

109TH CONGRESS
2^D SESSION

H. R. 5807

To amend the Internal Revenue Code of 1986 to provide middle class tax relief, impose a surtax for families with incomes over \$1,000,000, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 13, 2006

Mr. WEINER (for himself and Mr. MEEKS of New York) 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 provide middle class tax relief, impose a surtax for families with incomes over \$1,000,000, 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,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Middle Class Tax Relief Act of 2006”.

6 (b) TABLE OF CONTENTS.—The table of contents of
7 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—TAX RELIEF FOR MIDDLE CLASS FAMILIES

Sec. 101. Middle class families tax relief credits.

Sec. 102. Double the child tax credit for middle class families.

Sec. 103. Eliminate the middle class surcharge.

TITLE II—SURTAX FOR FAMILIES WITH INCOMES OVER \$1
MILLION

Sec. 201. Surtax for families with incomes over \$1 million.

1 **TITLE I—TAX RELIEF FOR**
2 **MIDDLE CLASS FAMILIES**

3 **SEC. 101. MIDDLE CLASS FAMILIES TAX RELIEF CREDITS.**

4 (a) IN GENERAL.—Subpart A of part IV of sub-
5 chapter A of chapter 1 of the Internal Revenue Code of
6 1986 (relating to nonrefundable personal credits) is
7 amended by inserting before section 26 the following new
8 section:

9 **“SEC. 25E. MIDDLE CLASS FAMILIES TAX RELIEF CREDIT.**

10 “(a) 10 PERCENT TAX REDUCTION FOR THE MID-
11 DLE CLASS.—

12 “(1) IN GENERAL.—In the case of any natural
13 person, there shall be allowed as a credit against the
14 tax imposed by this chapter for the taxable year an
15 amount equal to 10 percent of the amount of such
16 tax.

17 “(2) INCOME LIMITATION.—The amount allow-
18 able as a credit under paragraph (1) for any taxable
19 year shall be reduced (but not below zero) by an
20 amount which bears the same ratio to the amount
21 so allowable (determined without regard to this
22 paragraph) as—

1 “(A) the amount (if any) by which the tax-
2 payer’s adjusted gross income exceeds \$75,000
3 (\$150,000 in the case of a joint return), bears
4 to

5 “(B) \$5,000 (\$10,000 in the case of a
6 joint return).

7 “(b) ZERO TAX BRACKET FOR THE POOR.—

8 “(1) IN GENERAL.—In the case of any natural
9 person, there shall be allowed as a credit against the
10 tax imposed by this chapter for the taxable year an
11 amount equal to the excess of—

12 “(A) the sum of the taxpayer’s regular tax
13 liability for the taxable year and the tax im-
14 posed by section 55(a) for the taxable year,
15 over

16 “(B) the sum of the credits allowed under
17 this part (other than this subsection) for the
18 taxable year.

19 “(2) INCOME LIMITATION.—The amount allow-
20 able as a credit under paragraph (1) for any taxable
21 year shall be reduced (but not below zero) by an
22 amount which bears the same ratio to the amount
23 so allowable (determined without regard to this
24 paragraph) as—

1 “(A) the amount (if any) by which the tax-
2 payer’s adjusted gross income exceeds \$12,500
3 (\$25,000 in the case of a joint return), bears to

4 “(B) \$2,500 (\$5,000 in the case of a joint
5 return).”.

6 (b) CLERICAL AMENDMENT.—The table of sections
7 of subpart A of part IV of subchapter A of chapter 1 of
8 such Code is amended by inserting before the item relating
9 to section 26 the following new item:

“Sec. 25E. Middle class families tax relief credits.”.

10 (c) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to taxable years beginning after
12 the date of the enactment of this Act.

13 **SEC. 102. DOUBLE THE CHILD TAX CREDIT FOR MIDDLE**
14 **CLASS FAMILIES.**

15 (a) IN GENERAL.—Subsection (a) of section 24 of the
16 Internal Revenue Code of 1986 (relating to child tax cred-
17 it) 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
21 the taxable year with respect to each qualifying child
22 of the taxpayer an amount equal to the sum of—

23 “(A) the basic credit for the taxable year,
24 plus

1 “(B) the additional credit for the taxable
2 year.

3 “(2) BASIC CREDIT.—For purposes of this sec-
4 tion, the term ‘basic credit’ means—

5 “(A) \$1,000 in the case of any taxable
6 year beginning before January 1, 2011, and

7 “(B) \$500 in the case of any other taxable
8 year.

9 “(3) ADDITIONAL CREDIT.—For purposes of
10 this section, the term ‘additional credit’ means—

11 “(A) \$1,000 in the case of any taxable
12 year beginning before January 1, 2011, and

13 “(B) \$500 in the case of any other taxable
14 year.”.

15 (b) LIMITATION ON ADDITIONAL CREDIT BASED ON
16 ADJUSTED GROSS INCOME.—Subsection (b) of section 24
17 of such Code is amended by adding at the end the fol-
18 lowing new paragraphs:

19 “(4) LIMITATION ON ADDITIONAL CREDIT
20 BASED ON ADJUSTED GROSS INCOME.—The amount
21 of the additional credit determined under subsection
22 (a)(3) shall be reduced (but not below zero) by an
23 amount which bears the same ratio to such amount
24 (determined without regard to this paragraph) as—

1 “(A) the amount (if any) by which the tax-
2 payer’s adjusted gross income exceeds \$75,000
3 (\$150,000 in the case of a joint return), bears
4 to

5 “(B) \$5,000 (\$10,000 in the case of a
6 joint return).”.

7 (c) CONFORMING AMENDMENTS.—Paragraph (1) of
8 section 24(b) of such Code is amended—

9 (1) by striking “the credit allowable under sub-
10 section (a)” and inserting “the basic credit deter-
11 mined under subsection (a)(2)”, and

12 (2) by inserting “ON BASIC CREDIT” after
13 “LIMITATION” in the heading thereof.

14 (d) COORDINATION WITH EGTRRA SUNSET.—Sec-
15 tion 901 of the Economic Growth and Tax Relief Rec-
16 onciliation Act of 2001 shall not apply to the amendment
17 made by section 201(a) of such Act.

18 (e) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to taxable years beginning after
20 the date of the enactment of this Act.

21 **SEC. 103. ELIMINATE THE MIDDLE CLASS SURCHARGE.**

22 (a) IN GENERAL.—Section 55 of the Internal Rev-
23 enue Code of 1986 (relating to alternative minimum tax
24 imposed) is amended by adding at the end the following
25 new subsection:

1 “(f) EXEMPTION FOR INDIVIDUALS FOR TAXABLE
2 YEARS BEGINNING IN 2007.—For any taxable year begin-
3 ning in 2007, in the case of an individual—

4 “(1) IN GENERAL.—The tentative minimum tax
5 of the taxpayer shall be zero if the adjusted gross
6 income of the taxpayer (as determined for purposes
7 of the regular tax) is equal to or less than the
8 threshold amount.

9 “(2) PHASEIN OF LIABILITY ABOVE EXEMPTION
10 LEVEL.—In the case of a taxpayer whose adjusted
11 gross income exceeds the threshold amount but does
12 not exceed \$112,500 (\$225,000 in the case of a joint
13 return), the tax imposed by subsection (a) shall be
14 the amount which bears the same ratio to such tax
15 (determined without regard to this subsection) as—

16 “(A) the excess of—

17 “(i) the adjusted gross income of the
18 taxpayer (as determined for purposes of
19 the regular tax), over

20 “(ii) the threshold amount, bears to

21 “(B) \$12,500 (\$25,000 in the case of a
22 joint return).

23 “(3) THRESHOLD AMOUNT.—For purposes of
24 this paragraph, the term ‘threshold amount’ means
25 \$100,000 (\$200,000 in the case of a joint return).

1 “(4) ESTATES AND TRUSTS.—This subsection
2 shall not apply to any estate or trust.”.

3 (b) EFFECTIVE DATE.—The amendment made by
4 this section shall apply to taxable years beginning after
5 December 31, 2005.

6 **TITLE II—SURTAX FOR FAMILIES**
7 **WITH INCOMES OVER \$1 MIL-**
8 **LION**

9 **SEC. 201. SURTAX FOR FAMILIES WITH INCOMES OVER \$1**
10 **MILLION.**

11 (a) GENERAL RULE.—Section 1 of the Internal Rev-
12 enue Code of 1986 (relating to imposition of tax on indi-
13 viduals) is amended by adding at the end the following
14 new subsection:

15 “(j) SURTAX FOR FAMILIES WITH INCOMES OVER
16 \$1,000,000.—

17 “(1) IN GENERAL.—If the adjusted gross in-
18 come of a taxpayer exceeds \$500,000 (\$1,000,000,
19 in the case of a joint return), the tax imposed by
20 this section (determined without regard to this sub-
21 section) shall be increased by an amount determined
22 in accordance with the following tables:

23 “(A) JOINT RETURNS.—In the case of a
24 joint return:

“If taxable income is:	The tax is:
Over \$1,000,000 but not over \$1,000,000,000.	7% of the excess over \$1,000,000

“If taxable income is:	The tax is:
Over \$1,000,000,000	\$69,930,000, plus 10% of the excess over \$1,000,000,000

1 “(B) OTHER RETURNS.—In the case of
2 any other return:

“If taxable income is:	The tax is:
Over \$500,000 but not over \$500,000,000.	7% of the excess over \$500,000
Over \$500,000,000	\$34,965,000, plus 10% of the excess over \$500,000,000

3 “(2) TAX NOT TO APPLY TO ESTATES AND
4 TRUSTS.—This subsection shall not apply to an es-
5 tate or trust.

6 “(3) SPECIAL RULE.—For purposes of section
7 55, the amount of the regular tax shall be deter-
8 mined without regard to this subsection.”.

9 (b) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to taxable years beginning after
11 the date of the enactment of this Act.

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

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