

116TH CONGRESS
2D SESSION

H. R. 7863

To reduce the deficit by imposing a minimum effective tax rate for high-income taxpayers.

IN THE HOUSE OF REPRESENTATIVES

JULY 30, 2020

Mr. CICILLINE (for himself, Ms. NORTON, Mr. LANGEVIN, Mr. KHANNA, and Mr. POCAN) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To reduce the deficit by imposing a minimum effective tax rate for high-income taxpayers.

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 “Paying a Fair Share
5 Act of 2019”.

6 **SEC. 2. FAIR SHARE TAX ON HIGH-INCOME TAXPAYERS.**

7 (a) IN GENERAL.—Subchapter A of chapter 1 of the
8 Internal Revenue Code of 1986 is amended by adding at
9 the end the following new part:

1 **“PART VIII—FAIR SHARE TAX ON HIGH-INCOME**
2 **TAXPAYERS**

“Sec. 59B. Fair share tax.

3 **“SEC. 59B. FAIR SHARE TAX.**

4 “(a) GENERAL RULE.—

5 “(1) PHASE-IN OF TAX.—In the case of any
6 high-income taxpayer, there is hereby imposed for a
7 taxable year (in addition to any other tax imposed
8 by this subtitle) a tax equal to the product of—

9 “(A) the amount determined under para-
10 graph (2), and

11 “(B) a fraction (not to exceed 1)—

12 “(i) the numerator of which is the ex-
13 cess of—

14 “(I) the taxpayer’s adjusted
15 gross income, over

16 “(II) the dollar amount in effect
17 under subsection (c)(1), and

18 “(ii) the denominator of which is the
19 dollar amount in effect under subsection
20 (c)(1).

21 “(2) AMOUNT OF TAX.—The amount of tax de-
22 termined under this paragraph is an amount equal
23 to the excess (if any) of—

24 “(A) the tentative fair share tax for the
25 taxable year, over

1 “(B) the excess of—

2 “(i) the sum of—

3 “(I) the regular tax liability (as
4 defined in section 26(b)) for the tax-
5 able year, determined without regard
6 to any tax liability determined under
7 this section,

8 “(II) the tax imposed by section
9 55 for the taxable year, plus

10 “(III) the payroll tax for the tax-
11 able year, over

12 “(ii) the credits allowable under part
13 IV of subchapter A (other than sections
14 27(a), 31, and 34).

15 “(b) TENTATIVE FAIR SHARE TAX.—For purposes
16 of this section—

17 “(1) IN GENERAL.—The tentative fair share tax
18 for the taxable year is 30 percent of the excess of—

19 “(A) the adjusted gross income of the tax-
20 payer, over

21 “(B) the modified charitable contribution
22 deduction for the taxable year.

23 “(2) MODIFIED CHARITABLE CONTRIBUTION
24 DEDUCTION.—For purposes of paragraph (1)—

1 “(A) IN GENERAL.—The modified chari-
 2 table contribution deduction for any taxable
 3 year is an amount equal to the amount which
 4 bears the same ratio to the deduction allowable
 5 under section 170 (section 642(c) in the case of
 6 a trust or estate) for such taxable year as—

7 “(i) the amount of itemized deduc-
 8 tions allowable under the regular tax (as
 9 defined in section 55) for such taxable
 10 year, determined after the application of
 11 section 68, bears to

12 “(ii) such amount, determined before
 13 the application of section 68.

14 “(B) TAXPAYER MUST ITEMIZE.—In the
 15 case of any individual who does not elect to
 16 itemize deductions for the taxable year, the
 17 modified charitable contribution deduction shall
 18 be zero.

19 “(c) HIGH-INCOME TAXPAYER.—For purposes of this
 20 section—

21 “(1) IN GENERAL.—The term ‘high-income tax-
 22 payer’ means, with respect to any taxable year, any
 23 taxpayer (other than a corporation) with an adjusted
 24 gross income for such taxable year in excess of

1 \$1,000,000 (50 percent of such amount in the case
2 of a married individual who files a separate return).

3 “(2) INFLATION ADJUSTMENT.—

4 “(A) IN GENERAL.—In the case of a tax-
5 able year beginning after 2020, the \$1,000,000
6 amount under paragraph (1) shall be increased
7 by an amount equal to—

8 “(i) such dollar amount, multiplied by

9 “(ii) the cost-of-living adjustment de-
10 termined under section 1(f)(3) for the cal-
11 endar year in which the taxable year be-
12 gins, determined by substituting ‘calendar
13 year 2019’ for ‘calendar year 1992’ in sub-
14 paragraph (B) thereof.

15 “(B) ROUNDING.—If any amount as ad-
16 justed under subparagraph (A) is not a multiple
17 of \$10,000, such amount shall be rounded to
18 the next lowest multiple of \$10,000.

19 “(d) PAYROLL TAX.—For purposes of this section,
20 the payroll tax for any taxable year is an amount equal
21 to the excess of—

22 “(1) the taxes imposed on the taxpayer under
23 sections 1401, 1411, 3101, 3201, and 3211(a) (to
24 the extent such tax is attributable to the rate of tax
25 in effect under section 3101) with respect to such

1 taxable year or wages or compensation received dur-
 2 ing such taxable year, over

3 “(2) the deduction allowable under section
 4 164(f) for such taxable year.

5 “(e) SPECIAL RULE FOR ESTATES AND TRUSTS.—
 6 For purposes of this section, in the case of an estate or
 7 trust, adjusted gross income shall be computed in the
 8 manner described in section 67(e).

9 “(f) NOT TREATED AS TAX IMPOSED BY THIS CHAP-
 10 TER FOR CERTAIN PURPOSES.—The tax imposed under
 11 this section shall not be treated as tax imposed by this
 12 chapter for purposes of determining the amount of any
 13 credit under this chapter (other than the credit allowed
 14 under section 27(a)) or for purposes of section 55.”.

15 (b) CLERICAL AMENDMENT.—The table of parts for
 16 subchapter A of chapter 1 of the Internal Revenue Code
 17 of 1986 is amended by adding at the end the following
 18 new item:

“PART VIII—FAIR SHARE TAX ON HIGH-INCOME TAXPAYERS”.

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

22 **SEC. 3. SENSE OF THE HOUSE OF REPRESENTATIVES RE-**
 23 **GARDING TAX REFORM.**

24 It is the sense of the House of Representatives that—

1 (1) Congress should enact tax reform that re-
2 peals unfair and unnecessary tax loopholes and ex-
3 penditures, simplifies the system for millions of tax-
4 payers and businesses, and makes sure that the
5 wealthiest taxpayers pay a fair share; and

6 (2) this Act is an interim step that can be done
7 quickly and serve as a floor on taxes for the highest-
8 income taxpayers, cut the deficit by billions of dol-
9 lars a year, and help encourage more fundamental
10 reform of the tax system.

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