

106TH CONGRESS
1ST SESSION

H. R. 1561

To amend the Internal Revenue Code of 1986 to repeal the alternative
minimum tax on individuals.

IN THE HOUSE OF REPRESENTATIVES

APRIL 26, 1999

Mr. CRANE 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 repeal
the alternative minimum tax on individuals.

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 (a) SHORT TITLE.—This Act may be cited as the
5 “Tax Equity Preservation Act of 1999”.

6 (b) AMENDMENT OF 1986 CODE.—Except as other-
7 wise expressly provided, whenever in this Act an amend-
8 ment or repeal is expressed in terms of an amendment
9 to, or repeal of, a section or other provision, the reference

1 shall be considered to be made to a section or other provi-
 2 sion of the Internal Revenue Code of 1986.

3 **SEC. 2. REPEAL OF ALTERNATIVE MINIMUM TAX ON INDIVIDUALS.**
 4

5 (a) IN GENERAL.—Subsection (a) of section 55 (re-
 6 lating to alternative minimum tax imposed) is amended
 7 by adding at the end the following new flush sentence:
 8 “Except in the case of a corporation, no tax shall be im-
 9 posed by this section for any taxable year beginning after
 10 December 31, 1998, and the tentative minimum tax of any
 11 taxpayer other than a corporation shall be zero for pur-
 12 poses of this title.”

13 (b) CONFORMING AMENDMENTS.—

14 (1) Subparagraph (B) of section 1(g)(7) is
 15 amended by adding “and” at the end of clause (i),
 16 by striking “, and” at the end of clause (ii) and in-
 17 serting a period, and by striking clause (iii).

18 (2) Section 2(d) is amended by striking “sec-
 19 tions 1 and 55” and inserting “section 1”

20 (3) Section 5(a) is amended by striking para-
 21 graph (4).

22 (4) Subsection (d) of section 24 is amended by
 23 striking paragraph (2) and by redesignating para-
 24 graph (3) as paragraph (2).

1 (5) Subsection (c) of section 26 is amended by
2 inserting before the period “; except that such
3 amount shall be treated as being zero in the case of
4 a taxpayer other than a corporation.”

5 (6) Paragraph (6) of section 29(b) is amended
6 to read as follows:

7 “(6) APPLICATION WITH OTHER CREDITS.—
8 The credit allowed by subsection (a) for any taxable
9 year shall not exceed the regular tax for the taxable
10 year reduced by the sum of the credits allowable
11 under subpart A and section 27. In the case of a
12 corporation, the limitation under the preceding sen-
13 tence shall be reduced (but not below zero) by the
14 tentative minimum tax for the taxable year.”.

15 (7) Paragraph (3) of section 30(b) is amended
16 to read as follows:

17 “(3) APPLICATION WITH OTHER CREDITS.—
18 The credit allowed by subsection (a) for any taxable
19 year shall not exceed the regular tax for the taxable
20 year reduced by the sum of the credits allowable
21 under subpart A and sections 27 and 29. In the case
22 of a corporation, the limitation under the preceding
23 sentence shall be reduced (but not below zero) by the
24 tentative minimum tax for the taxable year.”.

1 (8) Section 32 is amended by striking sub-
2 section (h).

3 (9) Subsection (d) of section 53(d) is amended
4 to read as follows:

5 “(d) DEFINITIONS.—For purposes of this section—

6 “(1) NET MINIMUM TAX.—The term ‘net min-
7 imum tax’ means the tax imposed by section 55 in-
8 creased by the amount of the credit not allowed
9 under section 29 (relating to credit for producing
10 fuel from a nonconventional source) solely by reason
11 of the application of the last sentence of section
12 29(b)(6), or not allowed under section 30 solely by
13 reason of the application of the last sentence of sec-
14 tion 30(b)(3).

15 “(2) TENTATIVE MINIMUM TAX.—The term
16 ‘tentative minimum tax’ has the meaning given to
17 such term by section 55(b); except that such tax
18 shall be treated as being zero in the case of a tax-
19 payer other than a corporation.”.

20 (10)(A) Subsection (b) of section 55 (relating
21 to alternative minimum tax imposed) is amended to
22 read as follows:

23 “(b) TENTATIVE MINIMUM TAX.—For purposes of
24 this part—

1 “(1) AMOUNT OF TENTATIVE TAX.—The ten-
2 tative minimum tax for the taxable year is—

3 “(A) 20 percent of so much of the alter-
4 native minimum taxable income for the taxable
5 year as exceeds the exemption amount, reduced
6 by

7 “(B) the alternative minimum tax foreign
8 tax credit for the taxable year.

9 “(2) ALTERNATIVE MINIMUM TAXABLE IN-
10 COME.—The term ‘alternative minimum taxable in-
11 come’ means the taxable income of the taxpayer for
12 the taxable year—

13 “(A) determined with the adjustments pro-
14 vided in section 56, and

15 “(B) increased by the amount of the items
16 of tax preference described in section 57.

17 If a taxpayer is subject to the regular tax, such tax-
18 payer shall be subject to the tax imposed by this sec-
19 tion (and, if the regular tax is determined by ref-
20 erence to an amount other than taxable income, such
21 amount shall be treated as the taxable income of
22 such taxpayer for purposes of the preceding sen-
23 tence).”.

24 (B) Subsection (d) of section 55 is amended to
25 read as follows:

1 “(d) EXEMPTION AMOUNT.—For purposes of this
2 section—

3 “(1) IN GENERAL.—The term ‘exemption
4 amount’ means \$40,000.

5 “(2) PHASE-OUT OF EXEMPTION AMOUNT.—
6 The exemption amount of any taxpayer shall be re-
7 duced (but not below zero) by an amount equal to
8 25 percent of the amount by which the alternative
9 minimum taxable income of the taxpayer exceeds
10 \$150,000.”.

11 (11)(A) Paragraph (6) of section 56(a) is
12 amended to read as follows:

13 “(6) ADJUSTED BASIS.—The adjusted basis of
14 any property to which paragraph (1) or (5) applies
15 (or with respect to which there are any expenditures
16 to which paragraph (2) applies) shall be determined
17 on the basis of the treatment prescribed in para-
18 graph (1), (2), or (5), whichever applies.”.

19 (B) Section 56 is amended by striking sub-
20 section (b).

21 (C) Subsection (c) of section 56 is amended by
22 striking so much of the subsection as precedes para-
23 graph (1), by redesignating paragraphs (1), (2), and
24 (3) as paragraphs (8), (9), and (10), respectively,
25 and moving them to the end of subsection (a).

1 (D) Paragraph (8) of section 56(a), as redesign-
 2 nated by subparagraph (C), is amended by striking
 3 “subsection (g)” and inserting “subsection (c)”.

4 (E) Section 56 is amended by striking sub-
 5 section (e) and by redesignating subsections (d) and
 6 (g) as subsections (b) and (c), respectively.

7 (12)(A) Section 58 is hereby repealed.

8 (B) Clause (i) of section 56(b)(2)(A) (as redes-
 9 ignated by paragraph (11)(E)), is amended by in-
 10 serting “, in the case of taxable years beginning be-
 11 fore January 1, 1999,” before “section 58”.

12 (C) Subsection (h) of section 59 is amended—

13 (i) by striking “, 465, and 1366(d)” and
 14 inserting “and 465”, and

15 (ii) by striking “56, 57, and 58” and in-
 16 serting “56 and 57”.

17 (13)(A) Subparagraph (C) of section 59(a)(1)
 18 is amended by striking “subparagraph (A)(i) or
 19 (B)(i) of section 55(b)(1) (whichever applies)” and
 20 inserting “section 55(b)(1)(A)”.

21 (B) Paragraph (3) of section 59(a) is amended
 22 to read as follows:

23 “(3) PRE-CREDIT TENTATIVE MINIMUM TAX.—
 24 For purposes of this subsection, the term ‘pre-credit

1 tentative minimum tax’ means the amount deter-
2 mined under section 55(b)(1)(A).”.

3 (C) Section 59 is amended by striking sub-
4 section (c).

5 (D) Section 59 is amended by striking sub-
6 section (j).

7 (14) Paragraph (7) of section 382(l) is amend-
8 ed by striking “section 56(d)” and inserting “section
9 56(b)”.

10 (15) Paragraph (2) of section 641(c) is amend-
11 ed by striking subparagraph (B) and by redesign-
12 ating subparagraphs (C) and (D) as subparagraphs
13 (B) and (C), respectively.

14 (16) Subsections (b) and (c) of section 666 are
15 each amended by striking “(other than the tax im-
16 posed by section 55)”.

17 (17) Subsections (c)(5) and (d)(3)(B) of section
18 772 are each amended by striking “56, 57, and 58”
19 and inserting “56 and 57”.

20 (18) Sections 847 and 848(i) are each amended
21 by striking “section 56(g)” and inserting “section
22 56(c)”.

23 (19) Sections 871(b)(1) and 877(b) are each
24 amended by striking “or 55”.

1 (20) Subsection (a) of section 897 is amended
2 to read as follows:

3 “(a) GENERAL RULE.—For purposes of this title,
4 gain or loss of a nonresident alien individual or a foreign
5 corporation from the disposition of a United States real
6 property interest shall be taken into account—

7 “(1) in the case of a nonresident alien indi-
8 vidual, under section 871(b)(1), or

9 “(2) in the case of a foreign corporation, under
10 section 882(a)(1),

11 as if the taxpayer were engaged in a trade or business
12 within the United States during the taxable year and as
13 if such gain or loss were effectively connected with such
14 trade or business.”.

15 (21) Paragraph (1) of section 962(a) is amend-
16 ed by striking “sections 1 and 55” and inserting
17 “section 1”.

18 (22) Paragraph (1) of section 1397E(c) is
19 amended to read as follows:

20 “(1) the regular tax liability (as defined in sec-
21 tion 26(b), over”

22 (23) The last sentence of section 1563(a) is
23 amended by striking “section 55(d)(3)” and insert-
24 ing “section 55(d)(2)”.

1 (24) Subparagraph (B) of section 6015(d)(2) is
2 amended by striking “or 55”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to taxable years beginning after
5 December 31, 1998.

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