

Union Calendar No. 20

107TH CONGRESS
1ST SESSION

H. R. 6

[Report No. 107-29]

To amend the Internal Revenue Code of 1986 to reduce the marriage penalty by providing for adjustments to the standard deduction, 15-percent rate bracket, and earned income credit and to allow the nonrefundable personal credits against regular and minimum tax liability.

IN THE HOUSE OF REPRESENTATIVES

MARCH 15, 2001

Mr. WELLER (for himself, Mr. BARCIA, Mrs. CAPITO, Mr. KERNS, Mr. ADERHOLT, Mr. AKIN, Mr. ARMEY, Mr. BAIRD, Mr. BAKER, Mr. BALLENGER, Mr. BARR of Georgia, Mr. BARTLETT of Maryland, Mr. BARTON of Texas, Mr. BASS, Mr. BACHUS, Mr. BEREUTER, Ms. BERKLEY, Mrs. BIGGERT, Mr. BILIRAKIS, Mr. BISHOP, Mr. BLUNT, Mr. BOEHNER, Mr. BOEHLERT, Mr. BONILLA, Mrs. BONO, Mr. BRADY of Texas, Mr. BROWN of South Carolina, Mr. BRYANT, Mr. BURR of North Carolina, Mr. BURTON of Indiana, Mr. BUYER, Mr. CALLAHAN, Mr. CALVERT, Mr. CAMP, Mr. CANNON, Mr. CANTOR, Mr. CHABOT, Mr. CHAMBLISS, Mr. COBLE, Mr. COLLINS, Mrs. CUBIN, Mr. COMBEST, Mr. COOKSEY, Mr. COX, Mr. CRANE, Mr. CRENSHAW, Mr. CULBERSON, Mr. CUNNINGHAM, Mrs. JO ANN DAVIS of Virginia, Mr. DEAL of Georgia, Mr. DEMINT, Mr. DIAZ-BALART, Mr. DREIER, Mr. DUNCAN, Ms. DUNN, Mr. EHLERS, Mr. ISAKSON, Mr. EHRLICH, Mr. ENGLISH, Mrs. EMERSON, Mr. EVERETT, Mr. FERGUSON, Mr. FLAKE, Mr. FLETCHER, Mr. FOLEY, Mr. FOSSELLA, Mr. FRELINGHUYSEN, Mr. GALLEGLY, Mr. GEKAS, Mr. GANSKE, Mr. GIBBONS, Mr. GILCHREST, Mr. GILMAN, Mr. GOODE, Mr. GOODLATTE, Mr. GORDON, Mr. GOSS, Mr. GRAHAM, Ms. GRANGER, Mr. GRAVES, Mr. GREEN of Wisconsin, Mr. GREENWOOD, Mr. GRUCCI, Mr. GUTKNECHT, Mr. HANSEN, Ms. HART, Mr. HASTINGS of Washington, Mr. HAYES, Mr. HAYWORTH, Mr. HEFLEY, Mr. HERGER, Mr. HILLEARY, Mr. HOBSON, Mr. HOEKSTRA, Mr. HOLT, Mr. HORN, Mr. HOSTETTLER, Mr. HOUGHTON, Mr. HULSHOF, Mr. HUNTER, Mr. HUTCHINSON, Mr. HYDE, Mr. ISSA, Mr. ISTOOK, Mr. JENKINS, Mrs. JOHNSON of Connecticut, Mr. SAM JOHNSON of Texas, Mr. JOHNSON of Illinois, Mr. JONES of North Carolina, Mr. KELLER, Mrs. KELLY, Mr.

KENNEDY of Minnesota, Mr. KNOLLENBERG, Mr. KING, Mr. KINGSTON, Mr. KIRK, Mr. KOLBE, Mr. LARGENT, Mr. LATHAM, Mr. LAHOOD, Mr. LATOURETTE, Mr. LEACH, Mr. LEWIS of Kentucky, Mr. LINDER, Mr. LIPINSKI, Mr. LOBIONDO, Mr. LUCAS of Oklahoma, Mr. MALONEY of Connecticut, Mr. MANZULLO, Mrs. MCCARTHY of New York, Mr. MCCRERY, Mr. LARSEN of Washington, Mr. MCHUGH, Mr. MCINNIS, Mr. MCINTYRE, Mr. MCKEON, Mr. MICA, Mr. MILLER of Florida, Mr. GARY MILLER of California, Mr. MORAN of Kansas, Mrs. MYRICK, Mr. NEY, Mr. NETHERCUTT, Mrs. NORTHUP, Mr. NORWOOD, Mr. NUSSLE, Mr. OSBORNE, Mr. OSE, Mr. OTTER, Mr. OXLEY, Mr. PAUL, Mr. PENCE, Mr. PETERSON of Pennsylvania, Mr. PETRI, Mr. PICKERING, Mr. PITTS, Mr. PLATTS, Mr. POMBO, Mr. PORTMAN, Ms. PRYCE of Ohio, Mr. PUTNAM, Mr. QUINN, Mr. RADANOVICH, Mr. RAMSTAD, Mr. REGULA, Mr. REHBERG, Mr. REYNOLDS, Mr. RILEY, Mrs. ROUKEMA, Mr. ROEMER, Mr. ROGERS of Kentucky, Mr. ROGERS of Michigan, Mr. ROHRBACHER, Mr. ROYCE, Mr. RYAN of Wisconsin, Mr. RYUN of Kansas, Mr. SCARBOROUGH, Mr. SANDLIN, Mr. SCHAFFER, Mr. SCHROCK, Mr. SENSENBRENNER, Mr. SESSIONS, Mr. SHADEGG, Mr. SHAW, Mr. SHAYS, Mr. SHERWOOD, Mr. SHIMKUS, Mr. SHOWS, Mr. SIMMONS, Mr. SKEEN, Mr. SMITH of New Jersey, Mr. SMITH of Texas, Mr. SIMPSON, Mr. SOUDER, Mr. SPENCE, Mr. STEARNS, Mr. STUMP, Mr. SUNUNU, Mr. SWEENEY, Mr. TAUZIN, Mr. TANCREDO, Mr. TAYLOR of North Carolina, Mr. TERRY, Mr. THUNE, Mr. TIAHRT, Mr. TIBERI, Mr. TOOMEY, Mr. UPTON, Mr. VITTER, Mr. WAMP, Mr. WALDEN of Oregon, Mr. WATKINS, Mr. WATTS of Oklahoma, Mr. WELDON of Florida, Mr. WHITFIELD, Mr. WICKER, Mrs. WILSON, Mr. WOLF, Mr. YOUNG of Florida, Mr. YOUNG of Alaska, Mr. WALSH, Mr. THORNBERRY, and Mr. CONDIT) introduced the following bill; which was referred to the Committee on Ways and Means

MARCH 27, 2001

Additional sponsors: Mrs. TAUSCHER, Mr. SAXTON, Mr. TOM DAVIS of Virginia, Mr. THOMAS, and Mr. HASTERT

MARCH 27, 2001

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italic*]

[For text of introduced bill, see copy of bill as introduced on March 15, 2001]

A BILL

To amend the Internal Revenue Code of 1986 to reduce the marriage penalty by providing for adjustments to the standard deduction, 15-percent rate bracket, and

earned income credit and to allow the nonrefundable personal credits against regular and minimum tax liability.

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, ETC.**

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

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

10 **SEC. 2. ELIMINATION OF MARRIAGE PENALTY IN STAND-**
11 **ARD DEDUCTION.**

12 (a) *IN GENERAL.*—*Paragraph (2) of section 63(c) of*
13 *the Internal Revenue Code of 1986 (relating to standard*
14 *deduction) is amended—*

15 (1) *by striking “\$5,000” in subparagraph (A)*
16 *and inserting “200 percent of the dollar amount in*
17 *effect under subparagraph (C) for the taxable year”;*

18 (2) *by adding “or” at the end of subparagraph*
19 *(B);*

20 (3) *by striking “in the case of” and all that fol-*
21 *lows in subparagraph (C) and inserting “in any*
22 *other case.”; and*

23 (4) *by striking subparagraph (D).*

1 (b) *TECHNICAL AMENDMENTS.*—

2 (1) *Subparagraph (B) of section 1(f)(6) of such*
 3 *Code is amended by striking “(other than with” and*
 4 *all that follows through “shall be applied” and insert-*
 5 *ing “(other than with respect to sections 63(c)(4) and*
 6 *151(d)(4)(A)) shall be applied”.*

7 (2) *Paragraph (4) of section 63(c) of such Code*
 8 *is amended by adding at the end the following flush*
 9 *sentence:*

10 *“The preceding sentence shall not apply to the*
 11 *amount referred to in paragraph (2)(A).”.*

12 (c) *EFFECTIVE DATE.*—*The amendments made by this*
 13 *section shall apply to taxable years beginning after Decem-*
 14 *ber 31, 2001.*

15 **SEC. 3. PHASEOUT OF MARRIAGE PENALTY IN 15-PERCENT**
 16 **BRACKET.**

17 (a) *IN GENERAL.*—*Subsection (f) of section 1 of the*
 18 *Internal Revenue Code of 1986 (relating to adjustments in*
 19 *tax tables so that inflation will not result in tax increases)*
 20 *is amended by adding at the end the following new para-*
 21 *graph:*

22 “(8) *PHASEOUT OF MARRIAGE PENALTY IN 15-*
 23 *PERCENT BRACKET.*—

1 “(A) *IN GENERAL.*—With respect to taxable
 2 years beginning after December 31, 2003, in pre-
 3 scribing the tables under paragraph (1)—

4 “(i) *the maximum taxable income in*
 5 *the lowest rate bracket in the table con-*
 6 *tained in subsection (a) (and the minimum*
 7 *taxable income in the next higher taxable*
 8 *income bracket in such table) shall be the*
 9 *applicable percentage of the maximum tax-*
 10 *able income in the lowest rate bracket in the*
 11 *table contained in subsection (c) (after any*
 12 *other adjustment under this subsection),*
 13 *and*

14 “(ii) *the comparable taxable income*
 15 *amounts in the table contained in sub-*
 16 *section (d) shall be 1/2 of the amounts deter-*
 17 *mined under clause (i).*

18 “(B) *APPLICABLE PERCENTAGE.*—For pur-
 19 poses of subparagraph (A), the applicable per-
 20 centage shall be determined in accordance with
 21 the following table:

“For taxable years beginning in calendar year—	The applicable percentage is—
2004	172
2005	178
2006	183
2007	189
2008	195
2009 and thereafter	200.

1 “(C) *ROUNDING.*—If any amount deter-
2 mined under subparagraph (A)(i) is not a mul-
3 tiple of \$50, such amount shall be rounded to the
4 next lowest multiple of \$50.”

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

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

10 (2) *Section 32 of such Code is amended by strik-*
11 *ing subsection (h).*

12 (c) *INCREASE IN ALTERNATIVE MINIMUM TAX EXEMP-*
13 *TION AMOUNT FOR JOINT RETURNS.*—

14 (1) *IN GENERAL.*—*Subsection (d) of section 55 of*
15 *such Code is amended by adding at the end the fol-*
16 *lowing new paragraph:*

17 “(4) *ADJUSTMENT OF EXEMPTION AMOUNT FOR*
18 *JOINT RETURNS.*—

19 “(A) *IN GENERAL.*—*The dollar amount ap-*
20 *licable under paragraph (1)(A) for 2008 and*
21 *each even-numbered calendar year thereafter—*

22 “(i) *shall be \$500 greater than the dol-*
23 *lar amount applicable under paragraph*
24 *(1)(A) for the prior even-numbered calendar*
25 *year, and*

1 “(i) shall apply to taxable years be-
2 ginning in such even-numbered calendar
3 year and in the succeeding calendar year.

4 *In no event shall the dollar amount applicable*
5 *under paragraph (1)(A) exceed twice the dollar*
6 *amount applicable under paragraph (1)(B).*

7 “(B) EXEMPTION AMOUNTS FOR 2005, 2006,
8 AND 2007.—The dollar amount applicable under
9 paragraph (1)(A) shall be—

10 “(i) \$46,000 for taxable years begin-
11 ning in 2005, and

12 “(ii) \$46,500 for taxable years begin-
13 ning in 2006 or 2007.”

14 (2) CONFORMING AMENDMENTS.—

15 (A) Paragraph (1) of section 55(d) of such
16 Code is amended by striking “and” at the end of
17 subparagraph (B), by striking subparagraph (C),
18 and by inserting after subparagraph (B) the fol-
19 lowing new subparagraphs:

20 “(C) 50 percent of the dollar amount appli-
21 cable under paragraph (1)(A) in the case of a
22 married individual who files a separate return,
23 and

24 “(D) \$22,500 in the case of an estate or
25 trust.”

1 (B) Subparagraph (C) of section 55(d)(3) of
2 such Code is amended by striking “paragraph
3 (1)(C)” and inserting “subparagraph (C) or (D)
4 of paragraph (1)”.

5 (C) The last sentence of section 55(d)(3) of
6 such Code is amended—

7 (i) by striking “paragraph (1)(C)(i)”
8 and inserting “paragraph (1)(C)”, and

9 (ii) by striking “\$165,000 or (ii)
10 \$22,500” and inserting “the minimum
11 amount of such income (as so determined)
12 for which the exemption amount under
13 paragraph (1)(C) is zero, or (ii) such ex-
14 emption amount (determined without re-
15 gard to this paragraph)”.

16 (d) TECHNICAL AMENDMENTS.—

17 (1) Subparagraph (A) of section 1(f)(2) of such
18 Code is amended by inserting “except as provided in
19 paragraph (8),” before “by increasing”.

20 (2) The heading for subsection (f) of section 1 of
21 such Code is amended by inserting “PHASEOUT OF
22 MARRIAGE PENALTY IN 15-PERCENT BRACKET;” be-
23 fore “ADJUSTMENTS”.

24 (e) EFFECTIVE DATES.—

1 (1) *IN GENERAL.*—*Except as otherwise provided*
 2 *in this subsection, the amendments made by this sec-*
 3 *tion shall apply to taxable years beginning after De-*
 4 *cember 31, 2003.*

5 (2) *SUBSECTION (b).*—*The amendments made by*
 6 *subsection (b) shall apply to taxable years beginning*
 7 *after December 31, 2001.*

8 (3) *SUBSECTION (c).*—*The amendments made by*
 9 *subsection (c) shall apply to taxable years beginning*
 10 *after December 31, 2004.*

11 **SEC. 4. MARRIAGE PENALTY RELIEF FOR EARNED INCOME**

12 **CREDIT; EARNED INCOME TO INCLUDE ONLY**

13 **AMOUNTS INCLUDIBLE IN GROSS INCOME.**

14 (a) *IN GENERAL.*—*Paragraph (2) of section 32(b) of*
 15 *the Internal Revenue Code of 1986 (relating to percentages*
 16 *and amounts) is amended—*

17 (1) *by striking “AMOUNTS.—The earned” and*
 18 *inserting “AMOUNTS.—*

19 *“(A) IN GENERAL.—Subject to subpara-*
 20 *graph (B), the earned”;* *and*

21 (2) *by adding at the end the following new sub-*
 22 *paragraph:*

23 *“(B) JOINT RETURNS.—In the case of a*
 24 *joint return, the earned income amount deter-*
 25 *mined under subparagraph (A) shall be 110 per-*

1 *cent of the otherwise applicable amount. If any*
2 *amount determined under the preceding sentence*
3 *is not a multiple of \$10, such amount shall be*
4 *rounded to the nearest multiple of \$10.”*

5 ***(b) EARNED INCOME TO INCLUDE ONLY AMOUNTS IN-***
6 ***CLUDIBLE IN GROSS INCOME.***—*Clause (i) of section*
7 ***32(c)(2)(A) of such Code (defining earned income) is***
8 ***amended by inserting “, but only if such amounts are in-***
9 ***cludible in gross income for the taxable year” after “other***
10 ***employee compensation”.***

11 ***(c) EFFECTIVE DATE.***—*The amendments made by this*
12 ***section shall apply to taxable years beginning after Decem-***
13 ***ber 31, 2001.***

14 **SEC. 5. MODIFICATIONS TO CHILD TAX CREDIT.**

15 ***(a) INCREASE IN PER CHILD AMOUNT.***—*Subsection*
16 ***(a) of section 24 of the Internal Revenue Code of 1986 (re-***
17 ***lating to child tax credit) is amended to read as follows:***

18 ***“(a) ALLOWANCE OF CREDIT.***—

19 ***(1) IN GENERAL.***—*There shall be allowed as a*
20 ***credit against the tax imposed by this chapter for the***
21 ***taxable year with respect to each qualifying child of***
22 ***the taxpayer an amount equal to the per child***
23 ***amount.***

1 “(2) *PER CHILD AMOUNT.*—For purposes of
2 *paragraph (1), the per child amount shall be deter-*
3 *mined as follows:*

**“In the case of any taxable The per child amount is—
 year beginning in—**

2001 and 2002	\$ 600
2003	700
2004	800
2005	900
2006 or thereafter	1,000.”

4 (b) *CREDIT ALLOWED AGAINST ALTERNATIVE MIN-*
5 *IMUM TAX.*—

6 (1) *IN GENERAL.*—Subsection (b) of section 24 of
7 *such Code is amended by adding at the end the fol-*
8 *lowing new paragraph:*

9 (2) *CONFORMING AMENDMENTS.*—

10 (A) *The heading for section 24(b) of such*
11 *Code is amended to read as follows: “LIMITA-*
12 *TIONS.—”.*

13 (B) *The heading for section 24(b)(1) of such*
14 *Code is amended to read as follows: “LIMITATION*
15 *BASED ON ADJUSTED GROSS INCOME.—”.*

16 (C) *Section 24(d) of such Code is*
17 *amended—*

18 (i) *by striking “section 26(a)” each*
19 *place it appears and inserting “subsection*
20 *(b)(3),” and*

21 (ii) *in paragraph (1)(B) by striking*
22 *“aggregate amount of credits allowed by*

1 *this subpart” and inserting “amount of*
2 *credit allowed by this section”.*

3 *(D) Paragraph (1) of section 26(a) of such*
4 *Code is amended by inserting “(other than sec-*
5 *tion 24)” after “this subpart”.*

6 *(E) Subsection (c) of section 23 of such*
7 *Code is amended by striking “and section*
8 *1400C” and inserting “and sections 24 and*
9 *1400C”.*

10 *(F) Subparagraph (C) of section 25(e)(1) of*
11 *such Code is amended by inserting “, 24,” after*
12 *“sections 23”.*

13 *(G) Section 904(h) of such Code is amended*
14 *by inserting “(other than section 24)” after*
15 *“chapter”.*

16 *(H) Subsection (d) of section 1400C of such*
17 *Code is amended by inserting “and section 24”*
18 *after “this section”.*

19 *(c) ADDITIONAL CREDIT FOR FAMILIES WITH 3 OR*
20 *MORE CHILDREN AVAILABLE TO ALL FAMILIES.—Sub-*
21 *section (d) of section 24 of such Code is amended—*

22 *(1) in paragraph (1) by striking “In the case of*
23 *a taxpayer with three or more qualifying children for*
24 *any taxable year, the” and inserting “The”, and*

1 (2) *in the subsection heading by striking “WITH*
2 *3 OR MORE CHILDREN” and inserting “PAYING SO-*
3 *CIAL SECURITY TAXES”.*

4 *(d) EFFECTIVE DATE.—*

5 (1) *IN GENERAL.—Except as provided in para-*
6 *graph (2), the amendments made by this section shall*
7 *apply to taxable years beginning after December 31,*
8 *2000.*

9 (2) *SUBSECTION (b).—The amendments made by*
10 *subsection (b) shall apply to taxable years beginning*
11 *after December 31, 2001.*

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

13 *The amounts transferred to any trust fund under the*
14 *Social Security Act shall be determined as if this Act had*
15 *not been enacted.*

Amend the title so as to read: “A bill to amend the Internal Revenue Code of 1986 to reduce the marriage penalty by providing for adjustments to the standard deduction, the 15-percent rate bracket, and the earned income credit, to increase the child credit, and for other purposes.”.

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107TH CONGRESS
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[Report No. 107-29]

A BILL

To amend the Internal Revenue Code of 1986 to reduce the marriage penalty by providing for adjustments to the standard deduction, 15-percent rate bracket, and earned income credit and to allow the nonrefundable personal credits against regular and minimum tax liability.

MARCH 27, 2001

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed