

119TH CONGRESS
2D SESSION

H. R. 7937

To amend the Internal Revenue Code of 1986 to make certain modifications in relation to the taxation of income required to fund basic living expenses, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 16, 2026

Mr. BEYER (for himself, Mr. DAVIS of Illinois, Mr. LARSON of Connecticut, Ms. MCBRIDE, Mr. THANEDAR, Ms. RANDALL, and Mr. DELUZIO) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to make certain modifications in relation to the taxation of income required to fund basic living expenses, 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.**

4 This Act may be cited as the “Working Americans’
5 Tax Cut Act”.

1 **SEC. 2. ALTERNATIVE MAXIMUM TAX FOR LOW-INCOME IN-**
 2 **DIVIDUALS.**

3 (a) IN GENERAL.—Part I of subchapter A of chapter
 4 1 of the Internal Revenue Code of 1986 is amended by
 5 inserting after section 1 the following new section:

6 **“SEC. 1A. ALTERNATIVE MAXIMUM TAX FOR LOW- AND MID-**
 7 **DLE-INCOME INDIVIDUALS.**

8 “(a) IN GENERAL.—In the case of a qualified indi-
 9 vidual, the tax imposed under section 1 for any taxable
 10 year shall not exceed 25.5 percent of the excess of—

11 “(1) the taxpayer’s modified adjusted gross in-
 12 come for such taxable year, over

13 “(2) the cost-of-living exemption for such tax-
 14 able year.

15 “(b) QUALIFIED INDIVIDUAL.—

16 “(1) IN GENERAL.—For purposes of this sec-
 17 tion, the term ‘qualified individual’ means, with re-
 18 spect to any taxable year, any individual if the tax-
 19 payer’s modified adjusted gross income for such tax-
 20 able year is less than 175 percent of the cost-of-liv-
 21 ing exemption for such taxable year.

22 “(2) EXCEPTION.—The term ‘qualified indi-
 23 vidual’ shall not include any person described in sec-
 24 tion 63(c)(6).

25 “(c) COST-OF-LIVING EXEMPTION.—For purposes of
 26 this section—

“(1) IN GENERAL.—The term ‘cost-of-living exemption’ means, with respect to any taxable year—

“(A) in the case of a taxpayer not described in subparagraph (B) or (C), 100 percent of the annualized cost-of-living wage,

“(B) in the case of a joint return, 200 percent of the annualized cost-of-living wage, and

“(C) in the case of a head of household, 140 percent of the annualized cost-of-living wage.

“(2) ANNUALIZED COST OF LIVING WAGE.—

“(A) IN GENERAL.—The term ‘annualized cost-of-living wage’ means, with respect to any taxable year, an amount equal to \$46,000, multiplied by the ratio of—

“(i) the CPI–U for the calendar year preceding the calendar year in which such taxable year begins, to

“(ii) the CPI–U for the calendar year preceding the calendar year of the date of enactment of the Working Americans’ Tax Cut Act.

“(B) CPI–U.—For purposes of this paragraph, the term ‘CPI–U’ means, when used with respect to a calendar year, the Consumer

1 Price Index for all urban consumers, as pub-
 2 lished by the Bureau of Labor Statistics, for
 3 September of such year.

4 “(d) MODIFIED ADJUSTED GROSS INCOME.—For
 5 purposes of this section, the term ‘modified adjusted gross
 6 income’ means adjusted gross income increased by—

7 “(1) any amount excluded from gross income
 8 under section 911, 931, or 933, and

9 “(2) an amount equal to the portion of the tax-
 10 payer’s social security benefits (as defined in section
 11 86(d)) which is not included in gross income under
 12 section 86 for the taxable year.”.

13 (b) CLERICAL AMENDMENT.—The table of sections
 14 for part I of subchapter A of chapter 1 of such Code is
 15 amended by inserting after the item relating to section 1
 16 the following new item:

“Sec. 1A. Alternative maximum tax for low- and middle-income individuals.”.

17 (c) EFFECTIVE DATE.—The amendments made by
 18 this section shall apply to taxable years beginning after
 19 December 31, 2025.

20 **SEC. 3. SURCHARGE ON HIGH INCOME INDIVIDUALS.**

21 (a) IN GENERAL.—Subchapter A of chapter 1 of the
 22 Internal Revenue Code of 1986 is amended by adding at
 23 the end the following new part:

1 **“PART VIII—SURCHARGE ON HIGH INCOME**
 2 **INDIVIDUALS**

“Sec. 59B. Surcharge on high income individuals.

3 **“SEC. 59B. SURCHARGE ON HIGH INCOME INDIVIDUALS.**

4 “(a) GENERAL RULE.—In the case of a taxpayer
 5 other than a corporation, there is hereby imposed (in addi-
 6 tion to any other tax imposed by this subtitle) a tax equal
 7 to the sum of—

8 “(1) 5 percent of so much of the modified ad-
 9 justed gross income of the taxpayer as exceeds
 10 \$1,000,000, but does not exceed \$2,000,000,

11 “(2) 10 percent of so much of the modified ad-
 12 justed gross income of the taxpayer as exceeds
 13 \$2,000,000, but does not exceed \$5,000,000, plus

14 “(3) 12 percent of so much of the modified ad-
 15 justed gross income of the taxpayer as exceeds
 16 \$5,000,000.

17 “(b) INFLATION ADJUSTMENT.—

18 “(1) IN GENERAL.—In the case of any taxable
 19 year beginning after 2026, subsection (a) shall be
 20 applied by substituting each dollar amount in such
 21 subsection with an amount equal to the product of—

22 “(A) such dollar amount (as determined
 23 without regard to this subsection), multiplied by

24 “(B) an amount equal to the ratio of—

1 “(i) the CPI–U for the calendar year
2 preceding the calendar year in which such
3 taxable year begins, to

4 “(ii) the CPI–U for the calendar year
5 preceding the calendar year of the date of
6 enactment of the Working Americans’ Tax
7 Cut Act.

8 “(2) CPI–U.—For purposes of this subsection,
9 the term ‘CPI–U’ means, when used with respect to
10 a calendar year, the Consumer Price Index for all
11 urban consumers, as published by the Bureau of
12 Labor Statistics, for September of such year.

13 “(c) TAXPAYERS MAKING A JOINT RETURN.—In the
14 case of any taxpayer filing a joint return under section
15 6013, subsection (a) shall be applied (after the application
16 of subsection (b)) by increasing each of the dollar amounts
17 by an amount equal to 50 percent of such dollar amount.

18 “(d) MODIFIED ADJUSTED GROSS INCOME.—For
19 purposes of this section, the term ‘modified adjusted gross
20 income’ means adjusted gross income reduced by any de-
21 duction (not taken into account in determining adjusted
22 gross income) allowed for investment interest (as defined
23 in section 163(d)). In the case of an estate or trust, ad-
24 justed gross income shall be determined as provided in sec-
25 tion 67(e).

1 “(e) SPECIAL RULES.—

2 “(1) CITIZENS AND RESIDENTS LIVING
3 ABROAD.—The dollar amount in effect under sub-
4 section (a) (after the application of subsections (b)
5 and (c)) shall be decreased by the excess of—

6 “(A) the amounts excluded from the tax-
7 payer’s gross income under section 911, over

8 “(B) the amounts of any deductions or ex-
9 clusions disallowed under section 911(d)(6)
10 with respect to the amounts described in sub-
11 paragraph (A).

12 “(2) CHARITABLE TRUSTS.—Subsection (a)
13 shall not apply to a trust all the unexpired interests
14 in which are devoted to one or more of the purposes
15 described in section 170(c)(2)(B).

16 “(3) NOT TREATED AS TAX IMPOSED BY THIS
17 CHAPTER FOR CERTAIN PURPOSES.—The tax im-
18 posed under this section shall not be treated as tax
19 imposed by this chapter for purposes of determining
20 the amount of any credit under this chapter or for
21 purposes of section 55.”.

22 (b) CLERICAL AMENDMENT.—The table of parts for
23 subchapter A of chapter 1 of the Internal Revenue Code
24 of 1986 is amended by adding at the end the following
25 new item:

“PART VIII—SURCHARGE ON HIGH INCOME INDIVIDUALS”.

1 (c) SECTION 15 NOT TO APPLY.—The amendment
2 made by subsection (a) shall not be treated as a change
3 in a rate of tax for purposes of section 15 of the Internal
4 Revenue Code of 1986.

5 (d) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to taxable years beginning after
7 December 31, 2025.

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