

111TH CONGRESS
2^D SESSION

H. R. 4646

To establish a fee on transactions which would eliminate the national debt
and replace the income tax on individuals.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 23, 2010

Mr. FATTAH introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on the Budget, Rules, and Appropriations, 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 establish a fee on transactions which would eliminate
the national debt and replace the income tax on individuals.

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 “Debt Free America
5 Act”.

6 **SEC. 2. FINDINGS; PURPOSES.**

7 (a) FINDINGS.—The Congress finds the following:

8 (1) The current tax structure creates economic
9 distortions that limit growth and job creation.

1 (2) The estimated cost of compliance to tax-
2 payers is five billion hours and approximately \$200
3 billion.

4 (3) Restructuring the tax code will promote eco-
5 nomic prosperity.

6 (4) Replacing existing Federal taxes with a fee
7 on transactions eliminates systemic inefficiency that
8 plagues the current tax code.

9 (5) The United States, from its beginning in
10 1790 to the present, has been free of a national debt
11 for only two years, 1834 and 1835.

12 (6) The national debt has grown from \$75.5
13 million in 1790 to \$5.8 trillion in 2008.

14 (7) Expressed as a percentage of gross domestic
15 product (GDP), the national debt reached a high of
16 108.6 percent of GDP in 1946.

17 (8) After 1946, the national debt as a percent-
18 age of GDP declined, reaching a low of 32.5 percent
19 in 1981.

20 (9) The large budget deficits of the 1980s and
21 1990s reversed this trend and pushed the percentage
22 to another high of 49.5 percent in 1993.

23 (10) The Federal budget surpluses from fiscal
24 year 1998 to fiscal year 2001 were used to retire a
25 portion of the publicly held national debt.

1 (11) Between fiscal year 1997 and fiscal year
2 2001, the publicly held portion of the national debt
3 declined by more than \$400 billion.

4 (12) Since fiscal year 2002, a return to budget
5 deficits has caused the debt to grow again.

6 (b) PURPOSES.—The purpose of section 3 of this Act
7 is to establish a fee on most transactions. Such fee—

8 (1) is different than a sales tax in that a sales
9 tax is charged only on sales to the final consumer
10 and the transaction fee would apply to intermediate
11 users as well as end users,

12 (2) is different than a value added tax (VAT),
13 commonly used in European and other countries, in
14 that a VAT is imposed only on a portion of a trans-
15 action's value (roughly the difference between an
16 item's selling price and its cost) and the transaction
17 fee would apply to the entire amount of the trans-
18 action, and

19 (3) is intended to raise sufficient revenue to
20 eliminate the national debt, which was \$10.6 trillion
21 in January 2009, during a period of 7 years and to
22 phase out the income tax on individuals.

1 **SEC. 3. IMPLEMENTATION OF A TRANSACTION FEE.**

2 (a) IN GENERAL.—Subtitle D of the Internal Rev-
3 enue Code of 1986 is amended by inserting after chapter
4 36 the following new chapter:

5 **“CHAPTER 37—TRANSACTION FEE**

“Sec. 4501. Imposition of transaction fee.

6 **“SEC. 4501. IMPOSITION OF TRANSACTION FEE.**

7 “(a) IN GENERAL.—There is hereby imposed on
8 every specified transaction a fee in an amount equal to
9 1 percent of the amount of such transaction.

10 “(b) SPECIFIED TRANSACTION.—For purposes of
11 this chapter—

12 “(1) IN GENERAL.—The term ‘specified trans-
13 action’ means any transaction that uses a payment
14 instrument, including any check, cash, credit card,
15 transfer of stock, bonds, or other financial instru-
16 ment.

17 “(2) TRANSACTION.—The term ‘transaction’ in-
18 cludes retail and wholesale sales, purchases of inter-
19 mediate goods, and financial and intangible trans-
20 actions.

21 “(c) LIABILITY FOR FEE.—Persons become liable for
22 the fee at the moment the person exercises control over
23 a piece of property or service, regardless of the payment
24 method.

1 “(d) COLLECTION.—The fees will be collected by the
2 seller or financial institution servicing the transaction and
3 shall be paid over to the Secretary. In the case of a person
4 who fails to collect and pay over the fee as required under
5 this subsection, such person shall become liable for the fee
6 not so collected and paid over.

7 “(e) POTENTIAL EXCLUSIONS.—Subsection (a) shall
8 not apply to transactions involving stock (and any options
9 or derivatives with respect to stock) until—

10 “(1) such time as the United States enters into
11 an international agreement that regulates domestic
12 and international stock exchanges, or

13 “(2) the Secretary issues recommendations re-
14 garding the application of the fee as it applies to
15 stock.

16 “(f) REGULATIONS.—The Secretary shall issue such
17 regulations or other guidance as may be necessary or ap-
18 propriate to carry out the purposes of this section, includ-
19 ing regulations or other guidance which require reporting
20 of such information as the Secretary determines appro-
21 priate to prevent under reporting of the amounts on which
22 a fee is imposed by this section.”.

23 (b) CLERICAL AMENDMENT.—The table of chapters
24 for the Internal Revenue Code of 1986 is amended by in-

1 serting after the item relating to section 36 the following
2 new item:

“CHAPTER 37. TRANSACTION FEE.”.

3 (c) **EFFECTIVE DATE.**—The amendments made by
4 this section shall apply to transactions in calendar years
5 beginning after the date of the enactment of this Act.

6 **SEC. 4. INCOME TAX CREDIT DURING PERIOD THAT TRANS-**
7 **ACTION FEE AND INDIVIDUAL INCOME TAX**
8 **ARE IN EFFECT.**

9 (a) **IN GENERAL.**—Subpart A of part IV of sub-
10 chapter A of chapter 1 of the Internal Revenue Code of
11 1986 is amended by inserting after section 25D the fol-
12 lowing new section:

13 **“SEC. 25E. CREDIT DURING PERIOD OF TRANSACTION FEE**
14 **AND INDIVIDUAL INCOME TAX.**

15 “(a) **IN GENERAL.**—In the case of an individual,
16 there shall be allowed as a credit against the tax imposed
17 by this chapter for the taxable year an amount equal to
18 1 percent of the taxpayer’s adjusted gross income.

19 “(b) **PHASEOUT BASED ON ADJUSTED GROSS IN-**
20 **COME.**—The credit allowed under subsection (a) for any
21 taxable year shall be reduced (but not below zero) by an
22 amount which bears the same ratio to the amount of such
23 credit (determined without regard to this subsection) as—

24 “(1) the excess (if any) of the taxpayer’s ad-
25 justed gross income for such taxable year over

1 under subsection (b)(3)(B) and introduced under
2 subsection (e)(1).

3 “(3) FISCAL IMBALANCE.—The term ‘fiscal im-
4 balance’ means the gap between the projected reve-
5 nues and expenditures of the Federal Government.

6 “(b) ESTABLISHMENT OF TASK FORCE.—

7 “(1) ESTABLISHMENT.—There is established in
8 the legislative branch a task force to be known as
9 the ‘Bipartisan Task Force for Responsible Fiscal
10 Action’.

11 “(2) PURPOSES.—

12 “(A) REVIEW.—The Task Force shall re-
13 view the fiscal imbalance of the Federal Govern-
14 ment, including—

15 “(i) analyses of projected Federal ex-
16 penditures;

17 “(ii) analyses of projected Federal
18 revenues; and

19 “(iii) analyses of the current and
20 long-term actuarial financial condition of
21 the Federal Government.

22 “(B) IDENTIFY FACTORS.—The Task
23 Force shall identify factors that affect the long-
24 term fiscal imbalance of the Federal Govern-
25 ment.

1 “(C) ANALYZE POTENTIAL COURSES OF
2 ACTION.—The Task Force shall analyze poten-
3 tial courses of action to address factors that af-
4 fect the long-term fiscal imbalance of the Fed-
5 eral Government.

6 “(D) PROVIDE RECOMMENDATIONS AND
7 LEGISLATIVE LANGUAGE.—The Task Force
8 shall provide recommendations and legislative
9 language that will significantly improve the
10 long-term fiscal imbalance of the Federal Gov-
11 ernment, including recommendations address-
12 ing—

13 “(i) Federal expenditures;

14 “(ii) Federal revenues; and

15 “(iii) the current and long-term actu-
16 arial financial condition of the Federal
17 Government.

18 “(3) DUTIES.—

19 “(A) IN GENERAL.—The Task Force shall
20 address the Nation’s long-term fiscal imbal-
21 ances, consistent with the purposes described in
22 paragraph (2), and shall submit the report and
23 recommendations required under subparagraph
24 (B).

1 “(B) REPORT, RECOMMENDATIONS, AND
2 LEGISLATIVE LANGUAGE.—

3 “(i) IN GENERAL.—Not earlier than
4 November 3, 2010, and not later than No-
5 vember 9, 2010, the Task Force shall vote
6 on a report that contains—

7 “(I) a detailed statement of the
8 findings, conclusions, and rec-
9 ommendations of the Task Force;

10 “(II) the assumptions, scenarios,
11 and alternatives considered in reach-
12 ing such findings, conclusions, and
13 recommendations; and

14 “(III) proposed legislative lan-
15 guage to carry out such recommenda-
16 tions as described in paragraph
17 (2)(D).

18 “(ii) APPROVAL OF REPORT.—The re-
19 port of the Task Force submitted under
20 clause (i) shall require the approval of not
21 fewer than 14 of the 18 members of the
22 Task Force.

23 “(iii) ADDITIONAL VIEWS.—A member
24 of the Task Force who gives notice of an
25 intention to file supplemental, minority, or

1 additional views at the time of final Task
2 Force approval of the report under clause
3 (ii), shall be entitled to not less than 3 cal-
4 endar days in which to file such views in
5 writing with the staff director of the Task
6 Force. Such views shall then be included in
7 the Task Force report and printed in the
8 same volume, or part thereof, and their in-
9 clusion shall be noted on the cover of the
10 report. In the absence of timely notice, the
11 Task Force report may be printed and
12 transmitted immediately without such
13 views.

14 “(iv) TRANSMISSION OF REPORT.—No
15 later than November 15, 2010, the Task
16 Force shall submit the Task Force bill and
17 final report to the President, the Vice
18 President, the Speaker of the House, and
19 the majority and minority leaders of both
20 Houses.

21 “(v) REPORT TO BE MADE PUBLIC.—
22 Upon the approval or disapproval of the
23 Task Force report pursuant to clause (ii),
24 the Task Force shall promptly make the

1 full report, and a record of the vote, avail-
2 able to the public.

3 “(4) MEMBERSHIP.—

4 “(A) IN GENERAL.—The Task Force shall
5 be composed of 18 members designated pursu-
6 ant to subparagraph (B).

7 “(B) DESIGNATION.—Members of the
8 Task Force shall be designated as follows:

9 “(i) The President shall designate 2
10 members, one of whom shall be the Sec-
11 retary of the Treasury, and the other of
12 whom shall be an officer of the executive
13 branch.

14 “(ii) The majority leader of the Sen-
15 ate shall designate 4 members from among
16 Members of the Senate.

17 “(iii) The minority leader of the Sen-
18 ate shall designate 4 members from among
19 Members of the Senate.

20 “(iv) The Speaker of the House of
21 Representatives shall designate 4 members
22 from among Members of the House of
23 Representatives.

24 “(v) The minority leader of the House
25 of Representatives shall designate 4 mem-

1 bers from among Members of the House of
2 Representatives.

3 “(C) CO-CHAIRS.—

4 “(i) IN GENERAL.—There shall be 2
5 Co-Chairs of the Task Force. The Presi-
6 dent, majority leader of the Senate, and
7 Speaker of the House shall designate one
8 Co-Chair among the members of the Task
9 Force. The minority leader of the Senate
10 and minority leader of the House shall des-
11 ignate the second Co-Chair among the
12 members of the Task Force. The Co-
13 Chairs shall be appointed not later than 14
14 days after the date of enactment of this
15 section.

16 “(ii) STAFF DIRECTOR.—The Co-
17 Chairs, acting jointly, shall hire the staff
18 director of the Task Force.

19 “(D) DATE.—Members of the Task Force
20 shall be designated by not later than 14 days
21 after the date of enactment of this section.

22 “(E) PERIOD OF DESIGNATION.—Members
23 shall be designated for the life of the Task
24 Force. Any vacancy in the Task Force shall not
25 affect its powers, but shall be filled not later

1 than 14 days after the date on which the va-
2 cancy occurs in the same manner as the origi-
3 nal designation.

4 “(F) COMPENSATION.—Members of the
5 Task Force shall serve without any additional
6 compensation for their work on the Task Force.
7 However, members may be allowed travel ex-
8 penses, including per diem in lieu of subsist-
9 ence, in accordance with sections 5702 and
10 5703 of title 5, United States Code, while away
11 from their homes or regular places of business
12 in performance of services for the Task Force.

13 “(5) ADMINISTRATION.—

14 “(A) AUTHORITY TO ESTABLISH RULES
15 AND REGULATIONS.—The Co-Chairs, in con-
16 sultation with the other members of the Task
17 Force, may establish rules and regulations for
18 the conduct of Task Force business, if such
19 rules and regulations are not inconsistent with
20 this section or other applicable law.

21 “(B) QUORUM.—Fourteen members of the
22 Task Force shall constitute a quorum for pur-
23 poses of voting, meeting, and holding hearings.

24 “(C) VOTING.—

1 “(i) PROXY VOTING.—No proxy voting
2 shall be allowed on behalf of the members
3 of the Task Force.

4 “(ii) REPORT, RECOMMENDATIONS
5 AND LEGISLATIVE LANGUAGE.—

6 “(I) DATES.—The Task Force
7 may not vote on any version of the re-
8 port, recommendations, or legislative
9 language before the timing provided
10 for in paragraph (3)(B)(i).

11 “(II) CONGRESSIONAL BUDGET
12 OFFICE AND JOINT COMMITTEE ON
13 TAXATION ESTIMATES.—The Congres-
14 sional Budget Office and Joint Com-
15 mittee on Taxation shall provide esti-
16 mates of the Task Force report and
17 recommendations (as described in
18 subsection (b)(2)(D)) in accordance
19 with section 308(a) and 201(f) of the
20 Congressional Budget Act of 1974.
21 The Task Force may not vote on any
22 version of the report, recommenda-
23 tions, or legislative language unless a
24 final estimate is available for consider-

1 ation by all the members at least 72
2 hours prior to the vote.

3 “(D) HEARINGS.—The Task Force may,
4 for the purpose of carrying out this section,
5 hold such hearings, sit and act at such times
6 and places, take such testimony, receive such
7 evidence, and administer such oaths the Task
8 Force considers advisable.

9 “(c) EXPEDITED CONSIDERATION OF TASK FORCE
10 RECOMMENDATIONS.—

11 “(1) INTRODUCTION.—

12 “(A) RECONVENING.—

13 “(i) IN THE HOUSE OF REPRESENTA-
14 TIVES.—Upon receipt of a report under
15 subsection (b)(3)(B), the Speaker, if the
16 House would otherwise be adjourned, shall
17 notify the Members of the House that,
18 pursuant to this section, the House shall
19 convene not later than November 23,
20 2010.

21 “(ii) IN THE SENATE.—

22 “(I) CONVENING.—Upon receipt
23 of a report under subsection
24 (b)(3)(B), if the Senate has adjourned
25 or recessed for more than 2 days, the

1 majority leader of the Senate, after
2 consultation with the minority leader
3 of the Senate, shall notify the Mem-
4 bers of the Senate that, pursuant to
5 this section, the Senate shall convene
6 not later than November 23, 2010.

7 “(II) ADJOURNING.—No concur-
8 rent resolution adjourning the Senate
9 for more than 3 days shall be in order
10 until the Senate votes on passage of
11 the Task Force bill under paragraph
12 (2)(B)(iv).

13 “(B) INTRODUCTION OF TASK FORCE
14 BILL.—The proposed legislative language con-
15 tained in the report submitted pursuant to sub-
16 section (b)(3)(B), upon receipt by the Congress,
17 shall be introduced not later than November 23,
18 2010, in the Senate and in the House of Rep-
19 resentatives by the majority leader of each
20 House of Congress, for himself, the minority
21 leader of each House of Congress, for himself,
22 or any member of the House designated by the
23 majority leader or minority leader. If the Task
24 Force bill is not introduced in accordance with
25 the preceding sentence in either House of Con-

1 gress, then any Member of that House may in-
2 troduce the Task Force bill on any day there-
3 after. Upon introduction, the Task Force bill
4 shall be referred to the appropriate committees
5 under subparagraph (C).

6 “(C) COMMITTEE CONSIDERATION.—A
7 Task Force bill introduced in either House of
8 Congress shall be jointly referred to the com-
9 mittee or committees of jurisdiction and the
10 Committee on the Budget of that House, which
11 committees shall report the bill without any re-
12 vision and with a favorable recommendation, an
13 unfavorable recommendation, or without rec-
14 ommendation, not later than 7 calendar days
15 after the date of introduction of the bill in that
16 House, or the first day thereafter on which that
17 House is in session. If any committee fails to
18 report the bill within that period, that com-
19 mittee shall be automatically discharged from
20 consideration of the bill, and the bill shall be
21 placed on the appropriate calendar.

22 “(2) EXPEDITED PROCEDURES.—

23 “(A) FAST TRACK CONSIDERATION IN
24 HOUSE OF REPRESENTATIVES.—

1 “(i) PROCEEDING TO CONSIDER-
2 ATION.—It shall be in order, not later than
3 2 days of session after the date on which
4 a Task Force bill is reported or discharged
5 from all committees to which it was re-
6 ferred, for the majority leader of the
7 House of Representatives or the majority
8 leader’s designee, to move to proceed to
9 the consideration of the Task Force bill. It
10 shall also be in order for any Member of
11 the House of Representatives to move to
12 proceed to the consideration of the Task
13 Force bill at any time after the conclusion
14 of such 2-day period. All points of order
15 against the motion are waived. Such a mo-
16 tion shall not be in order after the House
17 has disposed of a motion to proceed on the
18 Task Force bill. The previous question
19 shall be considered as ordered on the mo-
20 tion to its adoption without intervening
21 motion. The motion shall not be debatable.
22 A motion to reconsider the vote by which
23 the motion is disposed of shall not be in
24 order.

1 “(ii) CONSIDERATION.—The Task
2 Force bill shall be considered as read. All
3 points of order against the Task Force bill
4 and against its consideration are waived.
5 The previous question shall be considered
6 as ordered on the Task Force bill to its
7 passage without intervening motion except
8 100 hours of debate equally divided and
9 controlled by the proponent and an oppo-
10 nent, and any motion to limit debate. A
11 motion to reconsider the vote on passage of
12 the Task Force bill shall not be in order.

13 “(iii) APPEALS.—Appeals from deci-
14 sions of the chair relating to the applica-
15 tion of the Rules of the House of Rep-
16 resentatives to the procedure relating to a
17 Task Force bill shall be decided without
18 debate.

19 “(iv) APPLICATION OF HOUSE
20 RULES.—Except to the extent specifically
21 provided in paragraph (2)(A), consider-
22 ation of a Task Force bill shall be gov-
23 erned by the Rules of the House of Rep-
24 resentatives. It shall not be in order in the
25 House of Representatives to consider any

1 Task Force bill introduced pursuant to the
2 provisions of this subsection under a sus-
3 pension of the rules pursuant to Clause 1
4 of House Rule XV, or under a special rule
5 reported by the House Committee on
6 Rules.

7 “(v) NO AMENDMENTS.—No amend-
8 ment to the Task Force bill shall be in
9 order in the House of Representatives.

10 “(vi) VOTE ON PASSAGE.—Imme-
11 diately following the conclusion of consider-
12 ation of the Task Force bill, the vote on
13 passage of the Task Force bill shall occur
14 without any intervening action or motion,
15 requiring an affirmative vote of three-fifths
16 of the Members, duly chosen and sworn. If
17 the Task Force bill is passed, the Clerk of
18 the House of Representatives shall cause
19 the bill to be transmitted to the Senate be-
20 fore the close of the next day of session of
21 the House. The vote on passage shall occur
22 not later than December 23, 2010.

23 “(vii) VOTE.—The House Committee
24 on Rules may not report a rule or order
25 that would have the effect of causing the

1 Task Force bill to be approved by a vote
2 of less than three-fifths of the Members,
3 duly chosen and sworn.

4 “(B) FAST TRACK CONSIDERATION IN SEN-
5 ATE.—

6 “(i) IN GENERAL.—Notwithstanding
7 Rule XXII of the Standing Rules of the
8 Senate, it is in order, not later than 2 days
9 of session after the date on which a Task
10 Force bill is reported or discharged from
11 all committees to which it was referred, for
12 the majority leader of the Senate or the
13 majority leader’s designee to move to pro-
14 ceed to the consideration of the Task
15 Force bill. It shall also be in order for any
16 Member of the Senate to move to proceed
17 to the consideration of the Task Force bill
18 at any time after the conclusion of such 2-
19 day period. A motion to proceed is in order
20 even though a previous motion to the same
21 effect has been disagreed to. All points of
22 order against the motion to proceed to the
23 Task Force bill are waived. The motion to
24 proceed is not debatable. The motion is not
25 subject to a motion to postpone. A motion

1 to reconsider the vote by which the motion
2 is agreed to or disagreed to shall not be in
3 order. If a motion to proceed to the consid-
4 eration of the Task Force bill is agreed to,
5 the Task Force bill shall remain the unfin-
6 ished business until disposed of.

7 “(ii) DEBATE.—All points of order
8 against the Task Force bill and against
9 consideration of the Task Force bill are
10 waived. Consideration of the Task Force
11 bill and of all debatable motions and ap-
12 peals in connection therewith shall not ex-
13 ceed a total of 100 hours. Debate shall be
14 divided equally between the majority and
15 minority leaders or their designees. A mo-
16 tion further to limit debate on the Task
17 Force bill is in order, shall require an af-
18 firmative vote of three-fifths of the Mem-
19 bers duly chosen and sworn, and is not de-
20 batable. Any debatable motion or appeal is
21 debatable for not to exceed 1 hour, to be
22 divided equally between those favoring and
23 those opposing the motion or appeal. All
24 time used for consideration of the Task
25 Force bill, including time used for quorum

1 calls and voting, shall be counted against
2 the total 100 hours of consideration.

3 “(iii) NO AMENDMENTS.—An amend-
4 ment to the Task Force bill, or a motion
5 to postpone, or a motion to proceed to the
6 consideration of other business, or a mo-
7 tion to recommit the Task Force bill, is
8 not in order.

9 “(iv) VOTE ON PASSAGE.—The vote
10 on passage shall occur immediately fol-
11 lowing the conclusion of the debate on a
12 Task Force bill, and a single quorum call
13 at the conclusion of the debate if re-
14 quested. Passage shall require an affirma-
15 tive vote of three-fifths of the Members,
16 duly chosen and sworn. The vote on pas-
17 sage shall occur not later than December
18 23, 2010.

19 “(v) ADJOURNMENT.—If, by Decem-
20 ber 23, 2010, either House has failed to
21 adopt a motion to proceed to the Task
22 Force bill, paragraph (1)(A)(ii)(II) shall
23 not apply.

24 “(vi) RULINGS OF THE CHAIR ON
25 PROCEDURE.—Appeals from the decisions

1 of the Chair relating to the application of
2 the rules of the Senate, as the case may
3 be, to the procedure relating to a Task
4 Force bill shall be decided without debate.

5 “(C) RULES TO COORDINATE ACTION WITH
6 OTHER HOUSE.—

7 “(i) REFERRAL.—If, before the pas-
8 sage by 1 House of a Task Force bill of
9 that House, that House receives from the
10 other House a Task Force bill, then the
11 Task Force bill of the other House shall
12 not be referred to a committee and shall
13 immediately be placed on the calendar.

14 “(ii) PROCEDURE.—If the Senate re-
15 ceives the Task Force bill passed by the
16 House of Representatives before the Sen-
17 ate has voted on passage of the Task
18 Force bill—

19 “(I) the procedure in the Senate
20 shall be the same as if no Task Force
21 bill had been received from House of
22 Representatives; and

23 “(II) the vote on passage in the
24 Senate shall be on the Task Force bill
25 of the House of Representatives.

1 “(iii) TREATMENT OF TASK FORCE
2 BILL OF OTHER HOUSE.—If 1 House fails
3 to introduce or consider a Task Force bill
4 under this section, the Task Force bill of
5 the other House shall be entitled to expedited floor procedures under this section.
6

7 “(iv) TREATMENT OF COMPANION
8 MEASURES IN THE SENATE.—If following
9 passage of the Task Force bill in the Senate,
10 the Senate then receives the Task
11 Force bill from the House of Representatives,
12 the House-passed Task Force bill
13 shall not be debatable. The vote on passage
14 of the Task Force bill in the Senate shall
15 be considered to be the vote on passage of
16 the Task Force bill received from the
17 House of Representatives.

18 “(v) VETOES.—If the President vetoes
19 the Task Force bill, debate on a veto message
20 in the Senate under this section shall
21 be 1 hour equally divided between the majority
22 and minority leaders or their designees.
23

1 “(3) SUSPENSION.—No motion to suspend the
2 application of this subsection shall be in order in the
3 Senate or in the House of Representatives.”.

4 (b) FUNDING.—From the amounts appropriated or
5 made available and remaining unobligated under division
6 A (other than under title X of division A) of the American
7 Recovery and Reinvestment Act of 2009 (Public Law 111–
8 5), there is rescinded pro rata an aggregate amount equal
9 to \$9,000,000, which amount shall be made available with-
10 out need for further appropriation to the Bipartisan Task
11 Force for Responsible Fiscal Action to carry out the pur-
12 poses of the Bipartisan Task Force for Responsible Fiscal
13 Action, and which shall remain available through fiscal
14 year 2011. Not later than 14 days after the date of enact-
15 ment of this section, the Director of the Office of Manage-
16 ment and Budget shall administer the rescission and make
17 available such amount to the Bipartisan Task Force for
18 Responsible Fiscal Action.

19 **SEC. 6. REPEAL OF INCOME TAX ON INDIVIDUALS.**

20 (a) IN GENERAL.—Chapter 1 of the Internal Rev-
21 enue Code of 1986 is amended by striking the following
22 provisions:

- 23 (1) Part I of subchapter A.
24 (2) Subpart A of part IV of subchapter A.
25 (3) Sections 31, 32, 35, 36, and 36A.

1 (b) REPEAL OF ALTERNATIVE MINIMUM TAX FOR
2 INDIVIDUALS.—Section 55 of the Internal Revenue Code
3 of 1986 is amended by adding at the end the following
4 new subsection:

5 “(f) EXEMPTION FOR NONCORPORATE TAX-
6 PAYERS.—The tentative minimum tax for any taxpayer
7 other than a corporation shall be zero.”.

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to taxable years beginning after
10 December 31, 2017.

11 **SEC. 7. PRIORITIZATION FOR REPAYMENT OF NATIONAL**
12 **DEBT.**

13 To take into account the national security concerns
14 of the United States, the Secretary of the Treasury, in
15 consultation with the Secretary of State, shall prioritize
16 the repayment of the national debt and shall take into ac-
17 count circumstances in which the Secretary of the Treas-
18 ury determines the early repayment of outstanding debt
19 is detrimental to the fiscal stability of the United States.

20 **SEC. 8. STUDY AND REPORT.**

21 (a) STUDY.—The Secretary of the Treasury, in con-
22 sultation with the Chairman of the Federal Reserve,
23 shall—

1 (1) analyze methods to prevent and relieve any
2 distortions among economic sectors created by the
3 implementation of this Act,

4 (2) make recommendations regarding the appli-
5 cation of the transaction fee established under this
6 Act to barter transactions which do not involve a
7 payment instrument,

8 (3) assess the transaction fee established under
9 this Act as a tool of Federal fiscal policy, including
10 an impact analysis on the elimination or retention of
11 existing tax expenditures, incentives, penalties, and
12 credits, including—

13 (A) the earned income credit,

14 (B) the alternative minimum tax,

15 (C) the child tax credit, and

16 (D) the deduction for mortgage interest,

17 (4) analyze the extent to which the transaction
18 fee could offset the cost to the Federal Government
19 of increasing discretionary and mandatory spending,
20 particularly expenditures related to education, de-
21 fense, Social Security, Medicare, and Medicaid,

22 (5) make recommendations with respect to the
23 Internal Revenue Service, which—

1 (A) assume the transition and
2 grandfathering of all existing personnel of the
3 Internal Revenue Service,

4 (B) identify the elements of the current In-
5 ternal Revenue Service needed to administer the
6 transaction fee, and

7 (C) examine the feasibility of modifying
8 the overall mission and jurisdiction of the Inter-
9 nal Revenue Service from one focused on tax
10 law application to one focused on uncovering
11 waste, fraud, and abuse throughout the Federal
12 Government, and

13 (6) make determinations and recommendations
14 for methods of phasing out the income tax on indi-
15 viduals before its repeal under section 4 in a manner
16 which is consistent with the purposes described in
17 section 2(b)(3).

18 (b) REPORT.—The Secretary of the Treasury shall,
19 not later than 1 year after the date of the enactment of
20 this Act, submit to Congress a written report containing
21 the results, determinations, and recommendations of the
22 Secretary under subsection (a).

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