

111TH CONGRESS
2D SESSION

H. R. 6467

To amend the Internal Revenue Code of 1986 to provide middle class tax relief, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 1, 2010

Mr. LEVIN introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on the Budget, 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 amend the Internal Revenue Code of 1986 to provide middle class tax relief, 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 “Middle Class Tax Relief Act of 2010”.

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) TABLE OF CONTENTS.—The table of contents for
 4 this Act is as follows:

Sec. 1. Short title; etc.

TITLE I—MIDDLE CLASS TAX RELIEF MADE PERMANENT

Sec. 101. Middle class tax relief made permanent.

Sec. 102. Certain provisions not applicable to high income individuals.

Sec. 103. Related amendments.

TITLE II—EXPENSING BY SMALL BUSINESSES OF CERTAIN DEPRECIABLE ASSETS

Sec. 201. Increased limitations on expensing by small businesses of certain de-
 preciable assets.

TITLE III—EXTENSION OF ALTERNATIVE MINIMUM TAX RELIEF

Sec. 301. Extension of alternative minimum tax relief for nonrefundable per-
 sonal credits.

Sec. 302. Extension of increased alternative minimum tax exemption amount.

TITLE IV—BUDGETARY PROVISION

Sec. 401. PAYGO compliance.

5 **TITLE I—MIDDLE CLASS TAX** 6 **RELIEF MADE PERMANENT**

7 **SEC. 101. MIDDLE CLASS TAX RELIEF MADE PERMANENT.**

8 (a) IN GENERAL.—Section 901 of the Economic
 9 Growth and Tax Relief Reconciliation Act of 2001 shall
 10 not apply to the following provisions of such Act (and to
 11 the amendments made by such provisions):

12 (1) Title I (relating to individual income tax
 13 rate reductions).

14 (2) Title II (relating to tax benefits related to
 15 children).

1 (3) Title III (relating to marriage penalty re-
2 lief).

3 (4) Title IV (relating to affordable education
4 provisions).

5 (b) REDUCED RATES ON CAPITAL GAINS AND DIVI-
6 DENDS.—The Jobs and Growth Tax Relief Reconciliation
7 Act of 2003 is amended by striking section 303.

8 **SEC. 102. CERTAIN PROVISIONS NOT APPLICABLE TO HIGH**
9 **INCOME INDIVIDUALS.**

10 (a) INDIVIDUAL INCOME TAX RATES.—Subsection (i)
11 of section 1 is amended by striking paragraph (2), by re-
12 designating paragraph (3) as paragraph (4), and by in-
13 serting after paragraph (1) the following new paragraphs:

14 “(2) 25- AND 28-PERCENT RATE BRACKETS.—
15 The tables under subsections (a), (b), (c), (d), and
16 (e) shall be applied—

17 “(A) by substituting ‘25%’ for ‘28%’ each
18 place it appears (before the application of sub-
19 paragraph (B)), and

20 “(B) by substituting ‘28%’ for ‘31%’ each
21 place it appears.

22 “(3) 33-PERCENT RATE BRACKET.—

23 “(A) IN GENERAL.—In the case of taxable
24 years beginning after December 31, 2010—

1 “(i) the rate of tax under subsections
 2 (a), (b), (c), and (d) on a taxpayer’s tax-
 3 able income in the fourth rate bracket shall
 4 be 33 percent to the extent such income
 5 does not exceed an amount equal to the ex-
 6 cess of—

7 “(I) the applicable amount, over

8 “(II) the dollar amount at which
 9 such bracket begins, and

10 “(ii) the 36 percent rate of tax under
 11 such subsections shall apply only to the
 12 taxpayer’s taxable income in such bracket
 13 in excess of the amount to which clause (i)
 14 applies.

15 “(B) APPLICABLE AMOUNT.—For purposes
 16 of this paragraph, the term ‘applicable amount’
 17 means the excess of—

18 “(i) the applicable threshold, over

19 “(ii) the sum of the following amounts
 20 in effect for the taxable year:

21 “(I) the basic standard deduction
 22 (within the meaning of section
 23 63(c)(2)), and

24 “(II) the exemption amount
 25 (within the meaning of section

1 151(d)(1)) (or, in the case of sub-
2 section (a), 2 such exemption
3 amounts).

4 “(C) APPLICABLE THRESHOLD.—For pur-
5 poses of this paragraph, the term ‘applicable
6 threshold’ means—

7 “(i) \$250,000 in the case of sub-
8 section (a),

9 “(ii) \$200,000 in the case of sub-
10 sections (b) and (c), and

11 “(iii) $\frac{1}{2}$ the amount applicable under
12 clause (i) (after adjustment, if any, under
13 subparagraph (E)) in the case of sub-
14 section (d).

15 “(D) FOURTH RATE BRACKET.—For pur-
16 poses of this paragraph, the term ‘fourth rate
17 bracket’ means the bracket which would (deter-
18 mined without regard to this paragraph) be the
19 36-percent rate bracket.

20 “(E) INFLATION ADJUSTMENT.—For pur-
21 poses of this paragraph, a rule similar to the
22 rule of paragraph (1)(C) shall apply with re-
23 spect to taxable years beginning in calendar
24 years after 2010, applied by substituting ‘2008’
25 for ‘1992’ in subsection (f)(3)(B).”.

1 (b) PHASEOUT OF PERSONAL EXEMPTIONS AND
2 ITEMIZED DEDUCTIONS.—

3 (1) OVERALL LIMITATION ON ITEMIZED DEDUC-
4 TIONS.—Section 68 is amended—

5 (A) by striking “the applicable amount”
6 the first place it appears in subsection (a) and
7 inserting “the applicable threshold in effect
8 under section 1(i)(3)”,

9 (B) by striking “the applicable amount” in
10 subsection (a)(1) and inserting “such applicable
11 threshold”,

12 (C) by striking subsection (b) and redesignig-
13 nating subsections (c), (d), and (e) as sub-
14 sections (b), (c), and (d), respectively, and

15 (D) by striking subsections (f) and (g).

16 (2) PHASEOUT OF DEDUCTIONS FOR PERSONAL
17 EXEMPTIONS.—

18 (A) IN GENERAL.—Paragraph (3) of sec-
19 tion 151(d) is amended—

20 (i) by striking “the threshold amount”
21 in subparagraphs (A) and (B) and insert-
22 ing “the applicable threshold in effect
23 under section 1(i)(3)”,

1 (ii) by striking subparagraph (C) and
 2 redesignating subparagraph (D) as sub-
 3 paragraph (C), and

4 (iii) by striking subparagraphs (E)
 5 and (F).

6 (B) CONFORMING AMENDMENT.—Para-
 7 graph (4) of section 151(d) is amended—

8 (i) by striking subparagraph (B),

9 (ii) by redesignating clauses (i) and
 10 (ii) of subparagraph (A) as subparagraphs
 11 (A) and (B), respectively, and by indenting
 12 such subparagraphs (as so redesignated)
 13 accordingly, and

14 (iii) by striking all that precedes “in
 15 a calendar year after 1989,” and inserting
 16 the following:

17 “(4) INFLATION ADJUSTMENT.—In the case of
 18 any taxable year beginning”.

19 (c) REDUCED RATE ON CAPITAL GAINS AND DIVI-
 20 DENDS.—

21 (1) IN GENERAL.—Paragraph (1) of section
 22 (1)(h) is amended by striking subparagraph (C), by
 23 redesignating subparagraphs (D) and (E) as sub-
 24 paragraphs (E) and (F) and by inserting after sub-
 25 paragraph (B) the following new subparagraphs:

1 “(C) 15 percent of the lesser of—

2 “(i) so much of the adjusted net cap-
3 ital gain (or, if less, taxable income) as ex-
4 ceeds the amount on which a tax is deter-
5 mined under subparagraph (B), or

6 “(ii) the excess (if any) of—

7 “(I) the amount of taxable in-
8 come which would (without regard to
9 this subsection) be taxed at a rate
10 below 36 percent, over

11 “(II) the sum of the amounts on
12 which tax is determined under sub-
13 paragraphs (A) and (B),

14 “(D) 20 percent of the adjusted net capital
15 gain (or, if less, taxable income) in excess of the
16 sum of the amounts on which tax is determined
17 under subparagraphs (B) and (C),”.

18 (2) DIVIDENDS.—Subparagraph (A) of section
19 1(h)(11) is amended by striking “qualified dividend
20 income” and inserting “so much of the qualified div-
21 idend income as does not exceed the excess (if any)
22 of—

23 “(i) the amount of taxable income
24 which would (without regard to this sub-

1 section) be taxed at a rate below 36 per-
2 cent, over

3 “(ii) taxable income reduced by quali-
4 fied dividend income.”.

5 (3) MINIMUM TAX.—Section 55 is amended by
6 adding at the end the following new subsection:

7 “(f) APPLICATION OF MAXIMUM RATE OF TAX ON
8 NET CAPITAL GAIN OF NONCORPORATE TAXPAYERS.—In
9 the case of taxable years beginning after December 31,
10 2010, the amount determined under subparagraph (C) of
11 subsection (b)(3) shall be the sum of—

12 “(1) 15 percent of the lesser of—

13 “(A) so much of the adjusted net capital
14 gain (or, if less, taxable excess) as exceeds the
15 amount on which tax is determined under sub-
16 paragraph (B) of subsection (b)(3), or

17 “(B) the excess described in section
18 1(h)(1)(C)(ii), plus

19 “(2) 20 percent of the adjusted net capital gain
20 (or, if less, taxable excess) in excess of the sum of
21 the amounts on which tax is determined under sub-
22 section (b)(3)(B) and paragraph (1).”.

23 (4) CONFORMING AMENDMENTS.—

1 (A) The following provisions are amended
2 by striking “15 percent” and inserting “20 per-
3 cent”:

4 (i) Section 1445(e)(1).

5 (ii) The second sentence of section
6 7518(g)(6)(A).

7 (iii) Section 53511(f)(2) of title 46,
8 United States Code.

9 (B) Sections 531 and 541 are each amend-
10 ed by striking “15 percent of” and inserting
11 “the product of the highest rate of tax under
12 section 1(c) and”.

13 (C) Section 1445(e)(6) is amended by
14 striking “15 percent (20 percent in the case of
15 taxable years beginning after December 31,
16 2010)” and inserting “20 percent”.

17 (d) EFFECTIVE DATES.—

18 (1) IN GENERAL.—Except as provided in para-
19 graph (2), the amendments made by this section
20 shall apply to taxable years beginning after Decem-
21 ber 31, 2010.

22 (2) WITHHOLDING.—The amendments made by
23 subparagraphs (A)(i) and (C) of subsection (c)(4)
24 shall apply to amounts paid on or after January 1,
25 2011.

1 **SEC. 103. RELATED AMENDMENTS.**

2 (a) APPLICATION OF INCREASE IN REFUNDABLE
3 PORTION OF CHILD TAX CREDIT.—

4 (1) IN GENERAL.—Subsection (d) of section 24
5 is amended—

6 (A) by striking “\$10,000” in paragraph
7 (1)(B)(i) and inserting “\$3,000”, and

8 (B) by striking paragraphs (3) and (4).

9 (2) EFFECTIVE DATE.—The amendments made
10 by this subsection shall apply to taxable years begin-
11 ning after December 31, 2010.

12 (b) APPLICATION OF INCREASE IN EARNED INCOME
13 TAX CREDIT.—

14 (1) IN GENERAL.—Subparagraph (B) of section
15 32(b)(2) is amended to read as follows:

16 “(B) JOINT RETURNS.—

17 “(i) IN GENERAL.—In the case of a
18 joint return filed by an eligible individual
19 and such individual’s spouse, the phaseout
20 amount determined under subparagraph
21 (A) shall be increased by \$5,000.

22 “(ii) INFLATION ADJUSTMENT.—In
23 the case of any taxable year beginning
24 after 2010, the \$5,000 amount in clause
25 (i) shall be increased by an amount equal
26 to—

1 “(I) such dollar amount, multi-
2 plied by

3 “(II) the cost of living adjust-
4 ment determined under section 1(f)(3)
5 for the calendar year in which the tax-
6 able year begins determined by sub-
7 stituting ‘calendar year 2008’ for ‘cal-
8 endar year 1992’ in subparagraph (B)
9 thereof.

10 Subparagraph (A) of subsection (j)(2)
11 shall apply after taking into account any
12 increase under the preceding sentence.”.

13 (2) CONFORMING AMENDMENT.—Subsection (b)
14 of section 32 is amended by striking paragraph (3).

15 (3) EFFECTIVE DATE.—The amendments made
16 by this subsection shall apply to taxable years begin-
17 ning after December 31, 2010.

18 (c) APPLICATION TO ADOPTION CREDIT AND ADOP-
19 TION ASSISTANCE PROGRAMS.—Subsection (c) of section
20 10909 of the Patient Protection and Affordable Care Act
21 is amended to read as follows:

22 “(c) The amendments made by this section shall not
23 apply to taxable years beginning after December 31,
24 2011.”.

1 **TITLE II—EXPENSING BY SMALL**
2 **BUSINESSES OF CERTAIN DE-**
3 **PRECIABLE ASSETS**

4 **SEC. 201. INCREASED LIMITATIONS ON EXPENSING BY**
5 **SMALL BUSINESSES OF CERTAIN DEPRE-**
6 **CIABLE ASSETS.**

7 (a) DOLLAR LIMITATION.—Subparagraph (C) of sec-
8 tion 179(b)(1) is amended by striking “\$25,000” and in-
9 serting “\$125,000”.

10 (b) THRESHOLD AT WHICH PHASEOUT BEGINS.—
11 Subparagraph (C) of section 179(b)(2) is amended by
12 striking “\$200,000” and inserting “\$500,000”.

13 (c) INFLATION ADJUSTMENT.—Subsection (b) of sec-
14 tion 179 is amended by adding at the end the following
15 new paragraph:

16 “(6) INFLATION ADJUSTMENTS.—

17 “(A) IN GENERAL.—In the case of any
18 taxable beginning in a calendar year after 2011,
19 the \$125,000 and \$500,000 amounts in para-
20 graphs (1)(C) and (2)(C) shall each be in-
21 creased by an amount equal to—

22 “(i) such dollar amount, multiplied by

23 “(ii) the cost-of-living adjustment de-
24 termined under section 1(f)(3) for the cal-
25 endar year in which the taxable year be-

1 gins determined by substituting ‘calendar
2 year 2006’ for ‘calendar year 1992’ in sub-
3 paragraph (B) thereof.

4 “(B) ROUNDING.—

5 “(i) DOLLAR LIMITATION.—If the
6 amount in paragraph (1) as increased
7 under subparagraph (A) is not a multiple
8 of \$1,000, such amount shall be rounded
9 to the nearest multiple of \$1,000.

10 “(ii) PHASEOUT AMOUNT.—If the
11 amount in paragraph (2) as increased
12 under subparagraph (A) is not a multiple
13 of \$10,000, such amount shall be rounded
14 to the nearest multiple of \$10,000.”.

15 (d) AUTHORITY TO REVOKE ELECTION MADE PER-
16 MANENT.—Paragraph (2) of section 179(c) is amended by
17 striking “and before 2012”.

18 (e) TREATMENT OF CERTAIN COMPUTER SOFTWARE
19 AS SECTION 179 PROPERTY MADE PERMANENT.—Clause
20 (ii) of section 179(d)(1)(A) is amended by striking “and
21 before 2012”.

22 (f) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to taxable years beginning after
24 December 31, 2011.

1 **TITLE III—EXTENSION OF AL-**
2 **TERNATIVE MINIMUM TAX**
3 **RELIEF**

4 **SEC. 301. EXTENSION OF ALTERNATIVE MINIMUM TAX RE-**
5 **LIEF FOR NONREFUNDABLE PERSONAL**
6 **CREDITS.**

7 (a) IN GENERAL.—Paragraph (2) of section 26(a) is
8 amended—

9 (1) by striking “2000, 2001, 2002, 2003, 2004,
10 2005, 2006, 2007, 2008, or 2009” and inserting
11 “the period beginning with calendar year 2000 and
12 ending with calendar year 2011”, and

13 (2) by striking “2009” in the heading thereof
14 and inserting “2011”.

15 (b) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to taxable years beginning after
17 December 31, 2009.

18 **SEC. 302. EXTENSION OF INCREASED ALTERNATIVE MIN-**
19 **IMUM TAX EXEMPTION AMOUNT.**

20 (a) IN GENERAL.—Paragraph (1) of section 55(d) is
21 amended—

22 (1) by striking “(\$70,950 in the case of taxable
23 years beginning in 2009)” in subparagraph (A) and
24 inserting “(\$72,450 in the case of taxable years be-
25 ginning in 2010 or 2011)”, and

1 (2) by striking “(\$46,700 in the case of taxable
 2 years beginning in 2009)” in subparagraph (B) and
 3 inserting “(\$47,450 in the case of taxable years be-
 4 ginning in 2010 or 2011)”.

5 (b) NONAPPLICATION OF EGTRRA SUNSET.—Sec-
 6 tion 901 of the Economic Growth and Tax Relief Rec-
 7 onciliation Act of 2001 shall not apply to the amendments
 8 made by section 701 of such Act.

9 (c) EFFECTIVE DATE.—The amendments made by
 10 this section shall apply to taxable years beginning after
 11 December 31, 2009.

12 **TITLE IV—BUDGETARY** 13 **PROVISION**

14 **SEC. 401. PAYGO COMPLIANCE.**

15 The budgetary effects of this Act, for the purpose of
 16 complying with the Statutory Pay-As-You-Go Act of 2010,
 17 shall be determined by reference to the latest statement
 18 titled “Budgetary Effects of PAYGO Legislation” for this
 19 Act, submitted for printing in the Congressional Record
 20 by the Chairman of the House Budget Committee, pro-
 21 vided that such statement has been submitted prior to the
 22 vote on passage.

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