

107TH CONGRESS
1ST SESSION

H. R. 873

To amend the Internal Revenue Code of 1986 to provide individual income tax rate reductions.

IN THE HOUSE OF REPRESENTATIVES

MARCH 6, 2001

Mr. CRANE 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 individual income tax rate reductions.

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 “AMT Rate Reduction Act of 2001”.

6 (b) **AMENDMENT OF 1986 CODE.**—Except as other-
7 wise expressly provided, whenever in this Act an amend-
8 ment or repeal is expressed in terms of an amendment
9 to, or repeal of, a section or other provision, the reference

1 shall be considered to be made to a section or other provi-
2 sion of the Internal Revenue Code of 1986.

3 (c) SECTION 15 NOT TO APPLY.—No amendment
4 made by this Act shall be treated as a change in a rate
5 of tax for purposes of section 15 of the Internal Revenue
6 Code of 1986.

7 **SEC. 2. REDUCTION IN MARGINAL INCOME TAX RATES FOR**
8 **INDIVIDUALS.**

9 (a) RATES FOR 2002.—Section 1 (relating to tax im-
10 posed) is amended by striking subsections (a) through (d)
11 and inserting the following:

12 “(a) MARRIED INDIVIDUALS FILING JOINT RETURNS
13 AND SURVIVING SPOUSES.—There is hereby imposed on
14 the taxable income of—

15 “(1) every married individual (as defined in sec-
16 tion 7703) who makes a single return jointly with
17 his spouse under section 6013, and

18 “(2) every surviving spouse (as defined in sec-
19 tion 2(a)),

20 a tax determined in accordance with the following table:

“If taxable income is:	The tax is:
Not over \$12,000	14% of taxable income.
Over \$12,000 but not over \$45,200.	\$1,680, plus 15% of the excess over \$12,000.
Over \$45,200 but not over \$109,250.	\$6,660, plus 27% of the excess over \$45,200.
Over \$109,250 but not over \$166,450.	\$23,953.50, plus 30% of the excess over \$109,250.
Over \$166,450 but not over \$297,300.	\$41,113.50, plus 35% of the excess over \$166,450.
Over \$297,300	\$86,911, plus 38% of the excess over \$297,300.

1 “(b) HEADS OF HOUSEHOLDS.—There is hereby im-
 2 posed on the taxable income of every head of a household
 3 (as defined in section 2(b)) a tax determined in accordance
 4 with the following table:

“If taxable income is:	The tax is:
Not over \$10,000	14% of taxable income.
Over \$10,000 but not over \$36,250.	\$1,400, plus 15% of the excess over \$10,000.
Over \$36,250 but not over \$93,600.	\$5,337.50, plus 27% of the excess over \$36,250.
Over \$93,600 but not over \$151,600.	\$20,822, plus 30% of the excess over \$93,600.
Over \$151,600 but not over \$297,300.	\$38,222, plus 35% of the excess over \$151,600.
Over \$297,300	\$89,217, plus 38% of the excess over \$297,300.

5 “(c) UNMARRIED INDIVIDUALS (OTHER THAN SUR-
 6 VIVING SPOUSES AND HEADS OF HOUSEHOLDS).—There
 7 is hereby imposed on the taxable income of every indi-
 8 vidual (other than a surviving spouse as defined in section
 9 2(a) or the head of a household as defined in section 2(b))
 10 who is not a married individual (as defined in section
 11 7703) a tax determined in accordance with the following
 12 table:

“If taxable income is:	The tax is:
Not over \$6,000	14% of taxable income.
Over \$6,000 but not over \$27,050	\$840, plus 15% of the excess over \$6,000.
Over \$27,050 but not over \$65,550.	\$3,997.50, plus 27% of the excess over \$27,050.
Over \$65,550 but not over \$136,750.	\$14,362.50, plus 30% of the excess over \$65,550.
Over \$136,750 but not over \$297,300.	\$35,752.50, plus 35% of the excess over \$136,750.
Over \$297,300	\$91,945, plus 38% of the excess over \$297,300.

13 “(d) MARRIED INDIVIDUALS FILING SEPARATE RE-
 14 TURNS.—There is hereby imposed on the taxable income

1 of every married individual (as defined in section 7703)
 2 who does not make a single return jointly with his spouse
 3 under section 6013, a tax determined in accordance with
 4 the following table:

“If taxable income is:	The tax is:
Not over \$6,000	14% of taxable income.
Over \$6,000 but not over \$22,600	\$840, plus 15% of the excess over \$6,000.
Over \$22,600 but not over \$54,625.	\$3,330, plus 27% of the excess over \$22,600.
Over \$54,625 but not over \$83,225.	\$11,976.75, plus 30% of the excess over \$54,625.
Over \$83,225 but not over \$148,650.	\$20,556.75, plus 35% of the excess over \$83,225.
Over \$148,650	\$43,455.50, plus 38% of the excess over \$148,650.”.

5 (b) PHASEIN OF RATE REDUCTIONS.—Section 1 is
 6 amended by adding at the end the following new sub-
 7 section:

8 “(i) PHASEIN OF 2006 RATES OF 10, 15, 25, AND
 9 33 PERCENT.—

10 “(1) IN GENERAL.—In the case of taxable years
 11 beginning in a calendar year after 2002, the tax
 12 rates determined under subsection (a), (b), (c), or
 13 (d) shall be the tax rates imposed by such subsection
 14 in taxable years beginning in calendar year 2002, re-
 15 duced—

16 “(A) in the case of the 14 percent rate, by
 17 1 percentage point in each taxable year begin-
 18 ning in a calendar year after 2002 and before
 19 2007,

1 “(B) in the case of the 27 and 35 percent
2 rates, by 1 percentage point in taxable years be-
3 ginning in calendar year 2004, and by an addi-
4 tional 1 percentage point in taxable years begin-
5 ning in calendar year 2006, and

6 “(C) in the case of the 30 and 38 percent
7 rate, by 1 percentage point in each taxable year
8 beginning in a calendar year after 2002 and be-
9 fore 2006, and by an additional 2 percentage
10 points in taxable years beginning in calendar
11 year 2006.

12 “(2) ADJUSTMENT OF TABLES.—The Secretary
13 shall adjust the tables prescribed under subsection
14 (f) to carry out the reductions under this sub-
15 section.”.

16 (c) INFLATION ADJUSTMENT TO APPLY IN DETER-
17 MINING RATES FOR 2002.—Subsection (f) of section 1 is
18 amended—

19 (1) by striking “1993” in paragraph (1) and in-
20 serting “2001”,

21 (2) by striking “1992” in paragraph (3)(B) and
22 inserting “2000”, and

23 (3) by striking paragraph (7) and inserting the
24 following new paragraph:

25 “(7) SPECIAL RULE FOR CERTAIN BRACKETS.—

1 “(A) CALENDAR YEARS 2002 THROUGH
2 2006.—In prescribing the tables under para-
3 graph (1) which apply with respect to taxable
4 years beginning in calendar years after 2001
5 and before 2007, the Secretary shall make no
6 adjustment to the dollar amounts at which the
7 first rate bracket begins or at which the second
8 rate bracket begins under any table contained
9 in subsection (a), (b), (c), or (d).

10 “(B) LATER CALENDAR YEARS.—In pre-
11 scribing the tables under paragraph (1) which
12 apply with respect to taxable years beginning in
13 a calendar year after 2006, the cost-of-living
14 adjustment used in making adjustments to the
15 dollar amounts referred to in subparagraph (A)
16 shall be determined under paragraph (3) by
17 substituting ‘2005’ for ‘2000’.”.

18 (d) CONFORMING AMENDMENTS.—

19 (1) The following provisions are each amended
20 by striking “1992” and inserting “2000” each place
21 it appears:

22 (A) Section 32(j)(1)(B).

23 (B) Section 41(e)(5)(C).

24 (C) Section 42(h)(3)(H)(i)(II).

25 (D) Section 59(j)(2)(B).

- 1 (E) Section 63(c)(4)(B).
- 2 (F) Section 68(b)(2)(B).
- 3 (G) Section 132(f)(6)(A)(ii).
- 4 (H) Section 135(b)(2)(B)(ii).
- 5 (I) Section 146(d)(2)(B).
- 6 (J) Section 151(d)(4).
- 7 (K) Section 220(g)(2).
- 8 (L) Section 221(g)(1)(B).
- 9 (M) Section 512(d)(2)(B).
- 10 (N) Section 513(h)(2)(C)(ii).
- 11 (O) Section 685(e)(3)(B).
- 12 (P) Section 877(a)(2).
- 13 (Q) Section 911(b)(2)(D)(ii)(II).
- 14 (R) Section 2032A(a)(3)(B).
- 15 (S) Section 2503(b)(2)(B).
- 16 (T) Section 2631(c)(2).
- 17 (U) Section 4001(e)(1)(B).
- 18 (V) Section 4261(e)(4)(A)(ii).
- 19 (W) Section 6039F(d).
- 20 (X) Section 6323(i)(4)(B).
- 21 (Y) Section 6334(g)(1)(B).
- 22 (Z) Section 6601(j)(3)(B).
- 23 (AA) Section 7430(c)(1).

1 (2) Sections 25A(h)(1)(A)(ii) and
2 25A(h)(2)(A)(ii) are each amended by striking “be-
3 gins,” and all that follows through “thereof”.

4 (3) Subclause (II) of section 42(h)(6)(G)(i) is
5 amended by striking “1987” and inserting “2000”.

6 (e) ADDITIONAL CONFORMING AMENDMENTS.—

7 (1) Section 1(g)(7)(B)(ii)(II) is amended by
8 striking “15 percent” and inserting “10 percent”.

9 (2) Section 1(h) is amended—

10 (A) by striking “28 percent” both places it
11 appears in paragraphs (1)(A)(ii)(I) and
12 (1)(B)(i) and inserting “15 percent”, and

13 (B) by striking paragraph (13).

14 (3) Section 531 is amended by striking “39.6
15 percent” and inserting “33 percent”.

16 (4) Section 541 of such Code is amended by
17 striking “39.6 percent” and inserting “33 percent”.

18 (5) Section 3402(p)(1)(B) is amended by strik-
19 ing “7, 15, 28, or 31 percent” and inserting “5, 10,
20 15, or 25 percent”.

21 (6) Section 3402(p)(2) is amended by striking
22 “15 percent” and inserting “10 percent”.

23 (7) Section 3402(q)(1) is amended by striking
24 “28 percent” and inserting “15 percent”.

1 (8) Section 3402(r)(3) is amended by striking
2 “31 percent” and inserting “25 percent”.

3 (9) Section 3406(a)(1) is amended by striking
4 “31 percent” and inserting “25 percent”.

5 (10) The Secretary of the Treasury may pre-
6 scribe percentages which shall apply in lieu of the
7 percentages specified in the amendments made by
8 this subsection in order to coordinate those percent-
9 ages with the percentages specified in the tables pre-
10 scribed under the last sentence of section 1(i)(1) of
11 the Internal Revenue Code of 1986, as added by this
12 section.

13 (f) EFFECTIVE DATES.—

14 (1) IN GENERAL.—Except as provided in para-
15 graph (2), the amendments made by this section
16 shall apply to taxable years beginning after Decem-
17 ber 31, 2001.

18 (2) AMENDMENTS TO WITHHOLDING PROVI-
19 SIONS.—The amendments made by paragraphs (5),
20 (6), (7), (8), and (9) of subsection (e) shall apply to
21 amounts paid after December 31, 2001.

1 **SEC. 3. REDUCTION IN ALTERNATIVE MINIMUM TAX RATES**
2 **FOR INDIVIDUALS.**

3 (a) IN GENERAL.—Clause (i) of section 55(b)(1)(A)
4 (defining tentative minimum tax) is amended to read as
5 follows:

6 “(i) IN GENERAL.—In the case of a
7 taxpayer other than a corporation, the ten-
8 tative minimum tax for the taxable year is
9 25 percent of the taxable excess.”

10 (b) PHASEIN OF REDUCED RATE FOR CERTAIN TAX-
11 PAYERS.—Subparagraph (A) of section 55(b)(1) is amend-
12 ed by redesignating clauses (ii) and (iii) as clauses (iii)
13 and (iv), respectively, and by inserting after clause (ii) the
14 following new clause:

15 “(iii) PHASEIN OF REDUCED RATE.—
16 In the case of so much of the taxable ex-
17 cess as exceeds \$175,000, clause (i) shall
18 be applied by substituting for ‘25 per-
19 cent’—

20 “(I) 27 percent in the case of
21 taxable years beginning during 2002
22 or 2003, and

23 “(II) 26 percent in the case of
24 taxable years beginning during 2004
25 or 2005.”

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2001.

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