

107TH CONGRESS
1ST SESSION

S. 481

To amend the Internal Revenue Code of 1986 to provide for a 10-percent income tax rate bracket, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 7, 2001

Mr. GRAHAM (for himself and Mr. CORZINE) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide for a 10-percent income tax rate bracket, 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 “Economic Insurance Tax Cut 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. 10-PERCENT INCOME TAX RATE BRACKET FOR INDIVIDUALS.**
 8

9 (a) RATES FOR 2001.—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 \$19,000	10% of taxable income.
Over \$19,000 but not over \$45,200.	\$1,900, plus 15% of the excess over \$19,000.
Over \$45,200 but not over \$109,250.	\$5,830, plus 28% of the excess over \$45,200.
Over \$109,250 but not over \$166,500.	\$23,764, plus 31% of the excess over \$109,250.
Over \$166,500 but not over \$297,350.	\$41,511.50, plus 36% of the excess over \$166,500.
Over \$297,350.....	\$88,617.50, plus 39.6% of the excess over \$297,350.

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 \$14,250	10% of taxable income.
Over \$14,250 but not over \$36,250.	\$1,425, plus 15% of the excess over \$14,250.
Over \$36,250 but not over \$93,650.	\$4,725, plus 28% of the excess over \$36,250.
Over \$93,650 but not over \$151,650.	\$20,797, plus 31% of the excess over \$93,650.
Over \$151,650 but not over \$297,350.	\$38,777, plus 36% of the excess over \$151,650.
Over \$297,350.....	\$91,229, plus 39.6% of the excess over \$297,350.

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 \$9,500	10% of taxable income.
Over \$9,500 but not over \$27,050	\$950, plus 15% of the excess over \$9,500.
Over \$27,050 but not over \$65,550.	\$3,582.50, plus 28% of the excess over \$27,050.
Over \$65,550 but not over \$136,750.	\$14,362.50, plus 31% of the excess over \$65,550.
Over \$136,750 but not over \$297,350.	\$36,434.50, plus 36% of the excess over \$136,750.
Over \$297,350.....	\$94,250.50, plus 39.6% of the excess over \$297,350.

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 \$9,500	10% of taxable income.
Over \$9,500 but not over \$22,600	\$950, plus 15% of the excess over \$9,500.
Over \$22,600 but not over \$54,625.	\$2,915, plus 28% of the excess over \$22,600.
Over \$54,625 but not over \$83,250.	\$11,882, plus 31% of the excess over \$54,625.
Over \$83,250 but not over \$148,675.	\$20,755.75, plus 36% of the excess over \$83,250.
Over \$148,675.....	\$44,308.75, plus 39.6% of the excess over \$148,675.”.

5 (b) INFLATION ADJUSTMENT TO APPLY IN DETER-
 6 MINING RATES FOR 2002.—Subsection (f) of section 1 is
 7 amended—

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

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

12 (3) by striking paragraph (7).

13 (c) CONFORMING AMENDMENTS.—

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

17 (A) Section 25A(h).

18 (B) Section 32(j)(1)(B).

19 (C) Section 41(e)(5)(C).

20 (D) Section 42(h)(3)(H)(i)(II).

- 1 (E) Section 59(j)(2)(B).
- 2 (F) Section 63(c)(4)(B).
- 3 (G) Section 68(b)(2)(B).
- 4 (H) Section 132(f)(6)(A)(ii).
- 5 (I) Section 135(b)(2)(B)(ii).
- 6 (J) Section 146(d)(2)(B).
- 7 (K) Section 151(d)(4).
- 8 (L) Section 220(g)(2).
- 9 (M) Section 221(g)(1)(B).
- 10 (N) Section 512(d)(2)(B).
- 11 (O) Section 513(h)(2)(C)(ii).
- 12 (P) Section 685(c)(3)(B).
- 13 (Q) Section 877(a)(2).
- 14 (R) Section 911(b)(2)(D)(ii)(II).
- 15 (S) Section 2032A(a)(3)(B).
- 16 (T) Section 2503(b)(2)(B).
- 17 (U) Section 2631(c)(2).
- 18 (V) Section 4001(e)(1)(B).
- 19 (W) Section 4261(e)(4)(A)(ii).
- 20 (X) Section 6039F(d).
- 21 (Y) Section 6323(i)(4)(B).
- 22 (Z) Section 6334(g)(1)(B).
- 23 (AA) Section 6601(j)(3)(B).
- 24 (BB) Section 7430(c)(1).

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

3 (d) ADDITIONAL CONFORMING AMENDMENTS.—

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

6 (2) Section 1(h) is amended by striking para-
7 graph (13).

8 (3) Section 3402(p)(1)(B) is amended by strik-
9 ing “7, 15, 28, or 31 percent” and inserting “5, 10,
10 15, 28, or 31 percent”.

11 (4) Section 3402(p)(2) is amended by striking
12 “15 percent” and inserting “10 percent”.

13 (e) DETERMINATION OF WITHHOLDING TABLES.—
14 Section 3402(a) (relating to requirement of withholding)
15 is amended by adding at the following new paragraph:

16 “(3) CHANGES MADE BY SECTION 2 OF THE
17 ECONOMIC INSURANCE TAX CUT OF 2001.—Notwith-
18 standing the provisions of this subsection, the Sec-
19 retary shall modify the tables and procedures under
20 paragraph (1) through the reduction of the amount
21 of withholding required with respect to taxable years
22 beginning in calendar year 2001 to reflect the effec-
23 tive date of the amendments made by section 2 of
24 the Economic Insurance Tax Cut of 2001, and such
25 modification shall take effect on the first day of the

1 first month beginning after the date of the enact-
2 ment of such Act.”

3 (f) EFFECTIVE DATES.—

4 (1) IN GENERAL.—Except as provided in para-
5 graph (2), the amendments made by this section
6 shall apply to taxable years beginning after Decem-
7 ber 31, 2000.

8 (2) AMENDMENTS TO WITHHOLDING PROVI-
9 SIONS.—The amendments made by paragraphs (3)
10 and (4) of subsection (d) shall apply to amounts
11 paid after December 31, 2000.

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