

103^D CONGRESS
2^D SESSION

H. R. 5070

To amend the Internal Revenue Code of 1986 to repeal the 1993 Federal income tax rate increases on trusts established for the benefit of individuals with disabilities.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 21, 1994

Mr. PAYNE of Virginia 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 repeal the 1993 Federal income tax rate increases on trusts established for the benefit of individuals with disabilities.

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 “Persons With Disabil-
5 ities Trusts Tax Rate Restoration Act”.

1 **SEC. 2. REPEAL OF 1993 RATE INCREASES ON TRUSTS FOR**
 2 **INDIVIDUALS WHO ARE DISABLED OR FOR**
 3 **COLLEGE EDUCATIONS.**

4 (a) IN GENERAL.—Section 1(e) of the Internal Reve-
 5 nue Code of 1986 (relating to tax imposed on estates and
 6 trusts) is amended to read as follows:

7 “(e) ESTATES AND TRUSTS.—

8 “(1) IN GENERAL.—Except as provided in para-
 9 graph (2), there is hereby imposed on the taxable in-
 10 come of—

11 “(A) every estate, and

12 “(B) every trust,

13 taxable under this subsection a tax determined in ac-
 14 cordance with the following table:

“If taxable income is:	The tax is:
Not over \$1,500	15% of taxable income.
Over \$1,500 but not over \$3,500 ..	\$225, plus 28% of the excess over \$1,500.
Over \$3,500 but not over \$5,500 ..	\$785, plus 31% of the excess over \$3,500.
Over \$5,500 but not over \$7,500 ..	\$1,405, plus 36% of the excess over \$5,500.
Over \$7,500	\$2,125, plus 39.6% of the excess over \$7,500.

15 “(2) SPECIAL RULE FOR CERTAIN TRUSTS.—

16 “(A) IN GENERAL.—There is hereby im-
 17 posed on the taxable income of an eligible trust
 18 taxable under this subsection a tax determined
 19 in accordance with the following table:

“If taxable income is:	The tax is:
Not over \$3,300	15% of taxable income.

“If taxable income is:	The tax is:
Over \$3,300 but not over \$9,900 ..	\$495, plus 28% of the excess over \$3,300.
Over \$9,900	\$2,343, plus 31% of the excess over \$9,900.

1 “(B) ELIGIBLE TRUST.—For purposes of
2 subparagraph (A), the term ‘eligible trust’
3 means a trust which is established exclusively
4 for the purpose of providing reasonable
5 amounts for the support and maintenance of 1
6 or more beneficiaries each of whom is an indi-
7 vidual who is mentally ill or has a disability
8 (within the meaning of section 3(2) of the
9 Americans With Disabilities Act of 1990 (42
10 U.S.C. 12102(2)) at the time the trust is estab-
11 lished. A trust shall not fail to meet the re-
12 quirements of this subparagraph merely be-
13 cause the corpus of the trust may revert to the
14 grantor or a member of the grantor’s family
15 upon the death of the beneficiary.”

16 (b) EFFECTIVE DATE.—The amendment made by
17 this section shall apply to taxable years beginning after
18 December 31, 1992.

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