

105TH CONGRESS
1ST SESSION

H. R. 2803

To amend the Internal Revenue Code of 1986 to reduce the noncorporate capital gains tax rate.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 4, 1997

Mr. GRAHAM 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 reduce the noncorporate capital gains tax rate.

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. REDUCTION IN NONCORPORATE CAPITAL**
4 **GAINS TAX RATE.**

5 (a) IN GENERAL.—Subsection (h) of section 1 of the
6 Internal Revenue Code of 1986 (relating to maximum cap-
7 ital gains rate) is amended to read as follows:

8 “(h) MAXIMUM CAPITAL GAINS RATE.—

9 “(1) IN GENERAL.—If a taxpayer has a net
10 capital gain for any taxable year, the tax imposed by

1 this section for such taxable year shall not exceed
2 the sum of—

3 “(A) a tax computed at the rates and in
4 the same manner as if this subsection had not
5 been enacted on taxable income reduced by the
6 net capital gain,

7 “(B) 8 percent of so much of the net cap-
8 ital gain (or, if less, taxable income) as does not
9 exceed the excess (if any) of—

10 “(i) the amount of taxable income
11 which would (without regard to this para-
12 graph) be taxed at a rate below 28 per-
13 cent, over

14 “(ii) the taxable income reduced by
15 the net capital gain, and

16 “(C) 18 percent of the net capital gain (or,
17 if less, taxable income) in excess of the amount
18 on which a tax is determined under subpara-
19 graph (B).

20 “(2) NET CAPITAL GAIN TAKEN INTO ACCOUNT
21 AS INVESTMENT INCOME.—For purposes of para-
22 graph (1), the net capital gain for any taxable year
23 shall be reduced (but not below zero) by the amount
24 which the taxpayer elects to take into account as in-

1 vestment income for the taxable year under section
2 163(d)(4)(B)(iii).”

3 (b) ALTERNATIVE MINIMUM TAX.—Paragraph (3) of
4 section 55(b) of such Code (relating to tentative minimum
5 tax) is amended to read as follows:

6 “(3) MAXIMUM RATE OF TAX ON NET CAPITAL
7 GAIN OF NONCORPORATE TAXPAYERS.—The amount
8 determined under the first sentence of paragraph
9 (1)(A)(i) shall not exceed the sum of—

10 “(A) the amount determined under such
11 first sentence computed at the rates and in the
12 same manner as if this paragraph had not been
13 enacted on the taxable excess reduced by the
14 net capital gain, plus

15 “(B) 8 percent of so much of the net cap-
16 ital gain (or, if less, taxable excess) as does not
17 exceed the amount on which a tax is determined
18 under section 1(h)(1)(B), plus

19 “(C) 18 percent of the net capital gain (or,
20 if less, taxable excess) in excess of the amount
21 on which tax is determined under subparagraph
22 (B).”

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 1997.

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