

103<sup>D</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 5306

To amend the Internal Revenue Code of 1986 to reduce individual income tax rates, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 29, 1994

Mr. SAXTON (for himself, Mr. GINGRICH, Mr. ARMEY, Mr. HUNTER, Mr. DELAY, Mr. ZIMMER, Mr. DREIER, Mr. LIGHTFOOT, Mr. WALKER, Mr. DOOLITTLE, Mr. HANCOCK, and Mr. RAMSTAD) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to reduce individual income tax rates, 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,*

3 **SECTION 1. SHORT TITLE; ETC.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Tax Rate Reduction Act of 1994”.

6 (b) SECTION 15 NOT TO APPLY.—No amendment  
7 made by this Act, and no change in a rate pursuant to  
8 section 1(f)(8) of the Internal Revenue Code of 1986 (as

1 amended by this Act), shall be treated as a change in a  
2 rate of tax for purposes of section 15 of such Code.

3 **SEC. 2. REDUCTION IN INDIVIDUAL INCOME TAX RATES.**

4 (a) REPEAL OF 39.6% RATE.—

5 (1) Each of the tables contained in subsections  
6 (a), (b), (c), (d), and (e) of section 1 of the Internal  
7 Revenue Code of 1986 is amended by striking the  
8 last item in each column (relating to 39.6 percent  
9 rate bracket).

10 (2) Each of the tables contained in subsections  
11 (a), (b), and (c) of section 1 of such Code is amend-  
12 ed by striking “but not over \$250,000”.

13 (3) The table contained in subsection (d) of sec-  
14 tion 1 of such Code is amended by striking “but not  
15 over \$125,000”.

16 (4) The table contained in subsection (e) of sec-  
17 tion 1 of such Code is amended by striking “but not  
18 over \$7,500”.

19 (b) ADDITIONAL RATE REDUCTIONS.—

20 (1) IN GENERAL.—Subsection (f) of section 1  
21 of such Code is amended by adding at the end the  
22 following new paragraph:

23 “(8) RATE REDUCTIONS.—In prescribing the  
24 tables under paragraph (1) which apply with respect  
25 to taxable years beginning in a calendar year after

1 1994, the corresponding percentages specified for  
 2 such calendar year in the following table shall be  
 3 substituted for 15%, 28%, 31%, and 36%, respec-  
 4 tively, in subsections (a), (b), (c), (d), and (e).

In the case of taxable years beginning during calendar year:	The corresponding percentage shall be substituted for the following percentages:			
	15%	28%	31%	36%
1995 .....	14%	28%	31%	34%
1996 .....	13%	26%	29%	33%
1997 .....	12%	24%	27%	33%
1998 or thereafter .....	12%	22%	25%	33%.”

5 (2) TECHNICAL AMENDMENTS.—

6 (A) Subparagraph (B) of section 1(f)(2) of  
 7 such Code is amended by inserting “except as  
 8 provided in paragraph (8),” before “by not  
 9 changing”.

10 (B) Subparagraph (C) of section 1(f)(2) of  
 11 such Code is amended by inserting “and the re-  
 12 ductions under paragraph (8) in the rates of  
 13 tax” before the period.

14 (C) The heading for subsection (f) of sec-  
 15 tion 1 of such Code is amended by inserting  
 16 “RATE REDUCTIONS;” before “ADJUSTMENTS”.

17 (c) EFFECTIVE DATE.—The amendments made by  
 18 this section shall apply to taxable years beginning after  
 19 December 31, 1994.

1 **SEC. 3. REPEAL OF OVERALL LIMITATION ON ITEMIZED DE-**  
2 **DUCTIONS.**

3 (a) IN GENERAL.—Section 68 of the Internal Reve-  
4 nue Code of 1986 is hereby repealed.

5 (b) TECHNICAL AMENDMENTS.—

6 (1) Subparagraph (A) of section 1(f)(6) of such  
7 Code is amended by striking “section 68(b)(2)”.

8 (2) Paragraph (1) of section 56(b) of such Code  
9 is amended by striking subparagraph (F).

10 (3) The table of sections for part I of sub-  
11 chapter B of chapter 1 of such Code is amended by  
12 striking the item relating to section 68.

13 (c) EFFECTIVE DATE.—The amendments made by  
14 this section shall apply to taxable years beginning after  
15 December 31, 1994.

16 **SEC. 4. REPEAL OF PHASEOUT OF PERSONAL EXEMPTIONS.**

17 (a) IN GENERAL.—Subsection (d) of section 151 of  
18 the Internal Revenue Code of 1986 (relating to exemption  
19 amount) is amended by striking paragraphs (3) and (4)  
20 and inserting the following new paragraph:

21 “(3) INFLATION ADJUSTMENT.—In the case of  
22 any taxable year beginning in a calendar year after  
23 1989, the dollar amount contained in paragraph (1)  
24 shall be increased by an amount equal to—

25 “(A) such dollar amount, multiplied by

1           “(B) the cost-of-living adjustment deter-  
2           mined under section 1(f)(3) for the calendar  
3           year in which the taxable year begins, by sub-  
4           stituting ‘calendar year 1988’ for ‘calendar year  
5           1992’ in subparagraph (B) thereof.”

6           (b) EFFECTIVE DATE.—The amendment made by  
7 this section shall apply to taxable years beginning after  
8 December 31, 1994.

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