

107TH CONGRESS
1ST SESSION

H. R. 942

To amend the Internal Revenue Code of 1986 to reduce individual income tax rates and increase the standard deduction.

IN THE HOUSE OF REPRESENTATIVES

MARCH 8, 2001

Mr. COLLINS 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 reduce individual income tax rates and increase the standard deduction.

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 (a) SHORT TITLE.—This Act may be cited as the
5 “Individual Income Tax 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 such Code.

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

7 (a) RATES FOR 2001.—Section 1 (relating to tax im-
 8 posed) is amended by striking subsections (a) through (e)
 9 and inserting the following:

10 “(a) MARRIED INDIVIDUALS FILING JOINT RETURNS
 11 AND SURVIVING SPOUSES.—There is hereby imposed on
 12 the taxable income of every married individual (as defined
 13 in section 7703) who makes a single return jointly with
 14 his spouse under section 6013, and every surviving spouse
 15 (as defined in section 2(a)), a tax determined in accord-
 16 ance with the following table:

“If taxable income is:	The tax is:
Not over \$45,200	12% of taxable income.
Over \$45,200 but not over \$109,250.	\$5,424, plus 25% of the excess over \$45,200
Over \$109,250 but not over \$166,500.	\$21,436.50, plus 28% of the excess over \$109,250
Over \$166,500 but not over \$297,350.	\$37,466.50, plus 35.5% of the excess over \$166,500
Over \$297,350.....	\$83,918.25, plus 38.2% of the excess over \$297,350

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

“If taxable income is:

Not over \$36,250
 Over \$36,250 but not over
 \$93,650.
 Over \$93,650 but not over
 \$151,650.
 Over \$151,650 but not over
 \$297,350.
 Over \$297,350.....

The tax is:

12% of taxable income.
 \$4,350, plus 25% of the excess over
 \$36,250
 \$18,700, plus 28% of the excess over
 \$93,650
 \$34,940, plus 35.5% of the excess
 over \$151,650
 \$86,663.50, plus 38.2% of the excess
 over \$297,350

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

“If taxable income is:

Not over \$27,050
 Over \$27,050 but not over
 \$65,550.
 Over \$65,550 but not over
 \$136,750.
 Over \$136,750 but not over
 \$297,350.
 Over \$297,350.....

The tax is:

12% of taxable income.
 \$3,246, plus 25% of the excess over
 \$27,050
 \$12,871, plus 28% of the excess over
 \$65,550
 \$32,807, plus 35.5% of the excess
 over \$136,750
 \$89,820, plus 38.2% of the excess
 over \$297,350

9 “(d) MARRIED INDIVIDUALS FILING SEPARATE RE-
 10 TURNS.—There is hereby imposed on the taxable income
 11 of every married individual (as defined in section 7703)
 12 who does not make a single return jointly with his spouse
 13 under section 6013, a tax determined in accordance with
 14 the following table:

“If taxable income is:

Not over \$22,600
 Over \$22,600 but not over
 \$54,625.
 Over \$54,625 but not over
 \$83,250.
 Over \$83,250 but not over
 \$148,675.
 Over \$148,675.....

The tax is:

12% of taxable income.
 \$2,712, plus 25% of the excess over
 \$22,600
 \$10,718.25, plus 28% of the excess
 over \$54,625
 \$18,733.25, plus 35.5% of the excess
 over \$83,250
 \$41,959.12, plus 38.2% of the excess
 over \$148,675

1 “(e) ESTATES AND TRUSTS.—There is hereby im-
 2 posed on the taxable income of every estate, and every
 3 trust, taxable under this subsection a tax determined in
 4 accordance with the following table:

“If taxable income is:

Not over \$1,800
 Over \$1,800 but not over \$4,250 ..

 Over \$4,250 but not over \$6,500 ..

 Over \$6,500 but not over \$8,900 ..

 Over \$8,900.....

The tax is:

12% of taxable income.
 \$216, plus 25% of the excess over
 \$1,800
 \$828.50, plus 28% of the excess over
 \$4,250
 \$1,458.50, plus 35.5% of the excess
 over \$6,500
 \$2,310.50, plus 38.2% of the excess
 over \$8,900”

5 (b) RATE REDUCTIONS AFTER 2001.—Section 1 is
 6 amended by adding at the end the following new sub-
 7 section:

8 “(i) RATE REDUCTIONS AFTER 2001.—

9 “(1) IN GENERAL.—In the case of taxable years
 10 beginning in a calendar year after 2001, the cor-
 11 responding percentage specified for such calendar
 12 year in the following table shall be substituted for
 13 the otherwise applicable tax rate.

In the case of taxable years beginning during calendar year:	The corresponding per- centages shall be substituted for the fol- lowing percentages:	
	35.5%	38.2%
2002	35.0%	37.0%
2003	34.5%	35.8%
2004	34.0%	34.6%
2005	33.5%	33.5%
2006 and thereafter	33.0%	33.0%

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

5 (c) INFLATION ADJUSTMENT TO APPLY AFTER
6 2001.—Subsection (f) of section 1 is amended—

7 (1) by striking “1993” in paragraph (1) and in-
8 serting “2001”, and

9 (2) by striking “1992” in paragraph (3)(B) and
10 inserting “2000”.

11 (d) CONFORMING AMENDMENTS.—

12 (1) The following provisions are each amended
13 by striking “1992” and inserting “2000” each place
14 it appears:

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

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

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

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

19 (E) Section 63(c)(4)(B).

20 (F) Section 68(b)(2)(B).

1 (G) Section 132(f)(6)(A)(ii).

2 (H) Section 135(b)(2)(B)(ii).

3 (I) Section 146(d)(2)(B).

4 (J) Section 151(d)(4).

5 (K) Section 220(g)(2).

6 (L) Section 221(g)(1)(B).

7 (M) Section 512(d)(2)(B).

8 (N) Section 513(h)(2)(C)(ii).

9 (O) Section 685(c)(3)(B).

10 (P) Section 877(a)(2).

11 (Q) Section 911(b)(2)(D)(ii)(II).

12 (R) Section 2032A(a)(3)(B).

13 (S) Section 2503(b)(2)(B).

14 (T) Section 2631(c)(2).

15 (U) Section 4001(e)(1)(B).

16 (V) Section 4261(e)(4)(A)(ii).

17 (W) Section 6039F(d).

18 (X) Section 6323(i)(4)(B).

19 (Y) Section 6334(g)(1)(B).

20 (Z) Section 6601(j)(3)(B).

21 (AA) Section 7430(c)(1).

22 (2) Sections 25A(h)(1)(A)(ii) and
 23 25A(h)(2)(A)(ii) are each amended by striking “be-
 24 gins,” and all that follows through “thereof”.

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

3 (e) ADDITIONAL CONFORMING AMENDMENTS.—

4 (1) Subparagraph (B) of section 1(g)(7) is
5 amended—

6 (A) by striking “15 percent” in clause
7 (ii)(II) and inserting “the first bracket percent-
8 age”, and

9 (B) by adding at the end the following
10 flush sentence:

11 “For purposes of clause (ii), the first bracket
12 percentage is the percentage applicable to the
13 lowest income bracket in the table under sub-
14 section (c).”

15 (2) Section 1(h) is amended—

16 (A) by striking “28 percent” both places it
17 appears in paragraphs (1)(A)(ii)(I) and
18 (1)(B)(i) and inserting “25 percent”, and

19 (B) by striking paragraph (13).

20 (3) Section 15 is amended by adding at the end
21 the following new subsection:

22 “(f) RATE REDUCTIONS ENACTED BY INDIVIDUAL
23 INCOME TAX RATE REDUCTION ACT OF 2001.—This sec-
24 tion shall not apply to any change in rates under sub-

1 section (i) of section 1 (relating to rate reductions after
2 2000).”

3 (4) Section 531 is amended by striking “equal
4 to” and all that follows and inserting “equal to the
5 product of the highest rate of tax under section 1(c)
6 and the accumulated taxable income.”.

7 (5) Section 541 of such Code is amended by
8 striking “equal to” and all that follows and inserting
9 “equal to the product of the highest rate of tax
10 under section 1(c) and the undistributed personal
11 holding company income.”.

12 (6) Section 3402(p)(1)(B) is amended by strik-
13 ing “7, 15, 28, or 31 percent” and inserting “7 per-
14 cent, any percentage applicable to any of the 3 low-
15 est income brackets in the table under section
16 1(c),”.

17 (7) Section 3402(p)(2) is amended by striking
18 “equal to 15 percent of such payment” and inserting
19 “equal to the product of the lowest rate of tax under
20 section 1(c) and such payment”.

21 (8) Section 3402(q)(1) is amended by striking
22 “equal to 28 percent of such payment” and inserting
23 “equal to the product of the third to the lowest rate
24 of tax under section 1(c) and such payment”.

1 (9) Section 3402(r)(3) is amended by striking
2 “31 percent” and inserting “the third to the lowest
3 rate of tax under section 1(c)”.

4 (10) Section 3406(a)(1) is amended by striking
5 “equal to 31 percent of such payment” and inserting
6 “equal to the product of the third to the lowest rate
7 of tax under section 1(c) and such payment”.

8 (11) Section 13273 of the Revenue Reconcili-
9 ation Act of 1993 is amended by striking “28 per-
10 cent” and inserting “the third to the lowest rate of
11 tax under section 1(c) of the Internal Revenue Code
12 of 1986”.

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, 2000.

18 (2) AMENDMENTS TO WITHHOLDING PROVI-
19 SIONS.—The amendments made by paragraphs (6),
20 (7), (8), (9), (10), and (11) of subsection (e) shall
21 apply to amounts paid after the date of the enact-
22 ment of this Act.

1 **SEC. 3. INCREASE IN STANDARD DEDUCTION.**

2 (a) IN GENERAL.—Paragraph (2) of section 63(c)
3 (relating to standard deduction) is amended to read as fol-
4 lows:

5 “(2) BASIC STANDARD DEDUCTION.—For pur-
6 poses of paragraph (1), the basic standard deduction
7 is—

8 “(A) twice the dollar amount in effect
9 under subparagraph (C) for the taxable year in
10 the case of—

11 “(i) a joint return, or

12 “(ii) a surviving spouse (as defined in
13 section 2(a)),

14 “(B) \$8,500 in the case of a head of
15 household (as defined in section 2(b)), or

16 “(C) \$6,000 in any other case.”

17 (c) TECHNICAL AMENDMENTS.—

18 (1) Paragraph (4) of section 63(c) is amended
19 to read as follows:

20 “(4) ADJUSTMENTS FOR INFLATION.—

21 “(A) IN GENERAL.—In the case of any
22 taxable year beginning in a calendar year after
23 1988, each dollar amount contained in para-
24 graph (2) or (5) or subsection (f) shall be in-
25 creased by an amount equal to—

26 “(i) such dollar amount, multiplied by

1 “(ii) the cost-of-living adjustment de-
2 termined under section 1(f)(3) for the cal-
3 endar year in which the taxable year be-
4 gins.

5 The preceding sentence shall not apply to the
6 amount referred to in paragraph (2)(A).

7 “(B) BASE PERIOD ADJUSTMENTS.—In de-
8 termining the adjustment under subparagraph
9 (A), section 1(f)(3) shall be applied by sub-
10 stituting for ‘calendar year 1992’ in subpara-
11 graph (B) thereof—

12 “(i) ‘calendar year 1987’ in the case
13 of the dollar amount contained in para-
14 graph (5)(A) or subsection (f),

15 “(ii) ‘calendar year 1997’ in the case
16 of the dollar amount contained in para-
17 graph (5)(B)”, and

18 “(iii) ‘calendar year 2000’ in the case
19 of the dollar amounts contained in para-
20 graph (2).”

21 (2) Subparagraph (B) of section 1(f)(6) is
22 amended by striking “subsection (c)(4) of section 63
23 (as it applies to subsections (c)(5)(A) and (f) of such
24 section)” and inserting “section 63(c)(4)”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2000.

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