

112TH CONGRESS
2D SESSION

H. R. 15

To amend the Internal Revenue Code of 1986 to provide tax relief to middle-class families.

IN THE HOUSE OF REPRESENTATIVES

JULY 30, 2012

Mr. LEVIN (for himself, Ms. PELOSI, Mr. HOYER, Mr. CLYBURN, Mr. RANGEL, Mr. McDERMOTT, Mr. LEWIS of Georgia, Mr. NEAL, Mr. LARSON of Connecticut, Mr. BLUMENAUER, Mr. PASCRELL, Mr. CROWLEY, Mr. VAN HOLLEN, Mr. DICKS, Ms. CHU, Mr. HONDA, Mr. TONKO, Ms. HAHN, Mr. GEORGE MILLER of California, Mr. WELCH, Mr. RICHMOND, Mr. CICILLINE, Ms. SCHAKOWSKY, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. SERRANO, Mrs. CAPPS, and Ms. PINGREE of Maine) 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 tax relief to middle-class families.

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 Cut Act”.

1 (b) AMENDMENT OF 1986 CODE.—Except as other-
 2 wise expressly provided, whenever in this Act an amend-
 3 ment or repeal is expressed in terms of an amendment
 4 to, or repeal of, a section or other provision, the reference
 5 shall be considered to be made to a section or other provi-
 6 sion of the Internal Revenue Code of 1986.

7 (c) TABLE OF CONTENTS.—The table of contents of
 8 this Act is as follows:

Sec. 1. Short title; etc.

TITLE I—TEMPORARY EXTENSION OF TAX RELIEF

Sec. 101. Temporary extension of 2001 tax relief.

Sec. 102. Temporary extension of 2003 tax relief.

Sec. 103. Temporary extension of 2010 tax relief.

Sec. 104. Temporary extension of election to expense certain depreciable busi-
 ness assets.

TITLE II—ALTERNATIVE MINIMUM TAX RELIEF

Sec. 201. Temporary extension of increased alternative minimum tax exemption
 amount.

Sec. 202. Temporary extension of alternative minimum tax relief for nonrefund-
 able personal credits.

TITLE III—TREATMENT FOR PAYGO PURPOSES

Sec. 301. Treatment for PAYGO purposes.

9 **TITLE I—TEMPORARY** 10 **EXTENSION OF TAX RELIEF**

11 **SEC. 101. TEMPORARY EXTENSION OF 2001 TAX RELIEF.**

12 (a) TEMPORARY EXTENSION.—

13 (1) IN GENERAL.—Section 901(a)(1) of the
 14 Economic Growth and Tax Relief Reconciliation Act
 15 of 2001 is amended by striking “December 31,
 16 2012” and inserting “December 31, 2013”.

1 (2) EFFECTIVE DATE.—The amendment made
2 by this subsection shall take effect as if included in
3 the enactment of the Economic Growth and Tax Re-
4 lief Reconciliation Act of 2001.

5 (b) APPLICATION TO CERTAIN HIGH-INCOME TAX-
6 PAYERS.—

7 (1) INCOME TAX RATES.—

8 (A) TREATMENT OF 25- AND 28-PERCENT
9 RATE BRACKETS.—Paragraph (2) of section
10 1(i) is amended to read as follows:

11 “(2) 25- AND 28-PERCENT RATE BRACKETS.—
12 The tables under subsections (a), (b), (c), (d), and
13 (e) shall be applied—

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

17 “(B) by substituting ‘28%’ for ‘31%’ each
18 place it appears.”.

19 (B) 33-PERCENT RATE BRACKET.—Sub-
20 section (i) of section 1 is amended by redesign-
21 ating paragraph (3) as paragraph (4) and by
22 inserting after paragraph (2) the following new
23 paragraph:

24 “(3) 33-PERCENT RATE BRACKET.—

1 “(A) IN GENERAL.—In the case of taxable
2 years beginning after December 31, 2012—

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

9 “(I) the applicable amount, over

10 “(II) the dollar amount at which
11 such bracket begins, and

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

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

20 “(i) the applicable threshold, over

21 “(ii) the sum of the following amounts
22 in effect for the taxable year:

23 “(I) the basic standard deduction
24 (within the meaning of section
25 63(c)(2)), and

1 “(II) the exemption amount
2 (within the meaning of section
3 151(d)(1)) (or, in the case of sub-
4 section (a), 2 such exemption
5 amounts).

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

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

11 “(ii) \$225,000 in the case of sub-
12 section (b),

13 “(iii) \$200,000 in the case of sub-
14 sections (c), and

15 “(iv) ½ the amount applicable under
16 clause (i) (after adjustment, if any, under
17 subparagraph (E)) in the case of sub-
18 section (d).

19 “(D) FOURTH RATE BRACKET.—For pur-
20 poses of this paragraph, the term ‘fourth rate
21 bracket’ means the bracket which would (deter-
22 mined without regard to this paragraph) be the
23 36-percent rate bracket.

24 “(E) INFLATION ADJUSTMENT.—For pur-
25 poses of this paragraph, with respect to taxable

1 years beginning in calendar years after 2012,
2 each of the dollar amounts under clauses (i),
3 (ii), and (iii) of subparagraph (C) shall be ad-
4 justed in the same manner as under paragraph
5 (1)(C), except that subsection (f)(3)(B) shall be
6 applied by substituting ‘2008’ for ‘1992’.”.

7 (2) PHASEOUT OF PERSONAL EXEMPTIONS AND
8 ITEMIZED DEDUCTIONS.—

9 (A) OVERALL LIMITATION ON ITEMIZED
10 DEDUCTIONS.—Section 68 is amended—

11 (i) by striking “the applicable
12 amount” the first place it appears in sub-
13 section (a) and inserting “the applicable
14 threshold in effect under section 1(i)(3)”,

15 (ii) by striking “the applicable
16 amount” in subsection (a)(1) and inserting
17 “such applicable threshold”,

18 (iii) by striking subsection (b) and re-
19 designating subsections (c), (d), and (e) as
20 subsections (b), (c), and (d), respectively,
21 and

22 (iv) by striking subsections (f) and
23 (g).

24 (B) PHASEOUT OF DEDUCTIONS FOR PER-
25 SONAL EXEMPTIONS.—

1 (i) IN GENERAL.—Paragraph (3) of
2 section 151(d) is amended—

3 (I) by striking “the threshold
4 amount” in subparagraphs (A) and
5 (B) and inserting “the applicable
6 threshold in effect under section
7 1(i)(3)”,

8 (II) by striking subparagraph (C)
9 and redesignating subparagraph (D)
10 as subparagraph (C), and

11 (III) by striking subparagraphs
12 (E) and (F).

13 (ii) CONFORMING AMENDMENTS.—
14 Paragraph (4) of section 151(d) is amend-
15 ed—

16 (I) by striking subparagraph (B),

17 (II) by redesignating clauses (i)
18 and (ii) of subparagraph (A) as sub-
19 paragraphs (A) and (B), respectively,
20 and by indenting such subparagraphs
21 (as so redesignated) accordingly, and

22 (III) by striking all that precedes
23 “in a calendar year after 1989,” and
24 inserting the following:

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

3 (c) EFFECTIVE DATE.—Except as otherwise pro-
4 vided, the amendments made by this section shall apply
5 to taxable years beginning after December 31, 2012.

6 (d) APPLICATION OF EGTRRA SUNSET.—Each
7 amendment made by subsection (b) shall be subject to title
8 IX of the Economic Growth and Tax Relief Reconciliation
9 Act of 2001 to the same extent and in the same manner
10 as if such amendment was included in title I of such Act.

11 **SEC. 102. TEMPORARY EXTENSION OF 2003 TAX RELIEF.**

12 (a) EXTENSION.—

13 (1) IN GENERAL.—Section 303 of the Jobs and
14 Growth Tax Relief Reconciliation Act of 2003 is
15 amended by striking “December 31, 2012” and in-
16 serting “December 31, 2013”.

17 (2) EFFECTIVE DATE.—The amendment made
18 by this subsection shall take effect as if included in
19 the enactment of the Jobs and Growth Tax Relief
20 Reconciliation Act of 2003.

21 (b) 20-PERCENT CAPITAL GAINS RATE FOR CERTAIN
22 HIGH INCOME INDIVIDUALS.—

23 (1) IN GENERAL.—Paragraph (1) of section
24 1(h) is amended by striking subparagraph (C), by
25 redesignating subparagraphs (D) and (E) as sub-

1 paragraphs (E) and (F) and by inserting after sub-
2 paragraph (B) the following new subparagraphs:

3 “(C) 15 percent of the lesser of—

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

8 “(ii) the excess (if any) of—

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

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

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

20 (2) MINIMUM TAX.—Paragraph (3) of section
21 55(b) is amended by striking subparagraph (C), by
22 redesignating subparagraph (D) as subparagraph
23 (E), and by inserting after subparagraph (B) the
24 following new subparagraphs:

25 “(C) 15 percent of the lesser of—

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

5 “(ii) the excess described in section
6 1(h)(1)(C)(ii), plus

7 “(D) 20 percent of the adjusted net capital
8 gain (or, if less, taxable excess) in excess of the
9 sum of the amounts on which tax is determined
10 under subparagraphs (B) and (C), plus”.

11 (c) CONFORMING AMENDMENTS.—

12 (1) The following provisions are each amended
13 by striking “15 percent” and inserting “20 per-
14 cent”:

15 (A) Section 531.

16 (B) Section 541.

17 (C) Section 1445(e)(1).

18 (D) The second sentence of section
19 7518(g)(6)(A).

20 (E) Section 53511(f)(2) of title 46, United
21 States Code.

22 (2) Sections 1(h)(1)(B) and 55(b)(3)(B) are
23 each amended by striking “5 percent (0 percent in
24 the case of taxable years beginning after 2007)” and
25 inserting “0 percent”.

1 (3) Section 1445(e)(6) is amended by striking
2 “15 percent (20 percent in the case of taxable years
3 beginning after December 31, 2010)” and inserting
4 “20 percent”.

5 (d) EFFECTIVE DATES.—

6 (1) IN GENERAL.—Except as otherwise pro-
7 vided, the amendments made by subsections (b) and
8 (c) shall apply to taxable years beginning after De-
9 cember 31, 2012.

10 (2) WITHHOLDING.—The amendments made by
11 paragraphs (1)(C) and (3) of subsection (c) shall
12 apply to amounts paid on or after January 1, 2013.

13 (e) APPLICATION OF JGTRRA SUNSET.—Each
14 amendment made by subsections (b) and (c) shall be sub-
15 ject to section 303 of the Jobs and Growth Tax Relief
16 Reconciliation Act of 2003 to the same extent and in the
17 same manner as if such amendment was included in title
18 III of such Act.

19 **SEC. 103. TEMPORARY EXTENSION OF 2010 TAX RELIEF.**

20 (a) AMERICAN OPPORTUNITY TAX CREDIT.—

21 (1) IN GENERAL.—Section 25A(i) is amended
22 by striking “or 2012” and inserting “2012, or
23 2013”.

24 (2) TREATMENT OF POSSESSIONS.—Section
25 1004(e)(1) of division B of the American Recovery

1 and Reinvestment Tax Act of 2009 is amended by
2 striking “and 2012” each place it appears and in-
3 sserting “2012, and 2013”.

4 (b) CHILD TAX CREDIT.—Section 24(d)(4) is amend-
5 ed—

6 (1) by striking “AND 2012” in the heading and
7 inserting “2012, AND 2013”, and

8 (2) by striking “or 2012” and inserting “2012,
9 or 2013”.

10 (c) EARNED INCOME TAX CREDIT.—Section 32(b)(3)
11 is amended—

12 (1) by striking “AND 2012” in the heading and
13 inserting “2012, AND 2013”, and

14 (2) by striking “or 2012” and inserting “2012,
15 or 2013”.

16 (d) TEMPORARY EXTENSION OF RULE DIS-
17 REGARDING REFUNDS IN THE ADMINISTRATION OF FED-
18 ERAL PROGRAMS AND FEDERALLY ASSISTED PRO-
19 GRAMS.—Subsection (b) of section 6409 is amended by
20 striking “December 31, 2012” and inserting “December
21 31, 2013”.

22 (e) EFFECTIVE DATES.—

23 (1) IN GENERAL.—Except as provided in para-
24 graph (2), the amendments made by this section

1 shall apply to taxable years beginning after Decem-
2 ber 31, 2012.

3 (2) **RULE DISREGARDING REFUNDS IN THE AD-**
4 **MINISTRATION OF CERTAIN PROGRAMS.**—The
5 amendment made by subsection (d) shall apply to
6 amounts received after December 31, 2012.

7 **SEC. 104. TEMPORARY EXTENSION OF ELECTION TO EX-**
8 **PENSE CERTAIN DEPRECIABLE BUSINESS AS-**
9 **SETS.**

10 (a) **IN GENERAL.**—

11 (1) **DOLLAR LIMITATION.**—Section 179(b)(1) is
12 amended—

13 (A) by striking “and” at the end of sub-
14 paragraph (C),

15 (B) by redesignating subparagraph (D) as
16 subparagraph (E),

17 (C) by inserting after subparagraph (C)
18 the following new subparagraph:

19 “(D) \$250,000 in the case of taxable years
20 beginning in 2013, and”, and

21 (D) in subparagraph (E), as so redesi-
22 gnated, by striking “2012” and inserting
23 “2013”.

24 (2) **REDUCTION IN LIMITATION.**—Section
25 179(b)(2) is amended—

1 (A) by striking “and” at the end of sub-
2 paragraph (C),

3 (B) by redesignating subparagraph (D) as
4 subparagraph (E),

5 (C) by inserting after subparagraph (C)
6 the following new subparagraph:

7 “(D) \$800,000 in the case of taxable years
8 beginning in 2013, and”, and

9 (D) in subparagraph (E), as so redesign-
10 nated, by striking “2012” and inserting
11 “2013”.

12 (b) COMPUTER SOFTWARE.—Section
13 179(d)(1)(A)(ii) is amended by striking “2013” and in-
14 serting “2014”.

15 (c) ELECTION.—Section 179(c)(2) is amended by
16 striking “2013” and inserting “2014”.

17 (d) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to taxable years beginning after
19 December 31, 2012.

20 **TITLE II—ALTERNATIVE**
21 **MINIMUM TAX RELIEF**

22 **SEC. 201. TEMPORARY EXTENSION OF INCREASED ALTER-**
23 **NATIVE MINIMUM TAX EXEMPTION AMOUNT.**

24 (a) IN GENERAL.—Paragraph (1) of section 55(d) is
25 amended—

1 (1) by striking “\$72,450” and all that follows
2 through “2011” in subparagraph (A) and inserting
3 “\$78,750 in the case of taxable years beginning in
4 2012”, and

5 (2) by striking “\$47,450” and all that follows
6 through “2011” in subparagraph (B) and inserting
7 “\$50,600 in the case of taxable years beginning in
8 2012”.

9 (b) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to taxable years beginning after
11 December 31, 2011.

12 **SEC. 202. TEMPORARY EXTENSION OF ALTERNATIVE MIN-**
13 **IMUM TAX RELIEF FOR NONREFUNDABLE**
14 **PERSONAL CREDITS.**

15 (a) IN GENERAL.—Paragraph (2) of section 26(a) is
16 amended—

17 (1) by striking “or 2011” and inserting “2011,
18 or 2012”, and

19 (2) by striking “2011” in the heading thereof
20 and inserting “2012”.

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

1 **TITLE III—TREATMENT FOR**
2 **PAYGO PURPOSES**

3 **SEC. 301. TREATMENT FOR PAYGO PURPOSES.**

4 The budgetary effects of this Act shall not be entered
5 on either PAYGO scorecard maintained pursuant to sec-
6 tion 4(d) of the Statutory Pay-As-You-Go Act of 2010.

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