

107TH CONGRESS  
1ST SESSION

# S. 268

To amend the Internal Revenue Code of 1986 to allow nonrefundable personal credits, the standard deduction, and personal exemptions in computing alternative minimum tax liability, to increase the amount of the individual exemption from such tax, and for other purposes.

---

## IN THE SENATE OF THE UNITED STATES

FEBRUARY 6, 2001

Mrs. LINCOLN (for herself, Mr. LUGAR, Mr. BREAUX, Mr. KYL, Ms. LANDRIEU, Mr. COCHRAN, and Mr. BAYH) introduced the following bill; which was read twice and referred to the Committee on Finance

---

## A BILL

To amend the Internal Revenue Code of 1986 to allow non-refundable personal credits, the standard deduction, and personal exemptions in computing alternative minimum tax liability, to increase the amount of the individual exemption from such tax, and for other purposes.

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. NONREFUNDABLE PERSONAL CREDITS, STAND-**  
 2 **ARD DEDUCTION, AND PERSONAL EXEMP-**  
 3 **TIONS ALLOWED IN DETERMINING ALTER-**  
 4 **NATIVE MINIMUM TAX LIABILITY.**

5 (a) ALLOWANCE OF NONREFUNDABLE PERSONAL  
 6 CREDITS.—Subsection (a) of section 26 of the Internal  
 7 Revenue Code of 1986 (relating to limitation based on tax  
 8 liability; definition of tax liability) is amended to read as  
 9 follows:

10 “(a) LIMITATION BASED ON AMOUNT OF TAX.—The  
 11 aggregate amount of credits allowed by this subpart for  
 12 the taxable year shall not exceed the sum of—

13 “(1) the taxpayer’s regular tax liability for the  
 14 taxable year reduced by the foreign tax credit allow-  
 15 able under section 27(a), and

16 “(2) the tax imposed for the taxable year by  
 17 section 55(a).”

18 (b) ALLOWANCE OF STANDARD DEDUCTION AND DE-  
 19 DUCTION FOR PERSONAL EXEMPTION.—Paragraph (1) of  
 20 section 56(b) of such Code is amended by striking sub-  
 21 paragraph (E) and by redesignating subparagraph (F) as  
 22 subparagraph (E).

23 (c) CONFORMING AMENDMENTS.—

24 (1) Subsection (d) of section 24 of such Code  
 25 is amended by striking paragraph (2) and by redesi-  
 26 gnating paragraph (3) as paragraph (2).

1           (2) Section 32 of such Code is amended by  
2 striking subsection (h).

3           (3) Section 904 of such Code is amended by  
4 striking subsection (h) and by redesignating sub-  
5 sections (i), (j), and (k) as subsections (h), (i), and  
6 (j), respectively.

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

10 **SEC. 2. INCREASE IN INDIVIDUAL EXEMPTION AMOUNT**  
11 **FROM ALTERNATIVE MINIMUM TAX.**

12           (a) IN GENERAL.—Section 55(d) of the Internal Rev-  
13 enue Code of 1986 (relating to exemption amount) is  
14 amended—

15           (1) in paragraph (1)—

16                   (A) by striking “\$45,000” in subparagraph

17                   (A) and inserting “\$50,000”,

18                   (B) by striking “\$33,750” in subpara-  
19 graph (B) and inserting “\$37,500”, and

20                   (C) by striking “\$22,500” in subparagraph

21                   (C) and inserting “\$25,000”, and

22           (2) by adding at the end the following:

23                   “(4) ADJUSTMENT FOR INFLATION.—

24                           “(A) IN GENERAL.—In the case of any  
25 taxable year beginning in a calendar year after

1           2001, each dollar amount contained in para-  
2           graph (1) shall be increased by an amount  
3           equal to—

4                   “(i) such dollar amount, multiplied by

5                   “(ii) the cost-of-living adjustment de-  
6           termined under section 1(f)(3) for the cal-  
7           endar year in which the taxable year be-  
8           gins by substituting ‘calendar year 2000’  
9           for ‘calendar year 1992’ in subparagraph  
10          (B) thereof.

11                   “(B) ROUNDING.—If any increase deter-  
12          mined under subparagraph (A) is not a multiple  
13          of \$50, such increase shall be rounded to the  
14          next lowest multiple of \$50.”

15          (b) CONFORMING AMENDMENT.—The last sentence  
16          of section 55(d)(3) of such Code is amended to read as  
17          follows: “In the case of a taxpayer described in paragraph  
18          (1)(C)(i), alternative minimum taxable income shall be in-  
19          creased by the lesser of (i) 25 percent of the excess of  
20          such income (determined without regard to this sentence)  
21          over the minimum amount of such income (as so deter-  
22          mined) for which the exemption amount under paragraph  
23          (1)(C) is zero, or (ii) such exemption amount (determined  
24          without regard to this paragraph).”

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

○