

110TH CONGRESS  
1ST SESSION

# H. R. 2734

To make the Economic Growth and Tax Relief Reconciliation Act of 2001  
and certain other tax benefits permanent law.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 14, 2007

Mr. WALBERG (for himself, Mr. ADERHOLT, Mr. AKIN, Mrs. BACHMANN, Mr. BARRETT of South Carolina, Mr. BARTLETT of Maryland, Mr. BILBRAY, Mr. BILIRAKIS, Mr. BISHOP of Utah, Mrs. BLACKBURN, Mr. BLUNT, Mr. BOOZMAN, Mr. BRADY of Texas, Mr. BUCHANAN, Mr. BURTON of Indiana, Mr. CAMP of Michigan, Mr. CAMPBELL of California, Mr. CANTOR, Mr. CARTER, Mr. CHABOT, Mr. COLE of Oklahoma, Mr. CONAWAY, Mrs. CUBIN, Mr. CULBERSON, Mr. DAVID DAVIS of Tennessee, Mr. DAVIS of Kentucky, Mr. MARIO DIAZ-BALART of Florida, Mrs. DRAKE, Mr. DUNCAN, Ms. FALLIN, Mr. FEENEY, Mr. FLAKE, Mr. FORBES, Mr. FORTUÑO, Mr. FRANKS of Arizona, Ms. FOXX, Mr. GALLEGLY, Mr. GARRETT of New Jersey, Mr. GINGREY, Mr. GOHMERT, Mr. GOODLATTE, Mr. HELLER of Nevada, Mr. HENSARLING, Mr. HOEKSTRA, Mr. JONES of North Carolina, Mr. JORDAN of Ohio, Mr. KING of Iowa, Mr. KINGSTON, Mr. KLINE of Minnesota, Mr. KNOLLENBERG, Mr. LAMBORN, Mr. LEWIS of California, Mr. LINDER, Mr. MACK, Mr. MANZULLO, Mr. MCCARTHY of California, Mr. MCCAUL of Texas, Mr. MCHENRY, Mr. GARY G. MILLER of California, Mrs. MYRICK, Mr. NEUGEBAUER, Mr. PAUL, Mr. PENCE, Mr. PEARCE, Mr. PITTS, Mr. POE, Mr. PRICE of Georgia, Mr. RADANOVICH, Mr. ROGERS of Michigan, Mr. ROSKAM, Mr. RYAN of Wisconsin, Mr. SALI, Mr. SENSENBRENNER, Mr. SESSIONS, Mr. SHADEGG, Mr. SIMPSON, Mr. SMITH of Nebraska, Mr. SOUDER, Mr. WAMP, Mr. WELDON of Florida, Mr. WILSON of South Carolina, and Mr. LINCOLN DIAZ-BALART of Florida) introduced the following bill; which was referred to the Committee on Ways and Means

# A BILL

To make the Economic Growth and Tax Relief Reconciliation Act of 2001 and certain other tax benefits permanent law.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

## SECTION 1. SHORT TITLE.

This Act may be cited as the “Tax Increase Prevention Act of 2007”.

## SEC. 2. TAX RELIEF MADE PERMANENT.

(a) ECONOMIC GROWTH AND TAX RELIEF RECONCILIATION ACT OF 2001.—Title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 is hereby repealed.

(b) INCOME TAX RATES ON DIVIDENDS AND NET CAPITAL GAIN.—Section 303 of the Jobs and Growth Tax Relief Reconciliation Act of 2003 is hereby repealed.

(c) DEDUCTION FOR STATE AND LOCAL SALES TAXES.—Paragraph (5) of section 164(b) of the Internal Revenue Code of 1986 is amended by striking subparagraph (I).

(d) DEDUCTION FOR TUITION AND RELATED EXPENSES.—Section 222 of such Code is amended by striking subsection (e).

(e) INCREASED EXPENSING FOR SMALL BUSINESS.—

1           (1) DOLLAR LIMITATION.—Paragraph (1) of  
2           section 179(b) of such Code (relating to dollar limi-  
3           tation) is amended by striking “\$25,000 (\$125,000  
4           in the case of taxable years beginning after 2006  
5           and before 2011)” and inserting “\$125,000”.

6           (2) INCREASE IN QUALIFYING INVESTMENT AT  
7           WHICH PHASEOUT BEGINS.—Paragraph (2) of sec-  
8           tion 179(b) of such Code (relating to reduction in  
9           limitation) is amended by striking “\$200,000  
10          (\$500,000 in the case of taxable years beginning  
11          after 2006 and before 2011)” and inserting  
12          “\$500,000”.

13          (3) INFLATION ADJUSTMENTS.—Section  
14          179(b)(5)(A) of such Code (relating to inflation ad-  
15          justments) is amended by striking “and before  
16          2011”.

17          (4) REVOCATION OF ELECTION.—Section  
18          179(c)(2) of such Code (relating to election irrev-  
19          ocable) is amended by striking “and before 2011”.

20          (5) COMPUTER SOFTWARE.—Clause (ii) of sec-  
21          tion 179(d)(1)(A) of such Code is amended by strik-  
22          ing “and before 2011”.

23          (f) RESEARCH CREDIT.—

1           (1) IN GENERAL.—Section 41 of such Code is  
 2           amended by striking subsection (h) (relating to ter-  
 3           mination).

4           (2) CONFORMING AMENDMENT.—Paragraph (1)  
 5           of section 45C(b) of such Code is amended by strik-  
 6           ing subparagraph (D).

7           (3) EFFECTIVE DATE.—The amendments made  
 8           by this subsection shall apply to amounts paid or in-  
 9           curred after December 31, 2007.

10          (g) EFFECTIVE DATE.—Except as provided in sub-  
 11          section (f), the amendments made by this section shall  
 12          take effect on the date of the enactment of this Act.

13      **SEC. 3. SENSE OF THE CONGRESS REGARDING SIMPLI-**  
 14                              **FYING THE FEDERAL INCOME TAX SYSTEM.**

15          (a) FINDINGS.—The Congress finds that—

16               (1) the average time burden for all taxpayers  
 17               filing a Form 1040 Federal income tax return is 30  
 18               hours,

19               (2) more than 6 in 10 Americans now hire  
 20               someone to help prepare their tax returns every  
 21               year, and

22               (3) the hundreds of billions of dollars spent  
 23               each year complying with the Federal tax system  
 24               could be used more efficiently by families and busi-

1 nesses to grow the Nation's economy and create  
2 jobs.

3 (b) SENSE OF CONGRESS.—It is the sense of the  
4 House of Representatives that the Committee on Ways  
5 and Means should report legislation on or before Decem-  
6 ber 31, 2008, to simplify the Federal income tax system,  
7 ensuring that the system is equitable, economically effi-  
8 cient, simple, transparent and administrable, without rais-  
9 ing tax rates.

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