

112TH CONGRESS
2D SESSION

S. 3714

To alleviate the fiscal cliff, and for other purposes.

IN THE SENATE OF THE UNITED STATES

DECEMBER 30, 2012

Mr. MANCHIN introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To alleviate the fiscal cliff, 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.**

4 This Act may be cited as the “Cliff Alleviation at
5 Last Minute Act” or the “CALM Act”.

6 **TITLE I—TAXES**

7 **SEC. 101. PERMANENT EXTENSION AND GRADUAL IN-**
8 **CREASE IN CERTAIN TAX RATES ON INCOME,**
9 **CAPITAL GAINS, AND DIVIDENDS.**

10 (a) IN GENERAL.—Notwithstanding section
11 901(a)(1) the Economic Growth and Tax Relief Reconcili-
12 ation Act of 2001 and section 303 of the Tax Relief, Un-

1 employment Insurance Reauthorization, and Job Creation
 2 Act of 2010, section 901 of the Economic Growth and Tax
 3 Relief Reconciliation Act of 2001 shall not apply to—

4 (1) the provisions of, and amendments made
 5 by, such Act, or

6 (2) the amendments made by title III of the
 7 Tax Relief, Unemployment Insurance Reauthoriza-
 8 tion, and Job Creation Act of 2010.

9 (b) INCOME TAX RATES.—Subsection (i) of section
 10 1 of the Internal Revenue Code of 1986 is amended—

11 (1) by inserting “, and before January 1,
 12 2015” after “December 31, 2000” in subparagraph
 13 (A),

14 (2) by inserting “(11.6 percent for taxable
 15 years beginning in 2013 and 13.3 percent for tax-
 16 able years beginning in 2014)” after “10 percent”
 17 in subparagraph (A)(i), and

18 (3) by striking the last row in the table con-
 19 tained in paragraph (2) and inserting the following:

“2003 through 2012	25.0%	28.0%	33.0%	35.0%
2013	26.0%	29.0%	34.0%	36.5%
2014	27.0%	30.0%	35.0%	38.0%
2015 and thereafter	28.0%	31.0%	36.0%	39.6%”.

20 (c) CAPITAL GAINS AND DIVIDENDS.—Subparagraph
 21 (C) of section 1(h)(1) of the Internal Revenue Code of
 22 1986 is amended by inserting “(16.6 percent for taxable

1 years beginning in 2013, 18.2 percent for taxable years
2 beginning in 2014, and 20 percent for taxable years begin-
3 ning after 2014)” after “15 percent”.

4 (d) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to taxable years beginning after
6 December 31, 2012.

7 **SEC. 102. PERMANENT EXTENSION OF ESTATE TAX LAW.**

8 (a) IN GENERAL.—Notwithstanding section
9 901(a)(2) the Economic Growth and Tax Relief Reconcili-
10 ation Act of 2001 and section 303 of the Tax Relief, Un-
11 employment Insurance Reauthorization, and Job Creation
12 Act of 2010, section 901 of the Economic Growth and Tax
13 Relief Reconciliation Act of 2001 shall not apply to—

14 (1) the provisions of, and amendments made
15 by, title V of such Act, or

16 (2) the amendments made by title III of the
17 Tax Relief, Unemployment Insurance Reauthoriza-
18 tion, and Job Creation Act of 2010.

19 (b) EXCLUSION EQUIVALENT OF UNIFIED CREDIT
20 EQUAL TO \$3,500,000.—

21 Subsection (c) of section 2010 of the Internal
22 Revenue Code of 1986, as amended by sections
23 302(a)(1) and 303(a) of the Tax Relief, Unemploy-
24 ment Insurance Reauthorization, and Job Creation
25 Act of 2010, is amended—

1 (1) by striking “\$5,000,000” in paragraph
2 (3)(A) and inserting “\$3,500,000”,

3 (2) by striking “2011” in paragraph (3)(B) and
4 inserting “2013”, and

5 (3) by striking “2010” in paragraph (3)(B)(ii)
6 and inserting “2012”.

7 (c) MAXIMUM ESTATE TAX RATE EQUAL TO 45 PER-
8 CENT.—The table contained in subsection (c) of section
9 2001 of the Internal Revenue Code of 1986, as amended
10 by section 302(a)(2) of the Tax Relief, Unemployment In-
11 surance Reauthorization, and Job Creation Act of 2010,
12 is amended by striking “Over \$500,000” and all that fol-
13 lows and inserting the following:

“Over \$500,000 but not over \$750,000	\$155,800, plus 37 percent of the excess of such amount over \$500,000.
Over \$750,000 but not over \$1,000,000.	\$248,300, plus 39 percent of the excess of such amount over \$750,000.
Over \$1,000,000 but not over \$1,250,000.	\$345,800, plus 41 percent of the excess of such amount over \$1,000,000.
Over \$1,250,000 but not over \$1,500,000.	\$448,300, plus 43 percent of the excess of such amount over \$1,250,000.
Over \$1,500,000	\$555,800, plus 45 percent of the excess of such amount over \$1,500,000.”.

14 (d) COORDINATION WITH GIFT TAX TO REFLECT
15 DECREASE IN APPLICABLE CREDIT AMOUNT.—Section
16 2001 of the Internal Revenue Code of 1986 is amended
17 by adding at the end the following new subsection:

18 “(h) MODIFICATION TO GIFT TAX TO REFLECT RE-
19 DUCED APPLICABLE CREDIT AMOUNT.—The amount de-

1 terminated under section 2505(a)(1) for each calendar year
 2 shall not exceed the estate's applicable credit amount
 3 under section 2010(c).”.

4 (e) REPEAL OF DEADWOOD.—

5 (1) Sections 2011, 2057, and 2604 are hereby
 6 repealed.

7 (2) The table of sections for part II of sub-
 8 chapter A of chapter 11 is amended by striking the
 9 item relating to section 2011.

10 (3) The table of sections for part IV of sub-
 11 chapter A of chapter 11 is amended by striking the
 12 item relating to section 2057.

13 (4) The table of sections for subchapter A of
 14 chapter 13 is amended by striking the item relating
 15 to section 2604.

16 (f) EFFECTIVE DATE.—The amendments made by
 17 this section shall apply to estates of decedents dying, gen-
 18 eration-skipping transfers, and gifts made, after Decem-
 19 ber 31, 2012.

20 **TITLE II—DISCRETIONARY**
 21 **SPENDING CUTS**

22 **SEC. 201. DISCRETIONARY SPENDING CUTS.**

23 (a) IN GENERAL.—Section 251A of the Balanced
 24 Budget and Emergency Deficit Control Act of 1985 (2
 25 U.S.C. 901a) is amended—

1 (1) in paragraph (3), by adding at the end the
2 following:

3 “In calculating the amount of the deficit reduction
4 required for a fiscal year under this paragraph,
5 OMB shall take into account any reduction in ex-
6 penditures achieved for that fiscal year under the
7 authority under section 1899B of the Social Security
8 Act.”;

9 (2) by striking paragraphs (5) through (10)
10 and inserting the following:

11 “(5) IMPLEMENTING REDUCTIONS.—

12 “(A) IN GENERAL.—Subject to section
13 255, for each of fiscal years 2013 through
14 2021, OMB may determine from which ac-
15 counts and in what amounts funds shall be re-
16 duced in order to achieve the reduction cal-
17 culated pursuant to paragraph (3) and allocated
18 pursuant to paragraph (4) for that year—

19 “(i) to discretionary appropriations
20 and direct spending accounts within func-
21 tion 050 (defense function); and

22 “(ii) to discretionary appropriations
23 and direct spending accounts in all other
24 functions (nondefense functions).

1 “(B) REPORT.—For each of fiscal years
2 2013 through 2021, OMB shall submit to Con-
3 gress a report detailing from which accounts
4 and in what amounts OMB has determined
5 funds shall be reduced for the fiscal year under
6 subparagraph (A).

7 “(C) ORDER.—For each of fiscal years
8 2013 through 2021, the President shall order a
9 sequestration, effective upon issuance, to reduce
10 accounts as determined under subparagraph
11 (A).”; and

12 (3) by redesignating paragraph (11) as para-
13 graph (6).

14 (b) CONGRESSIONAL DISAPPROVAL PROCEDURES.—

15 (1) DEFINITION.—In this subsection, the term
16 “joint resolution” means only a joint resolution in-
17 troduced after the date on which the report of the
18 Office of Management and Budget under section
19 251A(5)(B) of the Balanced Budget and Emergency
20 Deficit Control Act of 1985 relating to a fiscal year
21 is received by Congress, the matter after the resolv-
22 ing clause of which is as follows: “That Congress
23 disapproves the reductions determined by the Office
24 of Management and Budget for fiscal year
25 _____ as detailed in the report submitted by

1 the Office of Management and Budget on
2 _____.” (the blank spaces being appro-
3 priately filled in).

4 (2) EFFECT OF DISAPPROVAL.—For each of fis-
5 cal years 2013 through 2021, and notwithstanding
6 section 251A of the Balanced Budget and Emer-
7 gency Deficit Control Act of 1985 (2 U.S.C. 901a)
8 (as amended by subsection (a)), if, within 60 days
9 after the date on which Congress receives a report
10 under section 251A(5)(B) of the Balanced Budget
11 and Emergency Deficit Control Act of 1985, Con-
12 gress enacts a joint resolution disapproving the re-
13 ductions determined by the Office of Management
14 and Budget relating to that fiscal year—

15 (A) the President may not order a seques-
16 tration for that fiscal year under section 251A
17 of the Balanced Budget and Emergency Deficit
18 Control Act of 1985, as in effect on the date of
19 enactment of the joint resolution; and

20 (B) the President shall order a sequestra-
21 tion for that fiscal year under section 251A of
22 the Balanced Budget and Emergency Deficit
23 Control Act of 1985, as in effect on the day be-
24 fore the date of enactment of this Act.

1 (3) REFERRAL TO COMMITTEE.—A joint resolu-
2 tion introduced in the House of Representatives
3 shall be referred to the Committee on the Budget of
4 the House of Representatives. A joint resolution in-
5 troduced in the Senate shall be referred to the Com-
6 mittee on the Budget of the Senate. Such a joint
7 resolution may not be reported before the 8th day
8 after its introduction.

9 (4) DISCHARGE OF COMMITTEE.—If the com-
10 mittee to which a joint resolution is referred has not
11 reported such joint resolution at the end of 15 cal-
12 endar days after its introduction, such committee
13 shall be deemed to be discharged from further con-
14 sideration of such joint resolution and such joint res-
15 olution shall be placed on the appropriate calendar
16 of the House involved.

17 (5) FLOOR CONSIDERATION.—

18 (A) IN GENERAL.—When the committee to
19 which a joint resolution is referred has re-
20 ported, or has been deemed to be discharged
21 (under paragraph (4)) from further consider-
22 ation of, a joint resolution, it is at any time
23 thereafter in order (even though a previous mo-
24 tion to the same effect has been disagreed to)
25 for any Member of the respective House to

1 move to proceed to the consideration of the
2 joint resolution, and all points of order against
3 the joint resolution (and against consideration
4 of the joint resolution) are waived. The motion
5 is highly privileged in the House of Representa-
6 tives and is privileged in the Senate and is not
7 debatable. The motion is not subject to amend-
8 ment, or to a motion to postpone, or to a mo-
9 tion to proceed to the consideration of other
10 business. A motion to reconsider the vote by
11 which the motion is agreed to or disagreed to
12 shall not be in order. If a motion to proceed to
13 the consideration of the joint resolution is
14 agreed to, the resolution shall remain the unfin-
15 ished business of the respective House until dis-
16 posed of.

17 (B) DEBATE.—Debate on the joint resolu-
18 tion, and on all debatable motions and appeals
19 in connection therewith, shall be limited to not
20 more than 10 hours, which shall be divided
21 equally between those favoring and those oppos-
22 ing the joint resolution. A motion further to
23 limit debate is in order and not debatable. An
24 amendment to, or a motion to postpone, or a
25 motion to proceed to the consideration of other

1 business, or a motion to recommit the joint res-
2 olution is not in order. A motion to reconsider
3 the vote by which the joint resolution is agreed
4 to or disagreed to is not in order.

5 (C) VOTE ON FINAL PASSAGE.—Imme-
6 diately following the conclusion of the debate on
7 a joint resolution, and a single quorum call at
8 the conclusion of the debate if requested in ac-
9 cordance with the rules of the appropriate
10 House, the vote on final passage of the joint
11 resolution shall occur.

12 (D) RULINGS OF THE CHAIR ON PROCE-
13 DURE.—Appeals from the decisions of the Chair
14 relating to the application of the rules of the
15 Senate or the House of Representatives, as the
16 case may be, to the procedure relating to a joint
17 resolution shall be decided without debate.

18 (6) COORDINATION WITH ACTION BY OTHER
19 HOUSE.—If, before the passage by one House of a
20 joint resolution of that House, that House receives
21 from the other House a joint resolution, then the fol-
22 lowing procedures shall apply:

23 (A) The joint resolution of the other House
24 shall not be referred to a committee.

1 (B) With respect to a joint resolution of
2 the House receiving the resolution—

3 (i) the procedure in that House shall
4 be the same as if no joint resolution had
5 been received from the other House; but

6 (ii) the vote on final passage shall be
7 on the joint resolution of the other House.

8 (7) RULES OF HOUSE OF REPRESENTATIVES
9 AND SENATE.—This subsection is enacted by Con-
10 gress—

11 (A) as an exercise of the rulemaking power
12 of the Senate and House of Representatives, re-
13 spectively, and as such it is deemed a part of
14 the rules of each House, respectively, but appli-
15 cable only with respect to the procedure to be
16 followed in that House in the case of a joint
17 resolution, and it supersedes other rules only to
18 the extent that it is inconsistent with such
19 rules; and

20 (B) with full recognition of the constitu-
21 tional right of either House to change the rules
22 (so far as relating to the procedure of that
23 House) at any time, in the same manner, and
24 to the same extent as in the case of any other
25 rule of that House.

1 **TITLE III—ENTITLEMENT**
2 **REFORM**

3 **SEC. 301. ENTITLEMENT REFORM.**

4 Title XVIII of the Social Security Act (42 U.S.C.
5 1395 et seq.) is amended by adding at the end the fol-
6 lowing new section:

7 “REFORMS

8 “SEC. 1899B. (a) IN GENERAL.—Notwithstanding
9 any provision of this title or any other provision of law,
10 subject to subsection (b), for each of fiscal years 2014
11 through 2023, the Secretary shall implement reforms
12 under this title that result in reduced expenditures under
13 this title equal to \$40,000,000,000 in the fiscal year.

14 “(b) BENEFICIARY PROTECTIONS.—The provisions
15 of section 1899A(c)(2)(A)(ii) shall apply to the reforms
16 under subsection (a) in the same manner as such provi-
17 sions apply to a proposal under section 1899A.”.

18 **TITLE IV—COMPREHENSIVE TAX**
19 **REFORM**

20 **SEC. 401. SENSE OF SENATE.**

21 It is the sense of the Senate that Congress should
22 address comprehensive tax reform in the 113th Congress.

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