

104TH CONGRESS
1ST SESSION

H. R. 1402

To amend the Internal Revenue Code of 1986 to improve revenue collection and to provide that a taxpayer conscientiously opposed to participation in war may elect to have such taxpayer's income, estate, or gift tax payments spent for nonmilitary purposes, to create the United States Peace Tax Fund to receive such tax payments, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 5, 1995

Mr. JACOBS (for himself, Mr. LEACH, Mr. DELLUMS, Mr. FRANK of Massachusetts, Mrs. SCHROEDER, Mr. DEFazio, Mr. MILLER of California, Ms. RIVERS, Mr. TOWNS, Mr. MARKEY, Mr. OBERSTAR, Ms. VELÁZQUEZ, Mr. YATES, Ms. FURSE, Mr. LEWIS of Georgia, and Mr. MCHALE) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on International Relations, and Economic and Educational Opportunities, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Internal Revenue Code of 1986 to improve revenue collection and to provide that a taxpayer conscientiously opposed to participation in war may elect to have such taxpayer's income, estate, or gift tax payments spent for nonmilitary purposes, to create the United States Peace Tax Fund to receive such tax payments, 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.**

4 This Act may be cited as the “United States Peace
5 Tax Fund Act”.

6 **SEC. 2. FINDINGS AND POLICY.**

7 (a) FINDINGS.—The Congress finds that for a signifi-
8 cant minority of Americans, sincere conscientious objec-
9 tion to participation in war in any form means that such
10 Americans cannot in conscience pay the portion of their
11 taxes that would support military expenditures.

12 (b) POLICY.—It is the policy of the Congress—

13 (1) to improve revenue collections and to allow
14 conscientious objectors to pay their full tax liability
15 without violating their moral, ethical, or religious be-
16 liefs;

17 (2) to reduce the present administrative and ju-
18 dicial burden created by conscientious objectors who
19 violate tax laws rather than violate their consciences;

20 (3) to recognize conscientious objector status
21 with regard to the payment of taxes for military pur-
22 poses; and

23 (4) to provide a mechanism for congressional
24 appropriations of such funds for nonmilitary pur-
25 poses.

1 **SEC. 3. UNITED STATES PEACE TAX FUND.**

2 (a) CREATION OF TRUST FUND.—There is hereby es-
3 tablished within the Treasury of the United States a spe-
4 cial trust fund to be known as the “United States Peace
5 Tax Fund” (hereinafter referred to as the “Fund”). The
6 Fund shall consist of such amounts as may be transferred
7 to the Fund as provided in this section.

8 (b) TRANSFER TO FUND OF AMOUNTS EQUIVALENT
9 TO CERTAIN TAXES.—

10 (1) IN GENERAL.—There are hereby transferred
11 to the Fund amounts equivalent to the sum of the
12 amounts designated during the fiscal year by indi-
13 viduals under sections 2210, 2506, and 6099 of the
14 Internal Revenue Code of 1986 for payment into the
15 Fund. Such amounts shall be deposited into the
16 Fund and shall be available only for the purposes
17 provided in this Act.

18 (2) METHOD OF TRANSFER.—The amounts
19 transferred by paragraph (1) shall be transferred at
20 least monthly from the general fund of the Treasury
21 to the Fund on the basis of estimates by the Sec-
22 retary of the Treasury of the amounts, referred to
23 in paragraph (1), received in the Treasury. Proper
24 adjustments shall be made in the amounts subse-
25 quently transferred to the extent that prior esti-

1 mates were in excess of or less than the amounts re-
2 quired to be transferred.

3 (3) REPORT.—The Secretary of the Treasury
4 shall report to the Committees on Appropriations of
5 the House of Representatives and the Senate each
6 year on the total amount transferred into the Fund
7 during the preceding fiscal year. Such report shall
8 be printed in the Congressional Record upon receipt
9 by the committees.

10 **SEC. 4. INCOME TAX PAYMENTS TO UNITED STATES PEACE**
11 **TAX FUND.**

12 (a) IN GENERAL.—Subchapter A of chapter 61 of the
13 Internal Revenue Code of 1986 (relating to information
14 and returns) is amended by adding at the end the follow-
15 ing new part:

16 **“PART IX—DESIGNATION OF INCOME TAX PAY-**
17 **MENTS FOR TRANSFER TO UNITED STATES**
18 **PEACE TAX FUND**

“Sec. 6099. Designation by individuals.

19 **“SEC. 6099. DESIGNATION BY INDIVIDUALS.**

20 “(a) IN GENERAL.—Every eligible individual (other
21 than a nonresident alien) whose income tax liability for
22 any taxable year is \$1 or more may designate that such
23 individual’s income tax payment for such year shall be

1 paid into the United States Peace Tax Fund established
2 by section 3 of the United States Peace Tax Fund Act.

3 “(b) DEFINITIONS.—For purposes of this section—

4 “(1) ELIGIBLE INDIVIDUAL.—

5 “(A) IN GENERAL.—The term ‘eligible in-
6 dividual’ means an individual who by reason of
7 religious training and belief is conscientiously
8 opposed to participation in war in any form,
9 and who—

10 “(i) has been exempted or discharged
11 from combatant training and service in the
12 Armed Forces of the United States as a
13 conscientious objector under section 6(j) of
14 the Military Selective Service Act (50
15 U.S.C. App. 456(j)), or corresponding law,
16 or

17 “(ii) certified in a statement in a
18 questionnaire return made under section
19 6039F that such individual is conscien-
20 tiously opposed to participation in war in
21 any form within the meaning of section
22 6(j) of such Act.

23 “(B) VERIFICATION.—

24 “(i) QUESTIONNAIRE RETURN RE-
25 CEIPT.—Any taxpayer who makes a des-

1 ignation under subsection (a) shall attach
2 the questionnaire return receipt provided
3 under section 6039F(b) to such taxpayer's
4 return of tax.

5 “(ii) ADDITIONAL INFORMATION MAY
6 BE REQUIRED.—The Secretary may re-
7 quire any taxpayer who makes a designa-
8 tion under subsection (a) to provide such
9 additional information as may be necessary
10 to verify such taxpayer's status as an eligi-
11 ble individual.

12 “(C) DENIAL OF DESIGNATION.—If the
13 Secretary determines that a taxpayer who
14 makes the designation provided for by sub-
15 section (a) is not an eligible individual and is
16 not entitled to make such designation, then the
17 Secretary, upon written notice to the taxpayer
18 stating the reasons for denial, may deny the
19 designation. The taxpayer may challenge the
20 Secretary's ruling by bringing an action in the
21 United States Tax Court, or in the United
22 States district court for the district of such tax-
23 payer's residence, for a declaratory judgment as
24 to whether the taxpayer is an eligible individual
25 and entitled to make such a designation.

1 “(2) INCOME TAX LIABILITY.—The term ‘in-
2 come tax liability’ means the amount of the tax im-
3 posed by chapter 1 on a taxpayer for any taxable
4 year (as shown on such taxpayer’s tax return) re-
5 duced by the sum of—

6 “(A) the credits (as shown in such return)
7 allowable under part IV of subchapter A of
8 chapter 1 (other than subpart C thereof), and

9 “(B) the amount designated under section
10 6096.

11 “(3) INCOME TAX PAYMENT.—The term ‘in-
12 come tax payment’ means the amount of taxes im-
13 posed by chapter 1 and paid by or withheld from a
14 taxpayer for any taxable year not in excess of such
15 taxpayer’s income tax liability.

16 “(c) MANNER AND TIME OF DESIGNATION.—A des-
17 ignation under subsection (a) may be made with respect
18 to any taxable year either—

19 “(1) at the time of filing the return of the tax
20 imposed by chapter 1 for such taxable year, or

21 “(2) at any other time (after the time of filing
22 the return of the tax imposed by chapter 1 for such
23 taxable year) specified in regulations prescribed by
24 the Secretary.

1 Such designation shall be made in such manner as the
2 Secretary prescribes by regulations except that, if such
3 designation is made at the time described in paragraph
4 (1), such designation shall be made on the page bearing
5 the taxpayer's signature.

6 “(d) SPECIAL RULE IN THE CASE OF JOINT RE-
7 TURN.—In the case of an eligible individual filing a joint
8 return, upon the consent of such individual's spouse, the
9 joint income tax payment may be designated pursuant to
10 subsection (a).

11 “(e) EXPLANATION OF UNITED STATES PEACE TAX
12 FUND PURPOSES.—Each publication of general instruc-
13 tions accompanying an income tax return or a question-
14 naire return described in section 6039F shall include—

15 “(1) an explanation of the purpose of the
16 United States Peace Tax Fund,

17 “(2) the criteria for determining whether an in-
18 dividual meets the requirements of section 6(j) of
19 the Military Selective Service Act (50 U.S.C. App.
20 456(j)), and

21 “(3) an explanation of the process for making
22 the designation provided by this section.”.

23 “(b) CLERICAL AMENDMENTS.—The table of parts of
24 subchapter A of chapter 61 of the Internal Revenue Code

1 of 1986 is amended by adding at the end the following
2 new item:

“Part IX—Designation of income tax payments for transfer to
United States Peace Tax Fund.”.

3 (c) DESIGNATION INFORMATION.—

4 (1) Subpart A of part III of subchapter A of
5 chapter 61 of the Internal Revenue Code of 1986
6 (relating to information and returns) is amended by
7 adding at the end thereof the following new section:

8 **“SEC. 6039F. UNITED STATES PEACE TAX FUND DESIGNA-**
9 **TION INFORMATION.**

10 “(a) QUESTIONNAIRE RETURN.—Every taxpayer who
11 makes a designation described in section 6099(a) for any
12 taxable year shall make a questionnaire return during
13 such year as described in this section. The questionnaire
14 return shall request the taxpayer to certify such taxpayer’s
15 beliefs about participation in war, the source or genesis
16 of such beliefs, and how the beliefs affect the taxpayer’s
17 life.

18 “(b) QUESTIONNAIRE RETURN RECEIPT.—Upon re-
19 ceipt of a questionnaire return that is timely filed, the Sec-
20 retary shall issue a receipt to the taxpayer indicating time-
21 ly filing of such return.”.

22 (2) The table of sections for such subpart is
23 amended by adding at the end the following new
24 item:

“Sec. 6039F. United States Peace Tax Fund designation information.”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply with respect to—

3 (1) taxable years beginning after December 31,
4 1995, and

5 (2) any taxable year ending before January 1,
6 1996, for which the time for filing a claim for re-
7 fund or credit of an overpayment of tax has not ex-
8 pired on the date of the enactment of this Act.

9 (e) RULES APPLICABLE TO RETURNS OF TAX FOR
10 TAXABLE YEARS ENDING BEFORE DATE OF ENACT-
11 MENT.—

12 (1) PENALTIES FOR FAILURE TO PAY TAX.—
13 Notwithstanding any other law, any person’s failure
14 or refusal, before the date of the enactment of this
15 Act, to pay all or a part of the tax imposed by chap-
16 ter 1 of the Internal Revenue Code of 1986 shall not
17 be a violation of Federal law if the person—

18 (A) pays the tax due (with interest), and

19 (B) establishes to the satisfaction of the
20 Secretary of the Treasury that the failure or re-
21 fusal to pay was based upon such person’s con-
22 scientious objection to participation in war in
23 any form within the meaning of section

1 6099(b)(1)(A) of such Code (defining eligible
2 individual).

3 (2) DISPOSITION OF AMOUNTS COLLECTED.—

4 There are hereby transferred to the Fund amounts
5 equivalent to the sum of the amounts paid into the
6 Treasury by persons under the provisions of para-
7 graph (1). Such amounts shall be deposited into the
8 Fund and shall be available only for the purposes
9 provided in this Act.

10 **SEC. 5. ESTATE TAX PAYMENTS TO UNITED STATES PEACE**

11 **TAX FUND.**

12 (a) IN GENERAL.—Subchapter C of chapter 11 of the
13 Internal Revenue Code of 1986 is amended by adding at
14 the end the following new section:

15 **“SEC. 2210. DESIGNATION OF ESTATE TAX PAYMENTS FOR**

16 **TRANSFER TO UNITED STATES PEACE TAX**

17 **FUND.**

18 “An eligible individual (within the meaning of section
19 6099(b)(1)) may elect that the tax imposed by section
20 2001 on the taxable estate of such individual shall be
21 transferred when paid to the United States Peace Tax
22 Fund established by section 3 of the United States Peace
23 Tax Fund Act. The election may be made by the executor
24 or administrator of the estate under written authority of

1 the decedent. Such election shall be made in such manner
2 as the Secretary shall by regulations prescribe.”.

3 (b) CLERICAL AMENDMENT.—The table of sections
4 for subchapter C of chapter 11 of the Internal Revenue
5 Code of 1986 is amended by adding at the end the follow-
6 ing:

“Sec. 2210. Designation of estate tax payments for transfer to
United States Peace Tax Fund.”.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall apply with respect to the estates of dece-
9 dents dying after December 31, 1995.

10 **SEC. 6. GIFT TAX PAYMENTS TO UNITED STATES PEACE**
11 **TAX FUND.**

12 (a) IN GENERAL.—Subchapter A of chapter 12 of the
13 Internal Revenue Code of 1986 is amended by adding at
14 the end the following new section:

15 **“SEC. 2506. DESIGNATION OF GIFT TAX PAYMENTS FOR**
16 **TRANSFER TO UNITED STATES PEACE TAX**
17 **FUND.**

18 “Any eligible individual (within the meaning of sec-
19 tion 6099(b)(1)) may elect that the tax imposed by section
20 2501 shall be transferred when paid to the United States
21 Peace Tax Fund established by section 3 of the United
22 States Peace Tax Fund Act. The election shall be made
23 in such manner as the Secretary shall by regulations pre-
24 scribe.”.

1 (b) CLERICAL AMENDMENT.—The table of sections
 2 for subchapter A of chapter 12 of the Internal Revenue
 3 Code of 1986 is amended by adding at the end the follow-
 4 ing new item:

“Sec. 2506. Designation of gift tax payments for transfer to
 United States Peace Tax Fund.”.

5 (c) EFFECTIVE DATE.—The amendments made by
 6 this section shall apply with respect to gifts made after
 7 December 31, 1995.

8 **SEC. 7. AUTHORIZATION OF APPROPRIATIONS.**

9 (a) CERTIFICATION BY COMPTROLLER GENERAL.—
 10 As soon after the close of each fiscal year as may be prac-
 11 ticable, the Comptroller General shall determine and cer-
 12 tify to the Congress and to the President the percentage
 13 of actual appropriations made for a military purpose with
 14 respect to such fiscal year. The certification shall be pub-
 15 lished in the Congressional Record upon receipt by the
 16 Congress.

17 (b) AUTHORIZATION OF APPROPRIATIONS.—There is
 18 hereby authorized to be appropriated for each fiscal year
 19 a certain portion of the Fund for obligation and expendi-
 20 ture in accordance with the provisions of this Act. Such
 21 portion is equal to an amount which is the sum of—

22 (1) the product of—

23 (A) all funds transferred to the Fund in
 24 the previous fiscal year, times

1 (B) the percentage determined under sub-
2 section (a) for such previous fiscal year, plus
3 (2) all funds in the Fund previously authorized
4 to be appropriated under this subsection but not yet
5 appropriated pursuant to this Act.

6 Funds remaining in the Fund shall accrue interest accord-
7 ing to the prevailing rate in long-term Government bonds.

8 (c) SURPLUS COVERED INTO GENERAL FUND.—For
9 each fiscal year, the portion of the Fund which is attrib-
10 utable to funds transferred to the Fund in the previous
11 fiscal year and which is not authorized to be appropriated
12 under subsection (b) is hereby covered into the general
13 fund of the Treasury of the United States. No part of
14 the funds transferred to the general fund under this sub-
15 section shall be appropriated for any expenditures, or oth-
16 erwise obligated, for a military purpose.

17 **SEC. 8. ELIGIBLE APPROPRIATIONS.**

18 (a) PAYMENTS.—Funds appropriated pursuant to the
19 authorization under section 7(b) shall be available, subject
20 to appropriation, to make grants, loans, or other arrange-
21 ments for eligible activities described in subsection (b).

22 (b) ELIGIBLE ACTIVITIES.—The following activities
23 are eligible to receive funds under subsection (a):

24 (1) Special Supplemental Food Program for
25 Women, Infants and Children (WIC);

1 (2) Head Start;

2 (3) United States Institute of Peace; and

3 (4) Peace Corps.

4 (c) DISPLACEMENT OF OTHER FUNDS.—It is the in-
5 tent of this Act that the Fund shall not operate to release
6 funds for military expenditures which, were it not for the
7 existence of the Fund, would otherwise have been appro-
8 priated for nonmilitary expenditures.

9 **SEC. 9. DEFINITIONS.**

10 For the purposes of this Act—

11 (1) The term “military purpose” means any ac-
12 tivity or program which any agency of the Govern-
13 ment conducts, administers, or sponsors and which
14 effects an augmentation of military forces or of de-
15 fensive and offensive intelligence activities, or en-
16 hances the capability of any person or nation to
17 wage war.

18 (2) The term “actual appropriations made for
19 a military purpose” includes, but is not limited to,
20 amounts appropriated by the United States in con-
21 nection with—

22 (A) the Department of Defense;

23 (B) the Central Intelligence Agency;

24 (C) the National Security Council;

25 (D) the Selective Service System;

1 (E) activities of the Department of Energy
2 that have a military purpose;

3 (F) activities of the National Aeronautics
4 and Space Administration that have a military
5 purpose;

6 (G) foreign military aid; and

7 (H) the training, supplying, or maintaining
8 of military personnel, or the manufacture, con-
9 struction, maintenance, or development of mili-
10 tary weapons, installations, or strategies.

11 (3) The term “agency” means each authority of
12 the Government of the United States, whether or
13 not it is within or subject to review by another agen-
14 cy, but does not include—

15 (A) the Congress; or

16 (B) the courts of the United States.

17 (4) The term “person” includes an individual,
18 partnership, corporation, association, or public or
19 private organization other than an agency.

20 **SEC. 10. SEPARABILITY.**

21 If any section, subsection, or other provision of this
22 Act, or the application thereof to any person or cir-
23 cumstance, is held invalid, the remainder of this Act and
24 the application of such section, subsection, or other provi-

1 sion to other persons or circumstances shall not be af-
2 fected thereby.

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