

107TH CONGRESS
1ST SESSION

H. R. 437

To amend the Internal Revenue Code of 1986 to repeal the alternative
minimum tax.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 6, 2001

Mr. ENGLISH 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 alternative minimum tax.

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; AMENDMENT OF 1986 CODE.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Alternative Minimum Tax Repeal 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 **SEC. 2. ALTERNATIVE MINIMUM TAX.**

4 (a) IN GENERAL.—Part VI of subchapter A of chap-
 5 ter 1 of the Internal Revenue Code of 1986 (relating to
 6 alternative minimum tax) is hereby repealed.

7 (b) EXPEDITED USE OF CREDIT FOR PRIOR YEAR
 8 MINIMUM TAX LIABILITY OF CORPORATIONS.—Sub-
 9 section (c) of section 53 of such Code is amended to read
 10 as follows:

11 “(c) LIMITATIONS.—

12 “(1) IN GENERAL.—Except as provided in para-
 13 graph (2), the credit allowable under subsection (a)
 14 for any taxable year shall not exceed the excess (if
 15 any) of—

16 “(A) the regular tax liability of the tax-
 17 payer for such taxable year reduced by the sum
 18 of the credits allowable under subparts A, B, D,
 19 E, and F of this part, over

20 “(B) the tentative minimum tax for the
 21 taxable year.

22 “(2) CORPORATIONS.—In the case of a corpora-
 23 tion, the credit allowable under subsection (a) for
 24 any taxable year shall not exceed 90 percent of the
 25 regular tax liability of the taxpayer for such taxable

1 year reduced by the sum of the credits allowable
2 under subparts B, D, E, and F of this part.”.

3 (c) CONFORMING AMENDMENTS.—

4 (1) Subparagraph (B) of section 1(g)(7) (relat-
5 ing to election to claim certain unearned income of
6 child on parent’s return) is amended—

7 (A) by inserting “and” at the end of clause

8 (i),

9 (B) by striking “and” at the end of clause

10 (ii) and inserting a period, and

11 (C) by striking clause (iii).

12 (2) Subsection (d) of section 2 (relating to
13 taxes imposed on nonresident aliens) is amended by
14 striking “sections 1 and 55” and inserting “section
15 1”.

16 (3) Subsection (a) of section 5 (relating to cross
17 references relating to tax on individuals) is amended
18 by striking paragraph (4).

19 (4) Subsection (d) of section 11 (relating to
20 taxes imposed on foreign corporations) is amended
21 by striking “the taxes imposed by subsection (a) and
22 section 55” and inserting “the tax imposed by sub-
23 section (a)”.

1 (5) Section 12 (relating to cross references re-
 2 lating to tax on corporations) is amended by striking
 3 paragraph (7).

4 (6) Subsection (d) of section 24 (relating to
 5 child tax credit) is amended by striking paragraph
 6 (2) and redesignating paragraph (3) as paragraph
 7 (2).

8 (7) Section 26 (relating to limitation based on
 9 tax liability; definition of tax liability) is amended—
 10 (A) by amending subsection (a) to read as
 11 follows:

12 “(a) LIMITATION BASED ON AMOUNT OF TAX.—The
 13 aggregate amount of credits allowed by this subpart for
 14 the taxable year shall not exceed the taxpayer’s regular
 15 tax liability for the taxable year.”,

16 (B) in subsection (b)(2), by striking sub-
 17 paragraph (A) and by redesignating subpara-
 18 graphs (B) through (N) as subparagraphs (A)
 19 through (M), respectively, and

20 (C) by striking subsection (c).

21 (8) Paragraph (6) of section 29(b) (relating to
 22 credit for producing fuel from a nonconventional
 23 source) is amended striking “the excess” and all
 24 that follows and inserting “the regular tax for the

1 taxable year reduced by the sum of the credits allow-
2 able under subpart A and section 27.”

3 (9) Paragraph (3) of section 30(b) (relating to
4 credit for qualified electric vehicles) is amended by
5 striking “the excess” and all that follows and insert-
6 ing “the regular tax for the taxable year reduced by
7 the sum of the credits allowable under subpart A
8 and sections 27 and 29.”

9 (10) Subsection (h) of section 32 (relating to
10 reduction of credit to taxpayers subject to alter-
11 native minimum tax) is hereby repealed.

12 (11) Subsection (c) of section 38 (relating to
13 general business credit) is amended—

14 (A) by striking paragraphs (1) and (2) and
15 inserting the following new paragraph:

16 “(1) IN GENERAL.—The credit allowed under
17 subsection (a) for any taxable year shall not exceed
18 25 percent of so much of the taxpayer’s net regular
19 tax liability as exceeds \$25,000. For purposes of the
20 preceding sentence, the term ‘net regular tax liabil-
21 ity’ means the regular tax liability reduced by the
22 sum of the credits allowable under subparts A and
23 B of this part.”, and

24 (B) by redesignating paragraph (3) as
25 paragraph (2).

1 (12) Paragraph (4) of section 45A(d) (relating
2 to Indian employment credit) is amended by striking
3 “for purposes” and all that follows and inserting
4 “for purposes of determining the amount of any
5 credit allowable under this chapter.”

6 (13) Subparagraph (B) of section 45D(g)(4)
7 (relating to new markets tax credit) is amended by
8 striking “or for purposes of section 55”.

9 (14) Subsection (d) of section 53 (relating to
10 credit for prior year minimum tax liability) is
11 amended by adding at the end the following:
12 “For purposes of this subsection, references to sections
13 55, 56, and 59 shall be treated as references to such sec-
14 tions as in effect on the day before the date of the enact-
15 ment of the Alternative Minimum Tax Repeal Act of
16 2001.”.

17 (15) Subsection (b) of section 59A (relating to
18 environmental tax) is amended by adding at the end
19 the following:
20 “For purposes of this subsection, references to sections
21 55 and 56 shall be treated as references to such sections
22 as in effect on the day before the date of the enactment
23 of the Alternative Minimum Tax Repeal Act of 2001.”.

1 (16)(A) Paragraph (2) of section 148(b) (relat-
2 ing to higher yield investments) is amended by add-
3 ing at the end the following new flush sentence:

4 “Such term shall not include any tax-exempt bond.”

5 (B) Paragraph (3) of section 148(b) is hereby
6 repealed.

7 (17) Subparagraph (B) of section 149(g)(3)
8 (relating to hedge bonds) is amended—

9 (A) in the heading, by striking “BONDS
10 NOT SUBJECT TO MINIMUM TAX.—” and insert-
11 ing “BONDS.—”, and

12 (B) by striking all that follows “invested in
13 bonds” and inserting “the interest on which is
14 not includible in gross income under section
15 103.”

16 (18) Subsection (j) of section 168 (relating to
17 accelerated cost recovery system) is amended by
18 striking paragraph (3).

19 (19) Section 173 (relating to circulation ex-
20 penditures) is amended by striking “(a) GENERAL
21 RULE.—” and by striking subsection (b).

22 (20) Subsection (f) of section 174 (relating to
23 research and experimental expenditures) is amended
24 to read as follows:

1 “(f) CROSS REFERENCE.—

“For adjustments to basis of property for amounts allowed as deductions as deferred expenses under subsection (b), see section 1016(a)(14).”

2 (21) Subsection (c) of section 263 (relating to
3 capital expenditures) is amended by striking “59(e)
4 or”.

5 (22) Subsection (c) of section 263A (relating to
6 capitalization and inclusion in inventory costs of cer-
7 tain expenses) is amended by striking paragraph (6).

8 (23) Section 382(l) (relating to limitation on
9 net operating loss carryforwards and certain built-in
10 losses following ownership change) is amended by
11 striking paragraph (7) and by redesignating para-
12 graph (8) as paragraph (7).

13 (24) Section 443 (relating to returns for a pe-
14 riod of less than 12 months) adjustment in com-
15 puting minimum tax and tax preferences) is amend-
16 ed by striking subsection (d) and by redesignating
17 subsection (e) as subsection (d).

18 (25) Section 616 (relating to development ex-
19 penditures) is amended by striking subsection (e).

20 (26) Section 617 (relating to deduction and re-
21 capture of certain mining exploration expenditures)
22 is amended by striking subsection (i).

23 (27) Subsection (c) of section 641 (relating to
24 imposition of tax) is amended—

1 (A) in paragraph (2) by striking subpara-
2 graph (B) and redesignating subparagraphs (C)
3 and (D) as subparagraphs (B) and (C), respec-
4 tively, and

5 (B) in paragraph (3), by striking “para-
6 graph (2)(C)” and inserting “paragraph
7 (2)(B)”.

8 (28) Subsections (b) and (c) of section 666 (re-
9 lating to accumulation distribution allocated to pre-
10 ceding years) are each amended by striking “(other
11 than the tax imposed by section 55)”.

12 (29)(A) Subsection (a) of section 772 (relating
13 to simplified flow-through) is amended by striking
14 paragraph (5) and redesignating paragraphs (6),
15 (7), (8), (9), (10), and (11) as paragraphs (5), (6),
16 (7), (8), (9), and (10), respectively.

17 (B) Subsection (c) of section 772 is amended—

18 (i) in paragraph (2), by striking “para-
19 graphs (3)(A) and (5)(A)” and inserting “para-
20 graph (3)(A)”,

21 (ii) by striking paragraph (5), and

22 (iii) by redesignating paragraph (6) as
23 paragraph (5), and in that paragraph by strik-
24 ing “paragraph (6) of subsection (a)” and in-
25 serting “paragraph (5) of subsection (a)”.

1 (C) Subsection (d) of section 772 is amended—

2 (i) by striking paragraph (3) and redesignig-
3 nating paragraphs (4), (5), and (6) as para-
4 graphs (3), (4), and (5), respectively, and

5 (ii) in subparagraph (A) of paragraph (3),
6 as so redesignated, by striking “subsection
7 (a)(11)” and inserting “subsection (a)(10)”.

8 (30) Paragraph (2) of section 815(c) (relating
9 to distributions to shareholders from pre-1984 pol-
10 icyholders surplus account) is amended by striking
11 the last sentence.

12 (31) Section 847 (relating to special estimated
13 tax payments) is amended—

14 (A) in paragraph (9), by striking the last
15 sentence;

16 (B) in paragraph (10), by inserting “and”
17 at the end of subparagraph (A) and by striking
18 subparagraph (B) and redesignating subpara-
19 graph (C) as subparagraph (B).

20 (32) Section 848 (relating to capitalization of
21 certain policy acquisition expenses) is amended by
22 striking subsection (i) and by redesignating sub-
23 section (j) as subsection (i).

24 (33) Subsection (a) of section 860E (relating to
25 treatment of income in excess of daily accruals on

1 residual interests) is amended by striking paragraph
2 (4).

3 (34) Section 860J (relating to non-FASIT
4 losses not to offset certain FASIT inclusions) is
5 amended by striking subsection (c) and redesign-
6 nating subsection (d) as subsection (c).

7 (35) Paragraph (1) of section 871(b) (relating
8 to tax on nonresident alien individuals) is amended
9 by striking “or 55”.

10 (36) Subsection (b) of section 877 (relating to
11 expatriation to avoid tax) is amended by striking “or
12 55”.

13 (37) Paragraph (1) of section 882(a) (relating
14 to tax on income of foreign corporations connected
15 with United States business) is amended by striking
16 “55,”.

17 (38) Subsection (a) of section 897 (relating to
18 disposition of investment in United States real prop-
19 erty) is amended to read as follows:

20 “(a) TREATMENT AS EFFECTIVELY CONNECTED
21 WITH UNITED STATES TRADE OR BUSINESS.—For pur-
22 poses of this title, gain or loss of a nonresident alien indi-
23 vidual or a foreign corporation from the disposition of a
24 United States real property interest shall be taken into
25 account—

1 “(1) in the case of a nonresident alien indi-
2 vidual, under section 871(b)(1), or

3 “(2) in the case of a foreign corporation, under
4 section 882(a)(1),

5 as if the taxpayer were engaged in a trade or business
6 within the United States during the taxable year and as
7 if such gain or loss were effectively connected with such
8 trade or business.”

9 (39) Subsection (k) of section 904 (relating to
10 limitation on credit) is amended to read as follows:

11 “(k) CROSS REFERENCE.—

**“For increase of limitation under subsection (a)
for taxes paid with respect to amounts received
which were included in the gross income of the tax-
payer for a prior taxable year as a United States
shareholder with respect to a controlled foreign cor-
poration, see section 960(b).”**

12 (40) Paragraph (1) of section 962(a) (relating
13 to election by individuals to be subject to tax at cor-
14 porate rates) is amended—

15 (A) by striking “sections 1 and 55” and
16 inserting “section 1”, and

17 (B) by striking “sections 11 and 55” and
18 inserting “section 11”.

19 (41) Paragraph (20) of section 1016(a) (relat-
20 ing to adjustments to basis) is amended by inserting

21 “, as in effect on the day before the date of the en-

1 actment of the Alternative Minimum Tax Repeal Act
2 of 2001” after “preferences”).

3 (42) Paragraph (4) of section 1260(b) (relating
4 to gains from constructive ownership transactions) is
5 amended by striking “for purposes” and all that fol-
6 lows and inserting “for purposes of determining the
7 amount of any credit allowable under this chapter.”

8 (43) Paragraph (1) of section 1397E(c) (relat-
9 ing to credit to holders of qualified zone academy
10 bonds) is amended by striking “plus the tax imposed
11 by section 55”.

12 (44) Subsection (f) of section 1400I (relating to
13 commercial revitalization deduction) is amended by
14 striking paragraph (4).

15 (45) Subsection (a) of section 1561 (relating to
16 limitations on certain multiple tax benefits in the
17 case of certain controlled corporations) is amended
18 by striking the last sentence.

19 (46) Subparagraph (B) of section 6015(d)(2)
20 (relating to relief from joint and several liability on
21 joint return) is amended by striking “or 55”.

22 (47) Subparagraph (A) of section 6425(c)(1)
23 (defining income tax liability) is amended—

24 (A) by inserting “plus” at the end of
25 clause (i), and

1 (B) by striking clause (ii) and redesignating
2 clause (iii) as clause (ii).

3 (48) Section 6654(d)(2) (relating to failure by
4 individual to pay estimated income tax) is
5 amended—

6 (A) in clause (i) of subparagraph (B), by
7 striking “, alternative minimum taxable in-
8 come,” and

9 (B) in clause (i) of subparagraph (C), by
10 striking “, alternative minimum taxable in-
11 come,”.

12 (49) Subparagraph (A) of section 6655(g)(1)
13 (relating to failure by corporation to pay estimated
14 income tax) is amended—

15 (A) by striking clause (ii), and

16 (B) by redesignating clauses (iii) and (iv)
17 as clauses (ii) and (iii), respectively.

18 (50) Subparagraph (C) of section 6662(e)(3)
19 (relating to imposition of accuracy-related penalty)
20 is amended by inserting “, as in effect on the day
21 before the date of the enactment of the Alternative
22 Minimum Tax Repeal Act of 2001” after “55(c)”.

23 (d) CLERICAL AMENDMENT.—The table of parts for
24 subchapter A of chapter 1 is amended by striking the item
25 relating to part VI.

1 (e) EFFECTIVE DATE.—The amendments made by
2 this section shall take effect in taxable years beginning
3 after December 31, 2000.

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