       may procure temporary and intermittent services  
2       under section 3109(b) of title 5, United States Code.

3           (5) PHYSICAL FACILITIES.—The Administrator  
4       of General Services shall locate suitable office space  
5       for the operation of the Commission. The facilities  
6       shall serve as the headquarters of the Commission  
7       and shall include all necessary equipment and  
8       incidentals required for the proper functioning of the  
9       Commission.

10       (e) POWERS OF COMMISSION.—

11           (1) HEARINGS AND OTHER ACTIVITIES.—For  
12       the purpose of carrying out its duties, the Commis-  
13       sion may hold such hearings and undertake such  
14       other activities as the Commission determines to be  
15       necessary to carry out its duties.

16           (2) STUDIES BY GAO.—Upon the request of the  
17       Commission, the Comptroller General shall conduct  
18       such studies or investigations as the Commission de-  
19       termines to be necessary to carry out its duties.

20           (3) DETAIL OF FEDERAL EMPLOYEES.—Upon  
21       the request of the Commission, the head of any Fed-  
22       eral agency is authorized to detail, without reim-  
23       bursement, any of the personnel of such agency to  
24       the Commission to assist the Commission in car-  
25       rying out its duties. Any such detail shall not inter-

1       rupt or otherwise affect the civil service status or  
2       privileges of the Federal employee.

3           (4) TECHNICAL ASSISTANCE.—Upon the re-  
4       quest of the Commission, the head of a Federal  
5       agency shall provide such technical assistance to the  
6       Commission as the Commission determines to be  
7       necessary to carry out its duties.

8           (5) USE OF MAILS.—The Commission may use  
9       the United States mails in the same manner and  
10      under the same conditions as Federal agencies and  
11      shall, for purposes of the frank, be considered a  
12      commission of Congress as described in section 3215  
13      of title 39, United States Code.

14          (6) OBTAINING INFORMATION.—The Commis-  
15      sion may secure directly from any Federal agency  
16      information necessary to enable it to carry out its  
17      duties, if the information may be disclosed under  
18      section 552 of title 5, United States Code. Upon re-  
19      quest of the Chairman of the Commission, the head  
20      of such agency shall furnish such information to the  
21      Commission.

22          (7) ADMINISTRATIVE SUPPORT SERVICES.—  
23      Upon the request of the Commission, the Adminis-  
24      trator of General Services shall provide to the Com-

1 mission on a reimbursable basis such administrative  
2 support services as the Commission may request.

3 (8) PRINTING.—For purposes of costs relating  
4 to printing and binding, including the cost of per-  
5 sonnel detailed from the Government Printing Of-  
6 fice, the Commission shall be deemed to be a com-  
7 mittee of the Congress.

8 (f) REPORT.—Not later than 1 year after the date  
9 of the enactment of this Act, the Commission shall submit  
10 to Congress a report containing—

11 (1) the Commission’s findings; and

12 (2) recommendations for resolving any economic  
13 and other disincentives found by the Commission  
14 caused by the marginal tax rates to which the work-  
15 ing poor are subject.

16 (g) TERMINATION.—The Commission shall terminate  
17 30 days after the date of submission of the report required  
18 in subsection (f). Section 14(a)(2)(B) of the Federal Advi-  
19 sory Committee Act shall not apply to the Commission.

20 (h) LIMITATIONS ON AUTHORIZATION OF APPRO-  
21 PRIATIONS.—There are authorized to be appropriated not  
22 more than \$900,000 to carry out this section.

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