

107TH CONGRESS
1ST SESSION

S. 1831

To provide alternative minimum tax relief with respect to incentive stock options exercised during 2000.

IN THE SENATE OF THE UNITED STATES

DECEMBER 14, 2001

Mr. GRASSLEY (for himself and Mr. KERRY) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To provide alternative minimum tax relief with respect to
incentive stock options exercised during 2000.

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. ALTERNATIVE MINIMUM TAX RELIEF WITH RE-**
4 **SPECT TO INCENTIVE STOCK OPTIONS EXER-**
5 **CISED DURING 2000.**

6 (a) IN GENERAL.—In the case of an incentive stock
7 option (as defined in section 422 of the Internal Revenue
8 Code of 1986) exercised during calendar year 2000, the
9 amount taken into account under section 56(b)(3) of such
10 Code by reason of such exercise shall not exceed the

1 amount that would have been taken into account if, on
 2 the date of such exercise, the fair market value of the
 3 stock acquired pursuant to such option had been its fair
 4 market value as of April 15, 2001 (or, if such stock is
 5 sold or exchanged on or before such date, the amount real-
 6 ized on such sale or exchange).

7 (b) LIMITATION.—

8 (1) IN GENERAL.—If the adjusted gross income
 9 of a taxpayer for the taxable year in which an exer-
 10 cise described in paragraph (1) occurs exceeds the
 11 threshold amount, the amount otherwise not taken
 12 into account under paragraph (1) shall be reduced
 13 by the amount which bears the same ratio to such
 14 amount as the taxpayer's adjusted gross income in
 15 excess of the threshold amount bears to the phase-
 16 out amount.

17 (2) THRESHOLD AMOUNT.—For purposes of
 18 this subsection, the threshold amount is equal to—

19 (A) \$106,000 in the case of a taxpayer de-
 20 scribed in section 1(a) of such Code,

21 (B) \$84,270 in the case of a taxpayer de-
 22 scribed in section 1(b) of such Code, and

23 (C) \$53,000 in the case of a taxpayer de-
 24 scribed in section 1(c) or 1(d) of such Code.

1 (3) PHASEOUT AMOUNT.—For purposes of this
2 subsection, the phaseout amount is equal to—

3 (A) \$230,000 in the case of a taxpayer de-
4 scribed in section 1(a) of such Code,

5 (B) \$172,500 in the case of a taxpayer de-
6 scribed in section 1(b) of such Code, and

7 (C) \$115,000 in the case of a taxpayer de-
8 scribed in section 1(c) or 1(d) of such Code.

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