

106TH CONGRESS  
1ST SESSION

# H. R. 1440

To amend the Internal Revenue Code of 1986 to reduce the 15 and 28 percent individual income tax rates to 10 and 23 percent over a 10 year period.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 15, 1999

Mr. GREENWOOD (for himself, Mr. OSE, Mr. ENGLISH, and Mr. HORN) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to reduce the 15 and 28 percent individual income tax rates to 10 and 23 percent over a 10 year period.

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 “Tax Rate Reduction Act of 1999”.

6 (b) SECTION 15 NOT TO APPLY.—The amendments  
7 made by section 2 shall not be treated as a change in a  
8 rate of tax for purposes of section 15 of the Internal Rev-  
9 enue Code of 1986.

1 **SEC. 2. 5 PERCENTAGE POINT REDUCTION IN 15 AND 28**  
 2 **PERCENT INDIVIDUAL INCOME TAX RATES**  
 3 **OVER 10 YEARS.**

4 (a) IN GENERAL.—Section 1 of the Internal Revenue  
 5 Code of 1986 (relating to tax imposed) is amended by  
 6 striking subsections (a) through (e) and inserting the fol-  
 7 lowing:

8 “(a) MARRIED INDIVIDUALS FILING JOINT RETURNS  
 9 AND SURVIVING SPOUSES.—There is hereby imposed on  
 10 the taxable income of—

11 “(1) every married individual (as defined in sec-  
 12 tion 7703) who makes a single return jointly with  
 13 his spouse under section 6013, and

14 “(2) every surviving spouse (as defined in sec-  
 15 tion 2(a)),

16 a tax determined in accordance with the following table:

<b>“If taxable income is:</b>	<b>The tax is:</b>
Not over \$43,050 .....	14.5% of taxable income.
Over \$43,050 but not over \$104,050.	\$6,242.25, plus 27.5% of the excess over \$43,050
Over \$104,050 but not over \$158,550.	\$23,017.25, plus 31% of the excess over \$104,050
Over \$158,550 but not over \$283,150.	\$39,912.25, plus 36% of the excess over \$158,550
Over \$283,150.....	\$84,768.25, plus 39.6% of the excess over \$283,150

17 “(b) HEADS OF HOUSEHOLDS.—There is hereby im-  
 18 posed on the taxable income of every head of a household  
 19 (as defined in section 2(b)) a tax determined in accordance  
 20 with the following table:

**“If taxable income is:**

Not over \$34,550 .....  
 Over \$34,550 but not over  
 \$89,150.  
 Over \$89,150 but not over  
 \$144,400.  
 Over \$144,400 but not over  
 \$283,150.  
 Over \$283,150.....

**The tax is:**

14.5% of taxable income.  
 \$5,009.75, plus 27.5% of the excess  
 over \$34,550  
 \$20,024.75, plus 31% of the excess  
 over \$89,150  
 \$37,152.25, plus 36% of the excess  
 over \$144,400  
 \$87,102.25, plus 39.6% of the excess  
 over \$283,150

1 “(c) UNMARRIED INDIVIDUALS (OTHER THAN SUR-  
 2 VIVING SPOUSES AND HEADS OF HOUSEHOLDS).—There  
 3 is hereby imposed on the taxable income of every indi-  
 4 vidual (other than a surviving spouse as defined in section  
 5 2(a) or the head of a household as defined in section 2(b))  
 6 who is not a married individual (as defined in section  
 7 7703) a tax determined in accordance with the following  
 8 table:

**“If taxable income is:**

Not over \$25,570 .....  
 Over \$25,570 but not over  
 \$62,450.  
 Over \$62,450 but not over  
 \$130,250.  
 Over \$130,250 but not over  
 \$283,150.  
 Over \$283,150.....

**The tax is:**

14.5% of taxable income.  
 \$3,707.65, plus 27.5% of the excess  
 over \$25,570  
 \$13,849.65, plus 31% of the excess  
 over \$62,450  
 \$34,867.65, plus 36% of the excess  
 over \$130,250  
 \$89,911.65, plus 39.6% of the excess  
 over \$283,150

9 “(d) MARRIED INDIVIDUALS FILING SEPARATE RE-  
 10 TURNS.—There is hereby imposed on the taxable income  
 11 of every married individual (as defined in section 7703)  
 12 who does not make a single return jointly with his spouse  
 13 under section 6013, a tax determined in accordance with  
 14 the following table:

**“If taxable income is:**

Not over \$21,525 .....

**The tax is:**

14.5% of taxable income.

**“If taxable income is:****The tax is:**

Over \$21,525 but not over \$52,025.	\$3,121.12, plus 27.5% of the excess over \$21,525
Over \$52,025 but not over \$79,275.	\$11,508.62, plus 31% of the excess over \$52,025
Over \$79,275 but not over \$141,575.	\$19,956.12, plus 36% of the excess over \$79,275
Over \$141,575.....	\$42,384.12, plus 39.6% of the excess over \$141,575

1       “(e) ESTATES AND TRUSTS.—There is hereby im-  
2 posed on the taxable income of—

3               “(1) every estate, and

4               “(2) every trust,

5 taxable under this subsection a tax determined in accord-  
6 ance with the following table:

**“If taxable income is:****The tax is:**

Not over \$1,750 .....	14.5% of taxable income.
Over \$1,750 but not over \$4,050 ..	\$253.75, plus 27.5% of the excess over \$1,750
Over \$4,050 but not over \$6,200 ..	\$886.25, plus 31% of the excess over \$4,050
Over \$6,200 but not over \$8,450 ..	\$1,552.75, plus 36% of the excess over \$6,200
Over \$8,450.....	\$2,362.75, plus 39% of the excess over \$8,450

7       (b) ADDITIONAL REDUCTIONS AFTER 1999.—

8               (1) IN GENERAL.—Paragraph (7) of section  
9 1(f) of such Code is amended to read as follows:

10               “(7) PHASEIN OF 5 PERCENTAGE POINT RATE  
11 REDUCTION IN LOWER BRACKETS.—In prescribing  
12 the tables under paragraph (1) which apply with re-  
13 spect to taxable years beginning in a calendar year  
14 after 1999, the corresponding percentages specified  
15 for such calendar year in the following table shall be

1 substituted for 14.5% and 27.5%, respectively, in  
 2 subsections (a), (b), (c), (d), and (e).

In the case of taxable years beginning during calendar year:	The corresponding percentage shall be substituted for the following per- centages:	
	14.5%	27.5%
2000 .....	14.0%	27.0%
2001 .....	13.5%	26.5%
2002 .....	13.0%	26.0%
2003 .....	12.5%	25.5%
2004 .....	12.0%	25.0%
2005 .....	11.5%	24.5%
2006 .....	11.0%	24.0%
2007 .....	10.5%	23.5%
2008 or thereafter .....	10.0%	23.0%.”

3 (2) TECHNICAL AMENDMENTS.—

4 (A) Subparagraph (B) of section 1(f)(2) of  
 5 such Code is amended by inserting “except as  
 6 provided in paragraph (7),” before “by not  
 7 changing”.

8 (B) Subparagraph (C) of section 1(f)(2) of  
 9 such Code is amended by inserting “and the re-  
 10 ductions under paragraph (7) in the rates of  
 11 tax” before the period.

12 (C) The heading for subsection (f) of sec-  
 13 tion 1 of such Code is amended by inserting  
 14 “RATE REDUCTIONS;” before “ADJUSTMENTS”.

15 (D) Subparagraph (B) of section 1(g)(7)  
 16 of such Code is amended—

1 (i) by striking “15 percent” in clause  
2 (ii)(II) and inserting “the applicable first  
3 bracket percentage”, and

4 (ii) by adding at the end the following  
5 flush sentence:

6 “For purposes of clause (ii), the applicable first  
7 bracket percentage is the percentage applicable  
8 to the lowest income bracket in the table con-  
9 tained in subsection (c).”

10 (E) Section 1(h) of such Code is  
11 amended—

12 (i) by striking “28 percent” both  
13 places it appears in paragraphs  
14 (1)(A)(ii)(I) and (1)(B)(i) and inserting  
15 “23 percent”, and

16 (ii) by striking paragraph (13).

17 (F) Section 3402(p)(1)(B) of such Code is  
18 amended by striking “7, 15, 28, or 31 percent”  
19 and inserting “7 percent, a percentage applica-  
20 ble to any income bracket in the table contained  
21 in section 1(c) other than the highest 2 brack-  
22 ets,”.

23 (G) Section 3402(p)(2) of such Code is  
24 amended by striking “15 percent” and inserting

1 “the applicable first bracket percentage (as de-  
 2 fined in section 1(g)(7))”.

3 (H) Section 3402(q)(1) of such Code is  
 4 amended by striking “28 percent of such pay-  
 5 ment.” and inserting “the applicable percentage  
 6 of such payment. For purposes of the preceding  
 7 sentence, the applicable percentage is the per-  
 8 centage applicable to the next to the lowest in-  
 9 come bracket in the table contained in section  
 10 1(c).”

11 (c) INFLATION ADJUSTMENT CONFORMING AMEND-  
 12 MENTS.—

13 (1) Subsection (f) of section 1 of such Code is  
 14 amended—

15 (A) by striking “1993” in paragraph (1)  
 16 and inserting “1999”, and

17 (B) by striking “1992” in paragraph  
 18 (3)(B) and inserting “1998”.

19 (2) The following provisions of such Code are  
 20 each amended by striking “1992” and inserting  
 21 “1998” each place it appears:

22 (A) Section 25A(h).

23 (B) Section 32(j)(1)(B).

24 (C) Section 41(e)(5)(C).

25 (D) Section 59(j)(2)(B).

1 (E) Section 63(c)(4)(B).

2 (F) Section 68(b)(2)(B).

3 (G) Section 135(b)(2)(B)(ii).

4 (H) Section 151(d)(4).

5 (I) Section 220(g)(2).

6 (J) Section 221(g)(1)(B).

7 (K) Section 512(d)(2)(B).

8 (L) Section 513(h)(2)(C)(ii).

9 (M) Section 685(c)(3)(B).

10 (N) Section 877(a)(2).

11 (O) Section 911(b)(2)(D)(ii)(II).

12 (P) Section 2032A(a)(3)(B).

13 (Q) Section 2503(b)(2)(B).

14 (R) Section 2631(c)(1)(B).

15 (S) Section 4001(e)(1)(B).

16 (T) Section 4261(e)(4)(A)(ii).

17 (U) Section 6039F(d).

18 (V) Section 6323(i)(4)(B).

19 (W) Section 6601(j)(3)(B).

20 (X) Section 7430(c)(1).

21 (3) Subclause (II) of section 42(h)(6)(G)(i) of  
 22 such Code is amended by striking “1987” and in-  
 23 serting “1998”.

24 (d) EFFECTIVE DATES.—



1           (1) IN GENERAL.—Except as provided in para-  
2       graph (2), the amendments made by this section  
3       shall apply to taxable years beginning after Decem-  
4       ber 31, 1998.

5           (2) AMENDMENTS TO WITHHOLDING PROVI-  
6       SIONS.—The amendments made by subparagraphs  
7       (F), (G), and (H) of subsection (b)(2) shall apply to  
8       amounts paid after the date of the enactment of this  
9       Act.

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