Be it enacted by the Senate and House of Representa-
tives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Cliff Alleviation at
Last Minute Act” or the “CALM Act”.

TITLE I—TAXES

SEC. 101. PERMANENT EXTENSION AND GRADUAL IN-
CREASE IN CERTAIN TAX RATES ON INCOME,
CAPITAL GAINS, AND DIVIDENDS.

(a) IN GENERAL.—Notwithstanding section
901(a)(1) the Economic Growth and Tax Relief Reconcili-
ation Act of 2001 and section 303 of the Tax Relief, Un-
employment Insurance Reauthorization, and Job Creation Act of 2010, section 901 of the Economic Growth and Tax Relief Reconciliation Act of 2001 shall not apply to—

(1) the provisions of, and amendments made by, such Act, or

(2) the amendments made by title III of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010.

(b) INCOME TAX RATES.—Subsection (i) of section 1 of the Internal Revenue Code of 1986 is amended—

(1) by inserting “, and before January 1, 2015” after “December 31, 2000” in subparagraph (A),

(2) by inserting “(11.6 percent for taxable years beginning in 2013 and 13.3 percent for taxable years beginning in 2014)” after “10 percent” in subparagraph (A)(i), and

(3) by striking the last row in the table contained in paragraph (2) and inserting the following:

<table>
<thead>
<tr>
<th>Year</th>
<th>2003-2012</th>
<th>2013</th>
<th>2014</th>
<th>2015 and thereafter</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>25.0%</td>
<td>26.0%</td>
<td>27.0%</td>
<td>28.0%</td>
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<tr>
<td></td>
<td>28.0%</td>
<td>29.0%</td>
<td>30.0%</td>
<td>31.0%</td>
</tr>
<tr>
<td></td>
<td>33.0%</td>
<td>34.0%</td>
<td>35.0%</td>
<td>36.0%</td>
</tr>
<tr>
<td></td>
<td>35.0%</td>
<td>36.5%</td>
<td>38.0%</td>
<td>39.6%</td>
</tr>
</tbody>
</table>

(c) CAPITAL GAINS AND DIVIDENDS.—Subparagraph (C) of section 1(h)(1) of the Internal Revenue Code of 1986 is amended by inserting “(16.6 percent for taxable
years beginning in 2013, 18.2 percent for taxable years beginning in 2014, and 20 percent for taxable years beginning after 2014)’’ after ‘‘15 percent’’.

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

SEC. 102. PERMANENT EXTENSION OF ESTATE TAX LAW.

(a) IN GENERAL.—Notwithstanding section 901(a)(2) the Economic Growth and Tax Relief Reconciliation Act of 2001 and section 303 of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, section 901 of the Economic Growth and Tax Relief Reconciliation Act of 2001 shall not apply to—

(1) the provisions of, and amendments made by, title V of such Act, or

(2) the amendments made by title III of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010.

(b) EXCLUSION EQUIVALENT OF UNIFIED CREDIT EQUAL TO $3,500,000.—

Subsection (c) of section 2010 of the Internal Revenue Code of 1986, as amended by sections 302(a)(1) and 303(a) of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, is amended—
(1) by striking “$5,000,000” in paragraph (3)(A) and inserting “$3,500,000”,
(2) by striking “2011” in paragraph (3)(B) and inserting “2013”, and
(3) by striking “2010” in paragraph (3)(B)(ii) and inserting “2012”.

(c) **MAXIMUM ESTATE TAX RATE EQUAL TO 45 PERCENT.**—The table contained in subsection (c) of section 2001 of the Internal Revenue Code of 1986, as amended by section 302(a)(2) of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, is amended by striking “Over $500,000” and all that follows and inserting the following:

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"Over $500,000 but not over $750,000 $155,800, plus 37 percent of the excess of such amount over $500,000.
Over $750,000 but not over $1,000,000. $248,300, plus 39 percent of the excess of such amount over $750,000.
Over $1,000,000 but not over $1,250,000. $345,800, plus 41 percent of the excess of such amount over
$1,000,000.
Over $1,250,000 but not over $1,500,000. $448,300, plus 43 percent of the excess of such amount over
$1,250,000.
Over $1,500,000 $555,800, plus 45 percent of the excess of such amount over $1,500,000."
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(d) **COORDINATION WITH GIFT TAX TO REFLECT DECREASE IN APPLICABLE CREDIT AMOUNT.**—Section 2001 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

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**“(h) MODIFICATION TO GIFT TAX TO REFLECT REDUCED APPLICABLE CREDIT AMOUNT.”**—The amount de-
termined under section 2505(a)(1) for each calendar year
shall not exceed the estate’s applicable credit amount
under section 2010(c).”.

(e) REPEAL OF DEADWOOD.—

(1) Sections 2011, 2057, and 2604 are hereby
repealed.

(2) The table of sections for part II of sub-
chapter A of chapter 11 is amended by striking the
item relating to section 2011.

(3) The table of sections for part IV of sub-
chapter A of chapter 11 is amended by striking the
item relating to section 2057.

(4) The table of sections for subchapter A of
chapter 13 is amended by striking the item relating
to section 2604.

(f) EFFECTIVE DATE.—The amendments made by
this section shall apply to estates of decedents dying, gen-
eration-skipping transfers, and gifts made, after Decem-

TITLE II—DISCRETIONARY
SPENDING CUTS

SEC. 201. DISCRETIONARY SPENDING CUTS.

(a) IN GENERAL.—Section 251A of the Balanced
Budget and Emergency Deficit Control Act of 1985 (2
U.S.C. 901a) is amended—
(1) in paragraph (3), by adding at the end the following:

“In calculating the amount of the deficit reduction required for a fiscal year under this paragraph, OMB shall take into account any reduction in expenditures achieved for that fiscal year under the authority under section 1899B of the Social Security Act.”;

(2) by striking paragraphs (5) through (10) and inserting the following:

“(5) IMPLEMENTING REDUCTIONS.—

“(A) IN GENERAL.—Subject to section 255, for each of fiscal years 2013 through 2021, OMB may determine from which accounts and in what amounts funds shall be reduced in order to achieve the reduction calculated pursuant to paragraph (3) and allocated pursuant to paragraph (4) for that year—

“(i) to discretionary appropriations and direct spending accounts within function 050 (defense function); and

“(ii) to discretionary appropriations and direct spending accounts in all other functions (nondefense functions).
“(B) REPORT.—For each of fiscal years 2013 through 2021, OMB shall submit to Congress a report detailing from which accounts and in what amounts OMB has determined funds shall be reduced for the fiscal year under subparagraph (A).

“(C) ORDER.—For each of fiscal years 2013 through 2021, the President shall order a sequestration, effective upon issuance, to reduce accounts as determined under subparagraph (A).”; and

(3) by redesignating paragraph (11) as paragraph (6).

(b) CONGRESSIONAL DISAPPROVAL PROCEDURES.—

(1) DEFINITION.—In this subsection, the term “joint resolution” means only a joint resolution introduced after the date on which the report of the Office of Management and Budget under section 251A(5)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985 relating to a fiscal year is received by Congress, the matter after the resolving clause of which is as follows: “That Congress disapproves the reductions determined by the Office of Management and Budget for fiscal year __________ as detailed in the report submitted by
the Office of Management and Budget on
__________.” (the blank spaces being appro-
priately filled in).

(2) EFFECT OF DISAPPROVAL.—For each of fisc-

cal years 2013 through 2021, and notwithstanding
section 251A of the Balanced Budget and Emer-
gency Deficit Control Act of 1985 (2 U.S.C. 901a)
(as amended by subsection (a)), if, within 60 days
after the date on which Congress receives a report
under section 251A(5)(B) of the Balanced Budget
and Emergency Deficit Control Act of 1985, Con-
gress enacts a joint resolution disapproving the re-
ductions determined by the Office of Management
and Budget relating to that fiscal year—

(A) the President may not order a seque-

tration for that fiscal year under section 251A
of the Balanced Budget and Emergency Deficit
Control Act of 1985, as in effect on the date of
enactment of the joint resolution; and

(B) the President shall order a sequestra-

tion for that fiscal year under section 251A of
the Balanced Budget and Emergency Deficit
Control Act of 1985, as in effect on the day be-
fore the date of enactment of this Act.
(3) Referral to committee.—A joint resolution introduced in the House of Representatives shall be referred to the Committee on the Budget of the House of Representatives. A joint resolution introduced in the Senate shall be referred to the Committee on the Budget of the Senate. Such a joint resolution may not be reported before the 8th day after its introduction.

(4) Discharge of committee.—If the committee to which a joint resolution is referred has not reported such joint resolution at the end of 15 calendar days after its introduction, such committee shall be deemed to be discharged from further consideration of such joint resolution and such joint resolution shall be placed on the appropriate calendar of the House involved.

(5) Floor consideration.—

(A) In general.—When the committee to which a joint resolution is referred has reported, or has been deemed to be discharged (under paragraph (4)) from further consideration of, a joint resolution, it is at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) for any Member of the respective House to
move to proceed to the consideration of the joint resolution, and all points of order against the joint resolution (and against consideration of the joint resolution) are waived. The motion is highly privileged in the House of Representatives and is privileged in the Senate and is not debatable. The motion is not subject to amendment, or to a motion to postpone, or to a motion to proceed to the consideration of other business. A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order. If a motion to proceed to the consideration of the joint resolution is agreed to, the resolution shall remain the unfinished business of the respective House until disposed of.

(B) DEBATE.—Debate on the joint resolution, and on all debatable motions and appeals in connection therewith, shall be limited to not more than 10 hours, which shall be divided equally between those favoring and those opposing the joint resolution. A motion further to limit debate is in order and not debatable. An amendment to, or a motion to postpone, or a motion to proceed to the consideration of other
business, or a motion to recommit the joint res-
olution is not in order. A motion to reconsider
the vote by which the joint resolution is agreed
to or disagreed to is not in order.

(C) **Vote on Final Passage.**—Imme-
diately following the conclusion of the debate on
a joint resolution, and a single quorum call at
the conclusion of the debate if requested in ac-
cordance with the rules of the appropriate
House, the vote on final passage of the joint
resolution shall occur.

(D) **Rulings of the Chair on Proce-
dure.**—Appeals from the decisions of the Chair
relating to the application of the rules of the
Senate or the House of Representatives, as the
case may be, to the procedure relating to a joint
resolution shall be decided without debate.

(6) **Coordination with Action by Other
House.**—If, before the passage by one House of a
joint resolution of that House, that House receives
from the other House a joint resolution, then the fol-
lowing procedures shall apply:

(A) The joint resolution of the other House
shall not be referred to a committee.
(B) With respect to a joint resolution of
the House receiving the resolution—

(i) the procedure in that House shall
be the same as if no joint resolution had
been received from the other House; but

(ii) the vote on final passage shall be
on the joint resolution of the other House.

(7) RULES OF HOUSE OF REPRESENTATIVES
AND SENATE.—This subsection is enacted by Con-
gress—

(A) as an exercise of the rulemaking power
of the Senate and House of Representatives, re-
spectively, and as such it is deemed a part of
the rules of each House, respectively, but appli-
cable only with respect to the procedure to be
followed in that House in the case of a joint
resolution, and it supersedes other rules only to
the extent that it is inconsistent with such
rules; and

(B) with full recognition of the constitu-
tional right of either House to change the rules
(so far as relating to the procedure of that
House) at any time, in the same manner, and
to the same extent as in the case of any other
rule of that House.
TITLE III—ENTITLEMENT REFORM

SEC. 301. ENTITLEMENT REFORM.
Title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) is amended by adding at the end the following new section:

"REFORMS

"Sec. 1899B. (a) In General.—Notwithstanding any provision of this title or any other provision of law, subject to subsection (b), for each of fiscal years 2014 through 2023, the Secretary shall implement reforms under this title that result in reduced expenditures under this title equal to $40,000,000,000 in the fiscal year.

"(b) Beneficiary Protections.—The provisions of section 1899A(c)(2)(A)(ii) shall apply to the reforms under subsection (a) in the same manner as such provisions apply to a proposal under section 1899A."

TITLE IV—COMPREHENSIVE TAX REFORM

SEC. 401. SENSE OF SENATE.
It is the sense of the Senate that Congress should address comprehensive tax reform in the 113th Congress.