

107TH CONGRESS
1ST SESSION

H. R. 456

To amend the Internal Revenue Code of 1986 to eliminate the marriage penalty in the income tax rates and standard deduction and to reduce individual income tax rates.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 6, 2001

Mr. SAM JOHNSON of Texas introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to eliminate the marriage penalty in the income tax rates and standard deduction and to reduce individual income tax rates.

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 (a) SHORT TITLE.—This Act may be cited as the
5 “Tax Relief and Marriage Penalty Elimination Act of
6 2001”.

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

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

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

8 **TITLE I—ELIMINATION OF** 9 **MARRIAGE PENALTY**

10 **SEC. 101. ELIMINATION OF MARRIAGE PENALTY IN INDI-** 11 **VIDUAL INCOME TAX RATES.**

12 (a) GENERAL RULE.—Section 1 (relating to tax im-
 13 posed) is amended by striking subsections (a) through (e)
 14 and inserting the following:

15 “(a) MARRIED INDIVIDUALS FILING JOINT RETURNS
 16 AND SURVIVING SPOUSES.—There is hereby imposed on
 17 the taxable income of—

18 “(1) every married individual (as defined in sec-
 19 tion 7703) who makes a single return jointly with
 20 his spouse under section 6013, and

21 “(2) every surviving spouse (as defined in sec-
 22 tion 2(a)),

23 a tax determined in accordance with the following table:

“If taxable income is:	The tax is:
Not over \$54,100	15% of taxable income.
Over \$54,100 but not over \$131,100.	\$8,115, plus 28% of the excess over \$54,100.

“If taxable income is:

Over \$131,100 but not over
\$273,500.
Over \$273,500 but not over
\$594,700.
Over \$594,700.....

The tax is:

\$29,675, plus 31% of the excess over
\$131,100.
\$73,819, plus 36% of the excess over
\$273,500.
\$189,451, plus 39.6% of the excess
over \$594,700.

1 “(b) HEADS OF HOUSEHOLDS.—There is hereby im-
2 posed on the taxable income of every head of a household
3 (as defined in section 2(b)) a tax determined in accordance
4 with the following table:

“If taxable income is:

Not over \$43,280
Over \$43,280 but not over
\$104,880.
Over \$104,880 but not over
\$218,800.
Over \$218,800 but not over
\$475,760.
Over \$475,760

The tax is:

15% of taxable income.
\$6,492, plus 28% of the excess over
\$43,280.
\$23,740, plus 31% of the excess over
\$104,880.
\$59,055.20, plus 36% of the excess
over \$218,800
\$151,560.80, plus 39.6% of the ex-
cess over \$475,760

5 “(c) OTHER INDIVIDUALS.—There is hereby imposed
6 on the taxable income of every individual (other than an
7 individual to whom subsection (a) or (b) applies) a tax
8 determined in accordance with the following table:

“If taxable income is:

Not over \$27,050
Over \$27,050 but not over
\$65,550.
Over \$65,550 but not over
\$136,750.
Over \$136,750 but not over
\$297,350.
Over \$297,350

The tax is:

15% of taxable income.
\$4,057.50, plus 28% of the excess
over \$27,050.
\$14,837.50, plus 31% of the excess
over \$65,550.
\$36,909.50, plus 36% of the excess
over \$136,750.
\$94,725.50, plus 39.6% of the excess
over \$297,350.

9 “(d) ESTATES AND TRUSTS.—There is hereby im-
10 posed on the taxable income of—
11 “(1) every estate, and
12 “(2) every trust,

1 taxable under this subsection a tax determined in accord-
 2 ance with the following table:

“If taxable income is:	The tax is:
Not over \$1,800	15% of taxable income.
Over \$1,800 but not over \$4,250 ..	\$270, plus 28% of the excess over \$1,800.
Over \$4,250 but not over \$6,500 ..	\$956, plus 31% of the excess over \$4,250.
Over \$6,500 but not over \$8,900 ..	\$1,653.50, plus 36% of the excess over \$6,500.
Over \$8,900	\$2,517.50, plus 39.6% of the excess over \$8,900.”.

3 (b) INFLATION ADJUSTMENT TO APPLY IN DETER-
 4 MINING RATES FOR 2002.—Subsection (f) of section 1 is
 5 amended—

6 (1) by striking “1993” in paragraph (1) and in-
 7 serting “2001”,

8 (2) by striking “1992” in paragraph (3)(B) and
 9 inserting “2000”, and

10 (3) by striking paragraph (7).

11 (c) CONFORMING AMENDMENTS.—

12 (1) The following provisions are each amended
 13 by striking “1992” and inserting “2000” each place
 14 it appears:

15 (A) Section 25A(h).

16 (B) Section 32(j)(1)(B).

17 (C) Section 41(e)(5)(C).

18 (D) Section 59(j)(2)(B).

19 (E) Section 63(e)(4)(B).

20 (F) Section 68(b)(2)(B).

- 1 (G) Section 132(f)(6)(A)(ii).
- 2 (H) Section 135(b)(2)(B)(ii).
- 3 (I) Section 151(d)(4).
- 4 (J) Section 220(g)(2).
- 5 (K) Section 221(g)(1)(B).
- 6 (L) Section 512(d)(2)(B).
- 7 (M) Section 513(h)(2)(C)(ii).
- 8 (N) Section 685(c)(3)(B).
- 9 (O) Section 877(a)(2).
- 10 (P) Section 911(b)(2)(D)(ii)(II).
- 11 (Q) Section 2032A(a)(3)(B).
- 12 (R) Section 2503(b)(2)(B).
- 13 (S) Section 2631(c)(1)(B).
- 14 (T) Section 4001(e)(1)(B).
- 15 (U) Section 4261(e)(4)(A)(ii).
- 16 (V) Section 6039F(d).
- 17 (W) Section 6323(i)(4)(B).
- 18 (X) Section 6334(g)(1)(B).
- 19 (Y) Section 6601(j)(3)(B).
- 20 (Z) Section 7430(c)(1).

21 (2) Subclause (II) of section 42(h)(6)(G)(i) is
 22 amended by striking “1987” and inserting “2000”.

23 (3) Sections 468B(b)(1), 511(b)(1), 641(a),
 24 641(d)(2)(A), and 685(d) are each amended by

1 striking “section 1(e)” each place it appears and in-
 2 serting “section 1(d)”.

3 (4) Sections 1(f)(2) and 904(b)(3)(E)(ii) are
 4 each amended by striking “(d), or (e)” and inserting
 5 “or (d)”.

6 (5) Paragraph (1) of section 1(f) is amended by
 7 striking “(d), and (e)” and inserting “and (d)”.

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

11 **SEC. 102. ELIMINATION OF MARRIAGE PENALTY IN STAND-**
 12 **ARD DEDUCTION.**

13 (a) IN GENERAL.—Paragraph (2) of section 63(c)
 14 (relating to standard deduction) is amended to read as fol-
 15 lows:

16 “(2) BASIC STANDARD DEDUCTION.—For pur-
 17 poses of paragraph (1), the basic standard deduction
 18 is—

19 “(A) twice the dollar amount in effect
 20 under subparagraph (C) for the taxable year in
 21 the case of—

22 “(i) a joint return, or

23 “(ii) a surviving spouse (as defined in
 24 section 2(a)),

1 “(B) \$6,650 in the case of a head of
2 household (as defined in section 2(b)), or

3 “(C) \$4,550 in any other case.”

4 (b) TECHNICAL AMENDMENTS.—

5 (1) Paragraph (4) of section 63(c) is amended
6 to read as follows:

7 “(4) ADJUSTMENTS FOR INFLATION.—In the
8 case of any taxable year beginning in a calendar
9 year after 2001, each dollar amount contained in
10 paragraph (2) or (5) or subsection (f) shall be in-
11 creased by an amount equal to—

12 “(A) such dollar amount, multiplied by

13 “(B) the cost-of-living adjustment deter-
14 mined under section 1(f)(3) for the calendar
15 year in which the taxable year begins.”

16 (2) Subparagraph (A) of section 63(c)(5) is
17 amended by striking “\$500” and inserting “\$750”.

18 (3) Subsection (f) of section 63 is amended by
19 striking “\$600” each place it appears and inserting
20 “\$900” and by striking “\$750” in paragraph (3)
21 and inserting “\$1,100”.

22 (4) Subparagraph (B) of section 1(f)(6) is
23 amended by striking “(other than with” and all that
24 follows through “shall be applied” and inserting

1 “(other than with respect to sections 63(c)(4) and
2 151(d)(4)(A)) shall be applied”.

3 (5) Paragraph (4) of section 63(c) is amended
4 by adding at the end the following flush sentence:

5 “The preceding sentence shall not apply to the
6 amount referred to in paragraph (2)(A).”.

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

10 **TITLE II—INDIVIDUAL INCOME** 11 **TAX RATE REDUCTIONS**

12 **SEC. 201. INDIVIDUAL INCOME TAX RATE REDUCTIONS.**

13 (a) RATES AFTER 2004.—Section 1 (relating to tax
14 imposed) is amended by striking subsections (a) through
15 (d) and inserting the following:

16 “(a) MARRIED INDIVIDUALS FILING JOINT RETURNS
17 AND SURVIVING SPOUSES.—There is hereby imposed on
18 the taxable income of—

19 “(1) every married individual (as defined in sec-
20 tion 7703) who makes a single return jointly with
21 his spouse under section 6013, and

22 “(2) every surviving spouse (as defined in sec-
23 tion 2(a)),

24 a tax determined in accordance with the following table:

“If taxable income is:	The tax is:
Not over \$12,600	10% of taxable income.

“If taxable income is:

Over \$12,600 but not over
\$54,100.

Over \$54,100 but not over
\$273,500.

Over \$273,500

The tax is:

\$1,260, plus 15% of the excess over
\$12,600.

\$7,485, plus 25% of the excess over
\$54,100.

\$62,335, plus 33% of the excess over
\$273,500.

1 “(b) HEADS OF HOUSEHOLDS.—There is hereby im-
2 posed on the taxable income of every head of a household
3 (as defined in section 2(b)) a tax determined in accordance
4 with the following table:

“If taxable income is:

Not over \$10,800

Over \$10,800 but not over
\$43,280.

Over \$43,280 but not over
\$218,800.

Over \$218,800

The tax is:

10% of taxable income.

\$1,080, plus 15% of the excess over
\$10,800

\$5,952, plus 25% of the excess over
\$43,280

\$49,832, plus 33% of the excess over
\$218,800

5 “(c) OTHER INDIVIDUALS.—There is hereby imposed
6 on the taxable income of every individual (other than an
7 individual to whom subsection (a) or (b) applies) a tax
8 determined in accordance with the following table:

“If taxable income is:

Not over \$6,300

Over \$6,300 but not over \$27,050

Over \$27,050 but not over
\$136,750.

Over \$136,750

The tax is:

10% of taxable income.

\$630, plus 15% of the excess over
\$6,300.

\$3,742.50, plus 25% of the excess
over \$27,050.

\$31,167.50, plus 33% of the excess
over \$136,750.

9 “(d) ESTATES AND TRUSTS.—There is hereby im-
10 posed on the taxable income of—
11 “(1) every estate, and
12 “(2) every trust,
13 taxable under this subsection a tax determined in accord-
14 ance with the following table:

“If taxable income is:

Not over \$1,800
 Over \$1,800 but not over \$6,500 ..
 Over \$6,500

The tax is:

15% of taxable income.
 \$270, plus 25% of the excess over
 \$1,800.
 \$1,445, plus 33% of the excess over
 \$6,500.”

1 (b) PHASEIN OF RATES.—Section 1 is amended by
 2 inserting after subsection (d) the following new subsection:

3 “(e) PHASEIN OF 2005 RATES.—

4 “(1) IN GENERAL.—In the case of any taxable
 5 year beginning after December 31, 2000, and before
 6 January 1, 2005, the tax determined under sub-
 7 section (a), (b), or (c) shall be the tax imposed by
 8 such subsection determined without regard to the
 9 amendments made by the Tax Relief and Marriage
 10 Penalty Elimination Act of 2001 reduced by—

11 “(A) 40 percent of the aggregate tax re-
 12 duction in the case of taxable years beginning
 13 during 2001 or 2002,

14 “(B) 60 percent of the aggregate tax re-
 15 duction in the case of taxable years beginning
 16 during 2003, and

17 “(C) 80 percent of the aggregate tax re-
 18 duction in the case of taxable years beginning
 19 during 2004.

20 The Secretary shall adjust the tables prescribed
 21 under subsection (f) to carry out the reductions
 22 under the preceding sentence.

1 “(2) AGGREGATE TAX REDUCTION.—For pur-
2 poses of paragraph (1), the aggregate tax reduction
3 for any taxable year shall be the amount equal to
4 the excess of—

5 “(A) the tax which would be determined
6 for such taxable year without regard to the Tax
7 Relief and Marriage Penalty Elimination Act of
8 2001, over

9 “(B) the tax which would be determined
10 for such taxable year without regard to this
11 subsection.”

12 (c) TECHNICAL AMENDMENTS.—

13 (1) Section 1(g)(7)(B)(ii)(II) is amended by
14 striking “15 percent” and inserting “10 percent”.

15 (2) Section 1(h) is amended—

16 (A) by striking “28 percent” both places it
17 appears in paragraphs (1)(A)(ii)(I) and
18 (1)(B)(i) and inserting “15 percent”, and

19 (B) by striking paragraph (13).

20 (3) Section 531 is amended by striking “39.6
21 percent” and inserting “33 percent”.

22 (4) Section 541 is amended by striking “39.6
23 percent” and inserting “33 percent”.

1 (5) Section 3402(p)(1)(B) is amended by strik-
2 ing “7, 15, 28, or 31 percent” and inserting “5, 10,
3 15, or 25 percent”.

4 (6) Section 3402(p)(2) is amended by striking
5 “15 percent” and inserting “10 percent”.

6 (7) Section 3402(q)(1) is amended by striking
7 “28 percent” and inserting “15 percent”.

8 (8) Section 3402(r)(3) is amended by striking
9 “31 percent” and inserting “25 percent”.

10 (9) Section 3406(a)(1) is amended by striking
11 “31 percent” and inserting “25 percent”.

12 (10) The Secretary of the Treasury may pre-
13 scribe percentages which shall apply in lieu of the
14 percentages specified in the amendments made by
15 this subsection in order to coordinate those percent-
16 ages with the percentages specified in the tables pre-
17 scribed under the last sentence of section 1(e)(1) of
18 the Internal Revenue Code of 1986, as added by this
19 section.

20 (d) EFFECTIVE DATES.—

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

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

○