

115TH CONGRESS  
1ST SESSION

# H. R. 4161

To amend the Internal Revenue Code of 1986 to provide for payments to residents of States for which the Federal tax burden exceeds the Federal outlays received.

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 27, 2017

Mr. GOTTHEIMER (for himself and Mr. LANCE) 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 provide for payments to residents of States for which the Federal tax burden exceeds the Federal outlays received.

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 “Return on Investment  
5 Accountability Act”.

6 **SEC. 2. PAYOR STATE CREDIT AMOUNT FOR INDIVIDUALS.**

7 (a) IN GENERAL.—Subchapter B of chapter 65 of the  
8 Internal Revenue Code of 1986 is amended by inserting  
9 after section 6427 the following new section:

1 **“SEC. 6428. PAYOR STATE CREDIT AMOUNT FOR INDIVID-**  
2 **UALS.**

3 “(a) IN GENERAL.—There shall be allowed to the  
4 taxpayer with respect to each eligible individual as a credit  
5 against the tax imposed by subtitle A for a taxable year  
6 an amount equal to the individual payor State amount.

7 “(b) INDIVIDUAL PAYOR STATE AMOUNT.—For pur-  
8 poses of this section—

9 “(1) IN GENERAL.—The term ‘individual payor  
10 State amount’ means the amount that is the same  
11 proportion of the payor State amount as the ratio  
12 that one bears to all eligible individuals of the State  
13 for the calendar year preceding the calendar year in  
14 which the taxable year begins.

15 “(2) PAYOR STATE AMOUNT.—The term ‘payor  
16 State amount’ means the amount equal to the excess  
17 (if any) of—

18 “(A) the Federal tax burden of the State  
19 for the calendar year preceding the calendar  
20 year in which the taxable year begins, over

21 “(B) the Federal outlays received by the  
22 State for such preceding calendar year for the  
23 calendar year preceding the calendar year in  
24 which the taxable year begins.

25 “(3) FEDERAL TAX BURDEN AND FEDERAL  
26 OUTLAYS.—

1           “(A) IN GENERAL.—The Secretary shall  
2 calculate the Federal tax burden of each State  
3 for each calendar year and the Federal outlays  
4 received by the State for the calendar year.

5           “(B) FEDERAL TAX BURDEN.—For pur-  
6 poses of subparagraph (A), the Secretary  
7 shall—

8                   “(i) treat all Federal taxes paid by eli-  
9 gible individuals as a burden on the State  
10 in which such individual resides; and

11                   “(ii) treat all Federal taxes paid by a  
12 legal business entity as a burden on the  
13 State in which economic activity of such  
14 entity is performed in the same proportion  
15 that the economic activity of such entity in  
16 such State bears to the economic activity  
17 of such entity in all the States.

18           “(C) FEDERAL OUTLAYS.—For purposes  
19 of subparagraph (A), a Federal contract award  
20 shall be treated as a Federal outlay received by  
21 each State in which performance under the  
22 award takes place in the same proportion that  
23 such performance in such State bears to such  
24 performance in all the States.

25           “(4) ELIGIBLE INDIVIDUAL.—

1           “(A) IN GENERAL.—The term ‘eligible in-  
2           dividual’ means any individual who is—

3                   “(i) the taxpayer, the spouse of the  
4                   taxpayer, or a dependent of the taxpayer,

5                   “(ii) a citizen of the United States or  
6                   lawfully present in the United States, and

7                   “(iii) a resident of the payor State for  
8                   more than half of the taxable year.

9           “(B) EXCEPTION.—The term ‘eligible indi-  
10           vidual’ does not include—

11                   “(i) any individual with respect to  
12                   whom a deduction under section 151 is al-  
13                   lowable to another taxpayer for a taxable  
14                   year beginning in the calendar year in  
15                   which the individual’s taxable year begins,

16                   or

17                   “(ii) an estate or trust.

18           “(c) TREATMENT OF CREDIT.—The credit allowed by  
19           subsection (a) shall be treated as allowed by subpart C  
20           of part IV of subchapter A of chapter 1.

21           “(d) COORDINATION WITH ADVANCE REFUNDS OF  
22           CREDIT.—

23                   “(1) IN GENERAL.—The amount of credit  
24                   which would (but for this paragraph) be allowable  
25                   under this section shall be reduced (but not below

1 zero) by the aggregate refunds and credits made or  
2 allowed to the taxpayer under subsection (e). Any  
3 failure to so reduce the credit shall be treated as  
4 arising out of a mathematical or clerical error and  
5 assessed according to section 6213(b)(1).

6 “(2) JOINT RETURNS.—In the case of a refund  
7 or credit made or allowed under subsection (e) with  
8 respect to a joint return, half of such refund or cred-  
9 it shall be treated as having been made or allowed  
10 to each individual filing such return.

11 “(e) ADVANCE REFUNDS AND CREDITS.—

12 “(1) IN GENERAL.—Each individual who was  
13 an eligible individual for a calendar year shall be  
14 treated as having made a payment against the tax  
15 imposed by chapter 1 for such first taxable year in  
16 an amount equal to the advance refund amount for  
17 such taxable year.

18 “(2) ADVANCE REFUND AMOUNT.—For pur-  
19 poses of paragraph (1), the advance refund amount  
20 is the amount that would have been allowed as a  
21 credit under this section for the taxable year in  
22 which the calendar year begins (other than sub-  
23 section (d) and this subsection) had applied to such  
24 taxable year.

1           “(3) NO INTEREST.—No interest shall be al-  
2           lowed on any overpayment attributable to this sec-  
3           tion.

4           “(f) IDENTIFICATION NUMBER REQUIREMENT.—

5           “(1) IN GENERAL.—No credit shall be allowed  
6           under subsection (a) to an eligible individual who  
7           does not include on the return of tax for the taxable  
8           year—

9                   “(A) such individual’s valid identification  
10                  number, and

11                   “(B) in the case of a joint return, the valid  
12                  identification number of such individual’s  
13                  spouse.

14           “(2) VALID IDENTIFICATION NUMBER.—For  
15           purposes of paragraph (1), the term ‘valid identifica-  
16           tion number’ means a social security number issued  
17           to an individual by the Social Security Administra-  
18           tion. Such term shall not include a TIN issued by  
19           the Internal Revenue Service.”.

20           (b) ADMINISTRATIVE AMENDMENTS.—

21                   (1) DEFINITION OF DEFICIENCY.—Section  
22                  6211(b)(4)(A) of such Code is amended by inserting  
23                  “6428,” after “168(k)(4),”.

24                   (2) MATHEMATICAL OR CLERICAL ERROR AU-  
25                  THORITY.—Section 6213(g)(2) of such Code is

1 amended by striking “and” at the end of subpara-  
2 graph (P), by striking the period at the end of sub-  
3 paragraph (R) and inserting “, and”, and by insert-  
4 ing after subparagraph (R) the following:

5 “(S) an omission of information required  
6 under section 6428(f) to be included on a re-  
7 turn.”.

8 (c) CONFORMING AMENDMENTS.—

9 (1) Paragraph (2) of section 1324(b) of title  
10 31, United States Code, is amended by inserting  
11 “6428,” before “or 6431”.

12 (2) The table of sections for subchapter B of  
13 chapter 65 of such Code is amended by inserting  
14 after the item relating to section 6427 the following  
15 new item:

“Sec. 6428. Payor State credit amount for individuals.”.

16 (d) EFFECTIVE DATE.—The amendments made by  
17 this section shall apply to taxable years beginning after  
18 one year after the date of the enactment of this Act.

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