

103^D CONGRESS
1ST SESSION

H. R. 1166

To amend the Internal Revenue Code of 1986 to provide tax relief for middle-income taxpayers by increasing the personal exemption amount and to provide additional revenues by increasing the taxes paid by high-income individuals and corporations.

IN THE HOUSE OF REPRESENTATIVES

MARCH 2, 1993

Ms. DELAURO introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide tax relief for middle-income taxpayers by increasing the personal exemption amount and to provide additional revenues by increasing the taxes paid by high-income individuals and corporations.

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; AMENDMENT OF 1986 CODE.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Middle Class Tax Relief Act of 1993”.

6 (b) AMENDMENT OF 1986 CODE.—Except as other-
7 wise expressly provided, whenever in this Act an amend-

1 ment or repeal is expressed in terms of an amendment
 2 to, or repeal of, a section or other provision, the reference
 3 shall be considered to be made to a section or other provi-
 4 sion of the Internal Revenue Code of 1986.

5 **TITLE I—TAX RELIEF FOR**
 6 **MIDDLE-INCOME TAXPAYERS**

7 **SEC. 101. INCREASE IN PERSONAL EXEMPTION AMOUNT.**

8 (a) IN GENERAL.—Paragraph (1) of section 151(d)
 9 (defining exemption amount) is amended to read as
 10 follows:

11 “(1) IN GENERAL.—Except as otherwise pro-
 12 vided in this subsection, the term ‘exemption
 13 amount’ means the sum of—

14 “(A) a regular exemption amount equal to
 15 \$2,000, and

16 “(B) an additional exemption amount
 17 equal to \$1,000, in the case of a middle-income
 18 taxpayer.”

19 (b) PHASEOUT OF ADDITIONAL EXEMPTION
 20 AMOUNT.—Subsection (d) of section 151 is amended by
 21 redesignating paragraph (4) as paragraph (5), and by in-
 22 serting after paragraph (3) the following new paragraph:

23 “(4) SPECIAL RULES RELATING TO MIDDLE-IN-
 24 COME TAXPAYER ADDITIONAL EXEMPTION
 25 AMOUNT.—

1 “(A) DEFINITION OF MIDDLE-INCOME
2 TAXPAYER.—

3 “(i) IN GENERAL.—For purposes of
4 this subsection, the term ‘middle-income
5 taxpayer’ means a taxpayer whose adjusted
6 gross income for the taxable year does not
7 exceed the applicable maximum dollar
8 amount.

9 “(ii) APPLICABLE MAXIMUM DOLLAR
10 AMOUNT.—For purposes of this paragraph,
11 the term ‘applicable maximum dollar
12 amount’ means—

13 “(I) \$102,000 in the case of a
14 joint return or a surviving spouse (as
15 defined in section 2(a)),

16 “(II) \$87,300 in the case of a
17 head of household (as defined in sec-
18 tion 2(b)),

19 “(III) \$61,000 in the case of an
20 individual who is not married and is
21 not a surviving spouse or head of
22 household, and

23 “(IV) \$51,000 in the case of a
24 married individual filing a separate
25 return.

1 “(B) PHASEOUT OF ADDITIONAL EXEMP-
2 TION AMOUNT.—

3 “(i) IN GENERAL.—In the case of any
4 middle-income taxpayer whose adjusted
5 gross income exceeds the applicable transi-
6 tion dollar amount, the additional exemp-
7 tion amount shall be reduced by the
8 amount determined under clause (ii).

9 “(ii) AMOUNT OF REDUCTION.—The
10 amount determined under this clause with
11 respect to the additional exemption amount
12 shall be the amount which bears the same
13 ratio to the additional exemption amount
14 as—

15 “(I) the excess of the taxpayer’s
16 adjusted gross income for the taxable
17 year over the applicable transition dol-
18 lar amount, bears to

19 “(II) the excess of the applicable
20 maximum dollar amount over the ap-
21 plicable transition dollar amount.

22 “(iii) APPLICABLE TRANSITION DOL-
23 LAR AMOUNT.—For purposes of this sub-
24 paragraph, the term ‘applicable transition
25 dollar amount’ means—

1 “(I) \$47,000 in the case of a
2 joint return or a surviving spouse (as
3 defined in section 2(a)),

4 “(II) \$37,000 in the case of a
5 head of household (as defined in sec-
6 tion 2(b)),

7 “(III) \$28,000 in the case of an
8 individual who is not married and is
9 not a surviving spouse or head of
10 household, and

11 “(IV) \$23,500 in the case of a
12 married individual filing a separate
13 return.”

14 (c) INFLATION ADJUSTMENTS.—Paragraph (5) of
15 section 151(d) (as so redesignated by subsection (b) of this
16 section) is amended by adding at the end the following
17 new subparagraph:

18 “(C) ADJUSTMENTS RELATING TO ADDI-
19 TIONAL EXEMPTION AMOUNT.—In the case of
20 any taxable year beginning in a calendar year
21 after 1994, the dollar amount contained in
22 paragraph (1)(B) and each dollar amount con-
23 tained in paragraph (4) shall be increased by
24 an amount equal to—

25 “(i) such dollar amount, multiplied by

1 “(ii) the cost-of-living adjustment
2 under section 1(f)(3) for the calendar year
3 in which the taxable year begins, deter-
4 mined by substituting ‘calendar year 1993’
5 for ‘calendar year 1989’ in subparagraph
6 (B) of such section.”

7 (d) CONFORMING AMENDMENTS.—

8 (1) Paragraph (6) of section 1(f) is amended by
9 striking “section 151(d)(4)” each place it appears
10 and inserting “section 151(d)(5)”.

11 (2) Paragraph (3) of section 151(d) is amend-
12 ed—

13 (A) in the paragraph caption, by inserting
14 “OF REGULAR EXEMPTION AMOUNT” after
15 “PHASEOUT”, and

16 (B) in subparagraph (A), by inserting
17 “regular” before “exemption amount”.

18 (3) Subparagraph (A) of section 151(d)(5) (as
19 so redesignated by subsection (b) of this section) is
20 amended—

21 (A) in the matter preceding clause (i) by
22 striking “paragraph (1)” and inserting “para-
23 graph (1)(A)”, and

24 (B) by striking “BASIC” in the heading
25 and inserting “REGULAR”.

1 (e) EFFECTIVE DATE.—The amendments made by
 2 this section shall apply to taxable years beginning after
 3 December 31, 1993.

4 **TITLE II—REVENUE PROVISIONS**

5 **SEC. 201. INCREASE IN RATE OF INDIVIDUAL INCOME TAX** 6 **FOR HIGH-INCOME TAXPAYERS.**

7 (a) IN GENERAL.—

8 (1) MARRIED INDIVIDUALS FILING JOINT RE-
 9 TURNS AND SURVIVING SPOUSES.—Subsection (a) of
 10 section 1 (relating to tax imposed on married indi-
 11 viduals filing joint returns and surviving spouses) is
 12 amended by striking the item beginning “Over
 13 \$78,400” and inserting the following new items:

“Over \$78,400 but not over \$100,000.	\$17,733.50, plus 31% of the excess over \$78,400.
“Over \$100,000	\$24,429.50, plus 36% of the excess over \$100,000.”

14 (2) HEADS OF HOUSEHOLDS.—Subsection (b)
 15 of section 1 (relating to tax imposed on heads of
 16 households) is amended by striking the item begin-
 17 ning “Over \$67,200” and inserting the following
 18 new items:

“Over \$67,200 but not over \$85,000.	\$15,429.50, plus 31% of the excess over \$67,200.
“Over \$85,000	\$20,947.50, plus 36% of the excess over \$85,000.”

19 (3) UNMARRIED INDIVIDUALS (OTHER THAN
 20 SURVIVING SPOUSES AND HEADS OF HOUSE-
 21 HOLDS).—Subsection (c) of section 1 (relating to tax

1 imposed on unmarried individuals, other than surviv-
 2 ing spouses and heads of households) is amended by
 3 striking the item beginning “Over \$47,050” and in-
 4 serting the following new items:

“Over \$47,050 but not over \$70,000.	\$10,645.50, plus 31% of the excess over \$47,050.
“Over \$70,000	\$17,760, plus 36% of the excess over \$70,000.”

5 (4) MARRIED INDIVIDUALS FILING SEPARATE
 6 RETURNS.—Subsection (d) of section 1 (relating to
 7 tax imposed on married individuals filing separate
 8 returns) is amended by striking the item beginning
 9 “Over \$39,200” and inserting the following new
 10 items:

“Over \$39,200 but not over \$50,000.	\$8,866.75, plus 31% of the excess over \$39,200.
“Over \$50,000	\$12,214.75, plus 36% of the excess over \$50,000.”

11 (5) ESTATES AND TRUSTS.—Subsection (e) of
 12 section 1 (relating to tax imposed on estates and
 13 trusts) is amended by striking the item beginning
 14 “Over \$9,900” and inserting the following new
 15 items:

“Over \$9,900 but not over \$12,600.	\$2,343, plus 31% of the excess over \$9,900.
“Over \$12,600	\$3,180, plus 36% of the excess over \$12,600.”

16 (b) EFFECTIVE DATE.—The amendments made by
 17 this section shall apply to taxable years beginning after
 18 December 31, 1993.

1 **SEC. 202. SURTAX ON INDIVIDUALS WITH INCOMES OVER**
 2 **\$225,000.**

3 (a) GENERAL RULE.—Subchapter A of chapter 1
 4 (relating to determination of tax liability) is amended by
 5 adding at the end the following new part:

6 **“PART VIII—SURTAX ON INDIVIDUALS WITH**
 7 **INCOMES OVER \$225,000**

“Sec. 59B. Surtax on section 1 tax.

“Sec. 59C. Surtax on minimum tax.

“Sec. 59D. Special rules.

8 **“SEC. 59B. SURTAX ON SECTION 1 TAX.**

9 “In the case of an individual who has taxable income
 10 for the taxable year in excess of \$225,000, the amount
 11 of the tax imposed under section 1 for such taxable year
 12 shall be increased by 15 percent of the amount which
 13 bears the same ratio to the tax imposed under section 1
 14 (determined without regard to this section) as—

15 “(1) the amount by which the taxable income of
 16 such individual for such taxable year exceeds
 17 \$225,000, bears to

18 “(2) the total amount of such individual’s tax-
 19 able income for such taxable year.

20 **“SEC. 59C. SURTAX ON MINIMUM TAX.**

21 “In the case of an individual who has alternative min-
 22 imum taxable income for the taxable year in excess of
 23 \$225,000, the amount of the tentative minimum tax deter-
 24 mined under section 55 for such taxable year shall be in-

1 creased by 2.5 percent of the amount by which the alter-
2 native minimum taxable income of such taxpayer for the
3 taxable year exceeds \$225,000.

4 **“SEC. 59D. SPECIAL RULES.**

5 “(a) SURTAX TO APPLY TO ESTATES AND TRUSTS.—
6 For purposes of this part, the term ‘individual’ includes
7 any estate or trust taxable under section 1.

8 “(b) TREATMENT OF MARRIED INDIVIDUALS FILING
9 SEPARATE RETURNS.—In the case of a married individual
10 (within the meaning of section 7703) filing a separate re-
11 turn for the taxable year, sections 59B and 59C shall be
12 applied by substituting ‘\$112,500’ for ‘\$225,000’.

13 “(c) COORDINATION WITH OTHER PROVISIONS.—
14 The provisions of this part shall be applied—

15 “(1) after the application of section 1(h), but

16 “(2) before the application of any other provi-
17 sion of this title which refers to the amount of tax
18 imposed by section 1 or 55, as the case may be.”

19 (b) CLERICAL AMENDMENT.—The table of parts for
20 such subchapter A is amended by adding at the end the
21 following new item:

 “Part VIII. Surtax on individuals with incomes over \$225,000.”

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to taxable years beginning after
24 December 31, 1993.

1 **SEC. 203. INCREASE IN RATE OF CORPORATE INCOME TAX.**

2 (a) IN GENERAL.—Subparagraph (C) of section
3 11(b)(1) (relating to amount of tax) is amended by strik-
4 ing “34 percent” and inserting “36 percent”.

5 (b) CONFORMING AMENDMENT.—Paragraph (2) of
6 section 11(b) (relating to ineligibility of personal service
7 corporations for graduated rate) is amended by striking
8 “34 percent” and inserting “36 percent”.

9 (c) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to taxable years beginning after
11 December 31, 1993.

12 **SEC. 204. INCREASE IN RATE OF INDIVIDUAL ALTERNATIVE**
13 **MINIMUM TAX.**

14 (a) IN GENERAL.—Subparagraph (A) of section
15 55(b)(1) (relating to tentative minimum tax) is amended
16 by striking “24 percent” and inserting “27 percent”.

17 (b) EFFECTIVE DATE.—The amendment made by
18 this section shall apply to taxable years beginning after
19 December 31, 1993.

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