

Calendar No. 44

107TH CONGRESS
1ST SESSION

H. R. 1836

IN THE SENATE OF THE UNITED STATES

MAY 16 (legislative day, MAY 15), 2001

Received; read twice and placed on the calendar

AN ACT

To provide for reconciliation pursuant to section 104 of
the concurrent resolution on the budget for fiscal year 2002.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE; ETC.**

2 (a) **SHORT TITLE.**—This Act may be cited as the
3 “Economic Growth and Tax Relief Reconciliation Act of
4 2001”.

5 (b) **AMENDMENT OF 1986 CODE.**—Except as other-
6 wise expressly provided, whenever in this Act an amend-
7 ment or repeal is expressed in terms of an amendment
8 to, or repeal of, a section or other provision, the reference
9 shall be considered to be made to a section or other provi-
10 sion of the Internal Revenue Code of 1986.

11 (c) **SECTION 15 NOT TO APPLY.**—No amendment
12 made by section 2 shall be treated as a change in a rate
13 of tax for purposes of section 15 of the Internal Revenue
14 Code of 1986.

15 **SEC. 2. REDUCTION IN INCOME TAX RATES FOR INDIVID-**
16 **UALS.**

17 (a) **IN GENERAL.**—Section 1 is amended by adding
18 at the end the following new subsection:

19 “(i) **RATE REDUCTIONS AFTER 2000.**—

20 “(1) **NEW LOWEST RATE BRACKET.**—

21 “(A) **IN GENERAL.**—In the case of taxable
22 years beginning after December 31, 2000—

23 “(i) the rate of tax under subsections
24 (a), (b), (c), and (d) on taxable income not
25 over the initial bracket amount shall be 12

1 percent (as modified by paragraph (2)),
2 and

3 “(ii) the 15 percent rate of tax shall
4 apply only to taxable income over the ini-
5 tial bracket amount.

6 “(B) INITIAL BRACKET AMOUNT.—For
7 purposes of this subsection, the initial bracket
8 amount is—

9 “(i) \$12,000 in the case of subsection
10 (a),

11 “(ii) \$10,000 in the case of subsection
12 (b), and

13 “(iii) $\frac{1}{2}$ the amount applicable under
14 clause (i) in the case of subsections (c) and
15 (d).

16 “(C) INFLATION ADJUSTMENT.—In pre-
17 scribing the tables under subsection (f) which
18 apply with respect to taxable years beginning in
19 calendar years after 2001—

20 “(i) the Secretary shall make no ad-
21 justment to the initial bracket amount for
22 any taxable year beginning before January
23 1, 2007,

24 “(ii) the cost-of-living adjustment
25 used in making adjustments to the initial

1 bracket amount for any taxable year begin-
 2 ning after December 31, 2006, shall be de-
 3 termined under subsection (f)(3) by sub-
 4 stituting ‘2005’ for ‘1992’ in subparagraph
 5 (B) thereof, and

6 “(iii) such adjustment shall not apply
 7 to the amount referred to in subparagraph
 8 (B)(iii).

9 If any amount after adjustment under the pre-
 10 ceeding sentence is not a multiple of \$50, such
 11 amount shall be rounded to the next lowest
 12 multiple of \$50.

13 “(2) REDUCTIONS IN RATES AFTER 2001.—In
 14 the case of taxable years beginning in a calendar
 15 year after 2001, the corresponding percentage speci-
 16 fied for such calendar year in the following table
 17 shall be substituted for the otherwise applicable tax
 18 rate in the tables under subsections (a), (b), (c), (d),
 19 and, to the extent applicable, (e).

“In the case of taxable years beginning during calendar year:	The corresponding percentages shall be substituted for the following percentages:				
	12%	28%	31%	36%	39.6%
2002	12%	27%	30%	35%	38%
2003	11%	27%	29%	35%	37%
2004	11%	26%	28%	34%	36%
2005	11%	26%	27%	34%	35%
2006 and thereafter	10%	25%	25%	33%	33%

1 “(3) ADJUSTMENT OF TABLES.—The Secretary
2 shall adjust the tables prescribed under subsection
3 (f) to carry out this subsection.”.

4 (b) REPEAL OF REDUCTION OF REFUNDABLE TAX
5 CREDITS.—

6 (1) Subsection (d) of section 24 is amended by
7 striking paragraph (2) and redesignating paragraph
8 (3) as paragraph (2).

9 (2) Section 32 is amended by striking sub-
10 section (h).

11 (c) CONFORMING AMENDMENTS.—

12 (1) Subparagraph (B) of section 1(g)(7) is
13 amended—

14 (A) by striking “15 percent” in clause
15 (ii)(II) and inserting “the first bracket percent-
16 age”; and

17 (B) by adding at the end the following
18 flush sentence:

19 “For purposes of clause (ii), the first bracket
20 percentage is the percentage applicable to the
21 lowest income bracket in the table under sub-
22 section (c).”.

23 (2) Section 1(h) is amended—

1 (A) by striking “28 percent” both places it
2 appears in paragraphs (1)(A)(ii)(I) and
3 (1)(B)(i) and inserting “25 percent”; and

4 (B) by striking paragraph (13).

5 (3) Section 15 is amended by adding at the end
6 the following new subsection:

7 “(f) RATE REDUCTIONS ENACTED BY ECONOMIC
8 GROWTH AND TAX RELIEF RECONCILIATION ACT OF
9 2001.—This section shall not apply to any change in rates
10 under subsection (i) of section 1 (relating to rate reduc-
11 tions after 2000).”.

12 (4) Section 531 is amended by striking “equal
13 to” and all that follows and inserting “equal to the
14 product of the highest rate of tax under section 1(c)
15 and the accumulated taxable income.”.

16 (5) Section 541 is amended by striking “equal
17 to” and all that follows and inserting “equal to the
18 product of the highest rate of tax under section 1(c)
19 and the undistributed personal holding company in-
20 come.”.

21 (6) Section 3402(p)(1)(B) is amended by strik-
22 ing “7, 15, 28, or 31 percent” and inserting “7 per-
23 cent, any percentage applicable to any of the 3 low-
24 est income brackets in the table under section
25 1(c),”.

1 (7) Section 3402(p)(2) is amended by striking
2 “equal to 15 percent of such payment” and inserting
3 “equal to the product of the lowest rate of tax under
4 section 1(c) and such payment”.

5 (8) Section 3402(q)(1) is amended by striking
6 “equal to 28 percent of such payment” and inserting
7 “equal to the product of the third to the lowest rate
8 of tax under section 1(c) and such payment”.

9 (9) Section 3402(r)(3) is amended by striking
10 “31 percent” and inserting “the third to the lowest
11 rate of tax under section 1(c)”.

12 (10) Section 3406(a)(1) is amended by striking
13 “equal to 31 percent of such payment” and inserting
14 “equal to the product of the third to the lowest rate
15 of tax under section 1(c) and such payment”.

16 (11) Section 13273 of the Revenue Reconcili-
17 ation Act of 1993 is amended by striking “28 per-
18 cent” and inserting “the third to the lowest rate of
19 tax under section 1(c) of the Internal Revenue Code
20 of 1986”.

21 (d) EFFECTIVE DATES.—

22 (1) IN GENERAL.—Except as provided in para-
23 graph (2), the amendments made by this section
24 shall apply to taxable years beginning after Decem-
25 ber 31, 2000.

1 (2) AMENDMENTS TO WITHHOLDING PROVI-
2 SIONS.—The amendments made by paragraphs (6),
3 (7), (8), (9), (10), and (11) of subsection (c) shall
4 apply to amounts paid after the 60th day after the
5 date of the enactment of this Act.

6 **SEC. 3. PROTECTION OF SOCIAL SECURITY AND MEDICARE.**

7 The amounts transferred to any trust fund under the
8 Social Security Act shall be determined as if this Act had
9 not been enacted.

 Passed the House of Representatives May 16, 2001.

Attest:

 JEFF TRANDAHL,

Clerk.

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