

109<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 5601

To amend the Internal Revenue Code of 1986 to strengthen the earned  
income tax credit.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 13, 2006

Mr. PASCRELL (for himself, Mr. DOYLE, Mr. CLEAVER, Ms. NORTON, Mr.  
PAYNE, and Mr. WYNN) introduced the following bill; which was referred  
to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to strengthen  
the earned income tax credit.

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       This Act may be cited as the “Strengthen the Earned  
5       Income Tax Credit Act of 2006”.

6       **SEC. 2. STRENGTHEN THE EARNED INCOME TAX CREDIT.**

7       (a) **REDUCTION IN MARRIAGE PENALTY.**—

8               (1) **IN GENERAL.**—Section 32(b)(2)(B) of the  
9       Internal Revenue Code of 1986 (relating to joint re-

1 turns) is amended by striking clauses (ii) and (iii)  
2 and inserting the following new clauses:

3 “(ii) \$2,000 in the case of taxable  
4 years beginning in 2005,

5 “(iii) \$3,000 in the case of taxable  
6 years beginning in 2006,

7 “(iv) \$3,500 in the case of taxable  
8 years beginning in 2007,

9 “(v) \$4,000 in the case of taxable  
10 years beginning in 2008,

11 “(vi) \$4,500 in the case of taxable  
12 years beginning in 2009, and

13 “(vii) \$5,000 in the case of taxable  
14 years beginning after 2009.”.

15 (2) INFLATION ADJUSTMENT.—Section  
16 32(j)(1)(B)(ii) of such Code is amended—

17 (A) by striking “\$3,000” and inserting  
18 “\$5,000”, and

19 (B) by striking “2007” and inserting  
20 “2009”.

21 (3) PROVISIONS NOT SUBJECT TO SUNSET.—  
22 Title IX of the Economic Growth and Tax Relief  
23 Reconciliation Act of 2001 (relating to sunset provi-  
24 sions of such Act) shall not apply to section 303(a)  
25 of such Act.

1 (b) INCREASE IN CREDIT PERCENTAGE FOR FAMI-  
 2 LIES WITH 3 OR MORE CHILDREN.—The table contained  
 3 in section 32(b)(1)(A) of such Code (relating to percent-  
 4 ages) is amended—

5 (1) by striking “2 or more qualifying children”  
 6 in the second row and inserting “2 qualifying chil-  
 7 dren”, and(2) by inserting after the second row the  
 8 following new item:

“3 or more qualifying children .....	45 .....	21.06”.
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9 (c) REDUCTION IN PHASEOUT OF CREDIT FOR INDI-  
 10 VIDUALS WITH NO CHILDREN.—The table contained in  
 11 section 32(b)(1)(A) of such Code is amended by striking  
 12 “7.65” in the third column of the third row and inserting  
 13 “3.82”.

14 (d) PERMANENT EXTENSION OF SPECIAL RULE  
 15 TREATING COMBAT PAY AS EARNED INCOME.—

16 (1) IN GENERAL.—Clause (vi) of section  
 17 32(c)(2)(B) of such Code (relating to earned in-  
 18 come) is amended to read as follows:

19 “(vi) a taxpayer may elect to treat  
 20 amounts excluded from gross income by  
 21 reason of section 112 as earned income.”.

22 (2) PROVISION NOT SUBJECT TO SUNSET.—  
 23 Section 105 of the Working Families Tax Relief Act  
 24 of 2004 (relating to application of EGTRRA sunset

1 to this title) shall not apply to section 104(b) of  
2 such Act.

3 (e) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to taxable years beginning after  
5 December 31, 2006.

6 **SEC. 3. IMPOSITION OF INDIVIDUAL INCOME TAX SUR-**  
7 **CHARGE.**

8 (a) IMPOSITION OF TAX.—Section 1 of the Internal  
9 Revenue Code of 1986 (relating to imposition of tax on  
10 individuals) is amended by adding at the end the following  
11 new subsection:

12 “(j) ADDITIONAL INCOME TAX.—

13 “(1) IN GENERAL.—If the adjusted gross in-  
14 come of the taxpayer exceeds the threshold amount,  
15 the tax imposed by this section (determined without  
16 regard to this subsection) shall be increased by an  
17 amount equal to 0.5 percent of so much of the ad-  
18 justed gross income as exceeds the threshold  
19 amount.

20 “(2) THRESHOLD AMOUNTS.—For purposes of  
21 this subsection, the term ‘threshold amount’ means  
22 \$1,000,000.

23 “(3) TAX NOT TO APPLY TO ESTATES AND  
24 TRUSTS.—This subsection shall not apply to an es-  
25 tate or trust.”.

1           (b) COORDINATION WITH MINIMUM TAX.—Section  
2 55(c) of such Code (defining regular tax) is amended by  
3 redesignating paragraph (3) as paragraph (4) and by in-  
4 serting after paragraph (2) the following new paragraph:

5           “(3) COORDINATION WITH MINIMUM TAX.—  
6 Solely for purposes of this section, section 1(j) shall  
7 not apply in computing the regular tax.”.

8           (c) EFFECTIVE DATE.—The amendments made by  
9 this section shall apply to taxable years beginning after  
10 December 31, 2006.

11          (d) SECTION 15 NOT TO APPLY.—The amendments  
12 made by this section shall not be treated as a change in  
13 a rate of tax for purposes of section 15 of the Internal  
14 Revenue Code of 1986.

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