

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 429

To amend the Internal Revenue Code of 1986 to allow individuals to designate that up to 10 percent of their income tax liability be used to reduce the national debt, and to require spending reductions equal to the amounts so designated.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 5, 1993

Mr. WALKER (for himself, Mr. GINGRICH, Mr. BARTON of Texas, Mr. BLILEY, Mr. CAMP, Mr. COBLE, Mr. CRAPO, Mr. DOOLITTLE, Mr. DORNAN, Mr. EWING, Mr. FAWELL, Mr. GEKAS, Mr. GOSS, Mr. HANCOCK, Mr. HEFLEY, Mr. KINGSTON, Mr. KOLBE, Mr. LEWIS of Florida, Mr. MCCOLLUM, Mr. NUSSLE, Mr. OXLEY, Mr. PACKARD, Mr. RAVENEL, Mr. ROHRABACHER, Mr. SANTORUM, Mr. THOMAS of Wyoming, Mr. UPTON, Mr. ZELIFF, and Mr. ZIMMER) introduced the following bill; which was referred jointly to the Committees on Ways and Means and Government Operations

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## A BILL

To amend the Internal Revenue Code of 1986 to allow individuals to designate that up to 10 percent of their income tax liability be used to reduce the national debt, and to require spending reductions equal to the amounts so designated.

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 “Taxpayer Debt Buy-  
3 Down Act”.

4 **SEC. 2. DESIGNATION OF AMOUNTS FOR REDUCTION OF**  
5 **PUBLIC DEBT.**

6 (a) IN GENERAL.—Subchapter A of chapter 61 of the  
7 Internal Revenue Code of 1986 (relating to returns and  
8 records) is amended by adding at the end the following  
9 new part:

10 **“PART IX—DESIGNATION FOR REDUCTION OF**  
11 **PUBLIC DEBT.**

“Sec. 6097. Designation.

12 **“SEC. 6097. DESIGNATION.**

13 “(a) IN GENERAL.—Every individual with adjusted  
14 income tax liability for any taxable year may designate  
15 that a portion of such liability (not to exceed 10 percent  
16 thereof) shall be used to reduce the public debt.

17 “(b) MANNER AND TIME OF DESIGNATION.—A des-  
18 ignation under subsection (a) may be made with respect  
19 to any taxable year only at the time of filing the return  
20 of tax imposed by chapter 1 for the taxable year. The des-  
21 ignation shall be made on the first page of the return or  
22 on the page bearing the taxpayer’s signature.

23 “(c) ADJUSTED INCOME TAX LIABILITY.—For pur-  
24 poses of this section, the term ‘adjusted income tax liabil-  
25 ity’ means income tax liability (as defined in section

1 6096(b)) reduced by any amount designated under section  
2 6096 (relating to designation of income tax payments to  
3 Presidential Election Campaign Fund).”

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

“Part IX. Designation for reduction of public debt.”

7 (c) EFFECTIVE DATE.—The amendments made by  
8 this section shall apply to taxable years ending after the  
9 date of the enactment of this Act.

10 **SEC. 3. PUBLIC DEBT REDUCTION TRUST FUND.**

11 (a) IN GENERAL.—Subchapter A of chapter 98 of the  
12 Internal Revenue Code of 1986 (relating to trust fund  
13 code) is amended by adding at the end the following sec-  
14 tion:

15 **“SEC. 9512. PUBLIC DEBT REDUCTION TRUST FUND.**

16 “(a) CREATION OF TRUST FUND.—There is estab-  
17 lished in the Treasury of the United States a trust fund  
18 to be known as the ‘Public Debt Reduction Trust Fund’,  
19 consisting of any amount appropriated or credited to the  
20 Trust Fund as provided in this section or section 9602(b).

21 “(b) TRANSFERS TO TRUST FUND.—There are here-  
22 by appropriated to the Public Debt Reduction Trust Fund  
23 amounts equivalent to the amounts designated under sec-  
24 tion 6097 (relating to designation for public debt reduc-  
25 tion).

1       “(c) EXPENDITURES.—Amounts in the Public Debt  
2 Reduction Trust Fund shall be available only for purposes  
3 of paying at maturity, or to redeem or buy before matu-  
4 rity, any obligation of the Federal Government included  
5 in the public debt. Any obligation which is paid, redeemed,  
6 or bought with amounts from such Trust Fund shall be  
7 canceled and retired and may not be reissued.”

8       (b) CLERICAL AMENDMENT.—The table of sections  
9 for such subchapter is amended by adding at the end the  
10 following new item:

“Sec. 9512. Public Debt Reduction Trust Fund.”

11       (c) EFFECTIVE DATE.—The amendments made by  
12 this section shall apply to amounts received after the date  
13 of the enactment of this Act.

14 **SEC. 4. TAXPAYER-GENERATED SEQUESTRATION OF FED-**  
15 **ERAL SPENDING TO REDUCE THE PUBLIC**  
16 **DEBT.**

17       (a) SEQUESTRATION TO REDUCE THE PUBLIC  
18 DEBT.—Part C of the Balanced Budget and Emergency  
19 Deficit Control Act of 1985 is amended by adding after  
20 section 253 the following new section:

21 **“SEC. 253A. SEQUESTRATION TO REDUCE THE PUBLIC**  
22 **DEBT.**

23       “(a) SEQUESTRATION.—Notwithstanding sections  
24 255 and 256, within 15 days after Congress adjourns to  
25 end a session, and on the same day as sequestration (if

1 any) under sections 251, 252, and 253, but after any se-  
2 questration required by those sections, there shall be a se-  
3 questration equivalent to the estimated aggregate amount  
4 designated under section 6097 of the Internal Revenue  
5 Code of 1986 for the last taxable year ending before the  
6 beginning of that session of Congress, as estimated by the  
7 Department of the Treasury on May 1 and as modified  
8 by the total of (1) any amounts by which net discretionary  
9 spending is reduced by legislation below the discretionary  
10 spending limits (or, in the absence of such limits, any net  
11 deficit change from the baseline amount calculated under  
12 section 257, except that such baseline for fiscal year 1996  
13 and thereafter shall be based upon fiscal year 1995 en-  
14 acted appropriations less any 1995 sequesters) and (2) the  
15 net deficit change that has resulted from direct spending  
16 legislation.

17 “(b) APPLICABILITY.—

18 “(1) IN GENERAL.—Except as provided by  
19 paragraph (2), each account of the United States  
20 shall be reduced by a dollar amount calculated by  
21 multiplying the level of budgetary resources in that  
22 account at that time by the uniform percentage nec-  
23 essary to carry out subsection (a). All obligational  
24 authority reduced under this section shall be done in  
25 a manner that makes such reductions permanent.

1           “(2) EXEMPT ACCOUNTS.—No order issued  
2 under this part may—

3           “(A) reduce benefits payable the old-age,  
4 survivors, and disability insurance program es-  
5 tablished under title II of the Social Security  
6 Act;

7           “(B) reduce payments for net interest (all  
8 of major functional category 900); or

9           “(C) make any reduction in the following  
10 accounts:

11                   “Federal Deposit Insurance Corpora-  
12 tion, Bank Insurance Fund;

13                   “Federal Deposit Insurance Corpora-  
14 tion, FSLIC Resolution Fund;

15                   “Federal Deposit Insurance Corpora-  
16 tion, Savings Association Insurance Fund;

17                   “National Credit Union Administra-  
18 tion, credit union share insurance fund; or

19                   “Resolution Trust Corporation.”.

20           (b) REPORTS.—Section 254 of the Balanced Budget  
21 and Emergency Deficit Control Act of 1985 is amended—

22           (1) in subsection (a), by inserting before the  
23 item relating to August 10 the following:

24           “May 1 . . . Department of Treasury report to Con-  
25 gress estimating amount of income tax designated pursu-

1 ant to section 6097 of the Internal Revenue Code of  
2 1986.”;

3 (2) in subsection (d)(1), by inserting “, and se-  
4 questration to reduce the public debt,”;

5 (3) in subsection (d), by redesignating para-  
6 graph (5) as paragraph (6) and by inserting after  
7 paragraph (4) the following new paragraph:

8 “(5) SEQUESTRATION TO REDUCE THE PUBLIC  
9 DEBT REPORTS.—The preview reports shall set forth  
10 for the budget year estimates for each of the follow-  
11 ing:

12 “(A) The aggregate amount designated  
13 under section 6097 of the Internal Revenue  
14 Code of 1986 for the last taxable year ending  
15 before the budget year.

16 “(B) The amount of reductions required  
17 under section 253A and the deficit remaining  
18 after those reductions have been made.

19 “(C) The sequestration percentage nec-  
20 essary to achieve the required reduction in ac-  
21 counts under section 253A(b).”; and

22 (4) in subsection (g), by redesignating para-  
23 graphs (4) and (5) as paragraphs (5) and (6), re-  
24 spectively, and by inserting after paragraph (3) the  
25 following new paragraph:

1           “(4) SEQUESTRATION TO REDUCE THE PUBLIC  
2           DEBT REPORTS.—The final reports shall contain all  
3           of the information contained in the public debt tax-  
4           ation designation report required on May 1.”.

5           (c) EFFECTIVE DATE.—Notwithstanding section  
6           275(b) of the Balanced Budget and Emergency Deficit  
7           Control Act of 1985, the expiration date set forth in that  
8           section shall not apply to the amendments made by this  
9           section. The amendments made by this section shall cease  
10          to have any effect after the first fiscal year during which  
11          there is no public debt.

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