

116TH CONGRESS  
1ST SESSION

# H. R. 5377

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## AN ACT

To amend the Internal Revenue Code of 1986 to modify the limitation on deduction of State and local taxes, 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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Restoring Tax Fair-  
3 ness for States and Localities Act”.

4 **SEC. 2. ELIMINATION FOR 2019 OF MARRIAGE PENALTY IN**  
5 **LIMITATION ON DEDUCTION OF STATE AND**  
6 **LOCAL TAXES.**

7 (a) IN GENERAL.—Section 164(b) of the Internal  
8 Revenue Code of 1986 is amended by adding at the end  
9 the following new paragraph:

10 “(7) SPECIAL RULE FOR LIMITATION ON INDIVIDUAL DEDUCTIONS FOR 2019.—In the case of a  
11 taxable year beginning after December 31, 2018,  
12 and before January 1, 2020, if the adjusted gross  
13 income of the taxpayer for such taxable year does  
14 not exceed \$100,000,000, paragraph (6) shall be ap-  
15 plied by substituting ‘(\$20,000 in the case of a joint  
16 return)’ for ‘(\$5,000 in the case of a married indi-  
17 vidual filing a separate return)’.”.

18 (b) EFFECTIVE DATE.—The amendment made by  
19 this section shall apply to taxable years beginning after  
20 December 31, 2018.

22 **SEC. 3. ELIMINATION FOR 2020 AND 2021 OF LIMITATION ON**  
23 **DEDUCTION OF STATE AND LOCAL TAXES.**

24 (a) IN GENERAL.—Section 164(b) of the Internal  
25 Revenue Code of 1986, as amended by section 2, is further

1 amended by adding at the end the following new para-  
2 graph:

3 “(8) SUSPENSION OF DOLLAR LIMITATION ON  
4 STATE AND LOCAL TAXES FOR 2020 AND 2021.—

5 “(A) IN GENERAL.—In the case of any  
6 taxable year beginning in 2020 or 2021, sub-  
7 paragraph (B) of paragraph (6) shall not apply.

8 “(B) EXCEPTION FOR CERTAIN HIGH-IN-  
9 COME TAXPAYERS.—Subparagraph (A) shall  
10 not apply to any taxpayer for any taxable year  
11 if the adjusted gross income of such taxpayer  
12 for such taxable year exceeds \$100,000,000.”.

13 (b) CONFORMING AMENDMENTS.—Section 164(b)(6)  
14 of the Internal Revenue Code of 1986 is amended—

15 (1) by striking “For purposes of subparagraph  
16 (B)” and inserting “For purposes of this section”;

17 (2) by striking “January 1, 2018” and insert-  
18 ing “January 1, 2022”;

19 (3) by striking “December 31, 2017, shall” and  
20 inserting “December 31, 2021, shall”; and

21 (4) by adding at the end the following: “For  
22 purposes of this section, in the case of State or local  
23 taxes with respect to any real or personal property  
24 paid during a taxable year beginning in 2020 or  
25 2021, the Secretary shall prescribe rules which treat

1 all or a portion of such taxes as paid in a taxable  
 2 year or years other than the taxable year in which  
 3 actually paid as necessary or appropriate to prevent  
 4 the avoidance of the limitations of this subsection.”.

5 (c) EFFECTIVE DATE.—The amendments made by  
 6 this section shall apply to taxes paid or accrued in taxable  
 7 years beginning after December 31, 2019.

8 **SEC. 4. INCREASE IN DEDUCTION FOR CERTAIN EXPENSES**  
 9 **OF ELEMENTARY AND SECONDARY SCHOOL**  
 10 **TEACHERS.**

11 (a) INCREASE.—Section 62(a)(2)(D) of the Internal  
 12 Revenue Code of 1986 is amended by striking “\$250” and  
 13 inserting “\$1,000”.

14 (b) CONFORMING AMENDMENTS.—Section 62(d)(3)  
 15 of the Internal Revenue Code of 1986 is amended—

16 (1) by striking “2015” and inserting “2019”;

17 (2) by striking “\$250” and inserting “\$1,000”;

18 and

19 (3) in subparagraph (B), by striking “2014”

20 and inserting “2018”.

21 (c) EFFECTIVE DATE.—The amendments made by  
 22 this section shall apply to taxable years beginning after  
 23 December 31, 2018.

1 **SEC. 5. ABOVE-THE-LINE DEDUCTION ALLOWED FOR CER-**  
2 **TAIN EXPENSES OF FIRST RESPONDERS.**

3 (a) IN GENERAL.—Section 62(a)(2) of the Internal  
4 Revenue Code of 1986 is amended by adding at the end  
5 the following new subparagraph:

6 “(F) CERTAIN EXPENSES OF FIRST RE-  
7 SPONDERS.—The deductions allowed by section  
8 162 which consist of expenses, not in excess of  
9 \$1,000, paid or incurred by a first responder—

10 “(i) as tuition or fees for the partici-  
11 pation of the first responder in profes-  
12 sional development courses related to serv-  
13 ice as a first responder; or

14 “(ii) for uniforms used by the first re-  
15 sponder in service as a first responder.”.

16 (b) FIRST RESPONDER DEFINED.—Section 62(d) of  
17 the Internal Revenue Code of 1986 is amended by adding  
18 at the end the following new paragraph:

19 “(4) FIRST RESPONDER.—For purposes of sub-  
20 section (a)(2)(F), the term ‘first responder’ means,  
21 with respect to any taxable year, any individual who  
22 is employed as a law enforcement officer, firefighter,  
23 paramedic, or emergency medical technician for at  
24 least 1,000 hours during such taxable year.”.

25 (c) INFLATION ADJUSTMENT.—Section 62(d)(3) of  
26 the Internal Revenue Code of 1986, as amended by section

1 4, is further amended by striking “the \$1,000 amount in  
 2 subsection (a)(2)(D)” and inserting “the \$1,000 amount  
 3 in each of subparagraphs (D) and (F) of subsection  
 4 (a)(2)”.

5 (d) EFFECTIVE DATE.—The amendments made by  
 6 this section shall apply to taxable years beginning after  
 7 December 31, 2019.

8 **SEC. 6. INCREASE OF TOP MARGINAL INDIVIDUAL INCOME**  
 9 **TAX RATE UNDER TEMPORARY RULES.**

10 (a) IN GENERAL.—The tables contained in subpara-  
 11 graphs (A), (B), (C), (D), and (E) of section 1(j)(2) of  
 12 the Internal Revenue Code of 1986 are each amended by  
 13 striking “37%” and inserting “39.6%” and—

14 (1) in subparagraph (A)—

15 (A) by striking “\$600,000” each place  
 16 such term appears and inserting “\$479,000”;  
 17 and

18 (B) by striking “\$161,379” and inserting  
 19 “\$119,029”;

20 (2) in subparagraph (B)—

21 (A) by striking “\$500,000” each place  
 22 such term appears and inserting “\$452,400”;  
 23 and

24 (B) by striking “\$149,298” and inserting  
 25 “\$132,638”;

1 (3) in subparagraph (C)—

2 (A) by striking “\$500,000” each place  
3 such term appears and inserting “\$425,800”;  
4 and

5 (B) by striking “\$150,689.50” and insert-  
6 ing “\$124,719.50”; and

7 (4) in subparagraph (D)—

8 (A) by striking “\$300,000” each place  
9 such term appears and inserting “\$239,500”;  
10 and

11 (B) by striking “\$80,689.50” and insert-  
12 ing “\$59,514.50”.

13 (b) CONFORMING AMENDMENTS.—

14 (1) Section 1(j)(4)(B)(iii) of the Internal Rev-  
15 enue Code of 1986 is amended—

16 (A) in the matter preceding subclause (I),  
17 by striking “37 percent” and inserting “39.6  
18 percent”;

19 (B) in subclause (II), by striking “37-per-  
20 cent bracket” and inserting “39.6-percent  
21 bracket”; and

22 (C) in the heading, by striking “37-PER-  
23 CENT BRACKET” and inserting “39.6-PERCENT  
24 BRACKET”.

1           (2) Section 1(j)(4)(C) of such Code is amend-  
2       ed—

3                   (A) in clause (i)(II), by striking “para-  
4           graph (5)(B)(i)(IV)” and inserting “paragraph  
5           (5)(B)(iv)”;

6                   (B) by amending clause (ii) to read as fol-  
7       lows:

8                           “(ii) the amount which would (without  
9                   regard to this paragraph) be taxed at a  
10                  rate below 39.6 percent shall not be more  
11                  than the sum of—

12                                   “(I) the earned taxable income of  
13                                  such child, plus

14                                           “(II)     the     maximum     dollar  
15                                  amount for the 35-percent rate brack-  
16                                  et for estates and trusts.”.

17           (3) The heading of section 1(j)(5) of such Code  
18       is amended to read as follows: “APPLICATION OF  
19       ZERO PERCENT CAPITAL GAIN RATE BRACKETS”.

20           (4) Subparagraphs (A) and (B) of section  
21       1(j)(5) of such Code are amended to read as follows:

22                           “(A)           IN           GENERAL.—Subsection  
23                                  (h)(1)(B)(i) shall be applied by substituting  
24                                  ‘below the maximum zero rate amount’ for



1           ‘which would (without regard to this paragraph)  
2           be taxed at a rate below 25 percent’.

3           “(B) MAXIMUM ZERO RATE AMOUNT DE-  
4           FINED.—For purposes of subparagraph (A), the  
5           term ‘maximum zero rate amount’ means—

6                   “(i) in the case of a joint return or  
7                   surviving spouse, \$77,200;

8                   “(ii) in the case of an individual who  
9                   is a head of household (as defined in sec-  
10                  tion 2(b)), \$51,700;

11                  “(iii) in the case of any other indi-  
12                  vidual (other than an estate or trust), an  
13                  amount equal to  $\frac{1}{2}$  of the amount in effect  
14                  for the taxable year under clause (i); and

15                  “(iv) in the case of an estate or trust,  
16                  \$2,600.”.

17           (5) Section 1(j)(5)(C) of such Code is amended  
18           by striking “clauses (i) and (ii) of”.

19           (c) EFFECTIVE DATE.—The amendments made by  
20           this section shall apply to taxable years beginning after  
21           December 31, 2019.

22           (d) SECTION 15 NOT TO APPLY.—Section 15 of the  
23           Internal Revenue Code of 1986 shall not apply to any

- 1 change in a rate of tax by reason of any amendment made
- 2 by this section.

Passed the House of Representatives December 19,  
2019.

Attest:

*Clerk.*



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