

106TH CONGRESS
1ST SESSION

H. R. 1819

To amend the Internal Revenue Code of 1986 to allow individuals who are not eligible to participate in employer-subsidized health plans a refundable credit for their health insurance costs.

IN THE HOUSE OF REPRESENTATIVES

MAY 14, 1999

Mr. McDERMOTT (for himself, Mr. ROGAN, Mr. STARK, Mr. GRAHAM, Mr. MATSUI, Mr. LEWIS of Georgia, Mr. NEAL of Massachusetts, Mrs. THURMAN, Mrs. EMERSON, Ms. KILPATRICK, Mr. FROST, Mr. INSLEE, Mr. SHOWS, Mr. McHUGH, and Ms. PELOSI) 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 allow individuals who are not eligible to participate in employer-subsidized health plans a refundable credit for their health insurance costs.

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 Uninsured
5 Tax Equity Act of 1999”.

1 **SEC. 2. REFUNDABLE CREDIT FOR HEALTH INSURANCE**

2 **COSTS.**

3 (a) IN GENERAL.—Subpart C of part IV of sub-
 4 chapter A of chapter 1 of the Internal Revenue Code of
 5 1986 (relating to refundable personal credits) is amended
 6 by redesignating section 35 as section 36 and by inserting
 7 after section 34 the following new section:

8 **“SEC. 35. HEALTH INSURANCE COSTS.**

9 “(a) IN GENERAL.—In the case of an individual,
 10 there shall be allowed as a credit against the tax imposed
 11 by this subtitle an amount equal to 30 percent of the
 12 amount paid during the taxable year for insurance which
 13 constitutes medical care for the taxpayer, his spouse, and
 14 dependents.

15 “(b) LIMITATIONS.—

16 “(1) LIMITATION BASED ON EARNED IN-
 17 COME.—The payments taken into account under
 18 subsection (a) for any taxable year shall not exceed
 19 the sum of—

20 “(A) the taxpayer’s wages, salaries, tips,
 21 and other employee compensation includible in
 22 gross income, plus

23 “(B) the taxpayer’s earned income (as de-
 24 fined in section 401(c)(2)).

25 “(2) LIMITATION BASED ON OTHER COV-
 26 ERAGE.—Subsection (a) shall not apply to—

“(A) any taxpayer for any calendar month for which the taxpayer is eligible to participate in any subsidized health plan maintained by any employer of the taxpayer or of the spouse of the taxpayer, or

“(B) amounts paid for coverage under—

“(i) part B of title XVIII of the Social Security Act, or

“(ii) a Medicare supplemental policy (within the meaning of section 1882(g)(1) of the Social Security Act (42 U.S.C. 1395ss(g)(1))) or similar supplemental coverage provided under a group health plan.

The rule of the last sentence of section 162(l)(2)(B) shall apply for purposes of subparagraph (A).

“(c) LIMITATION BASED ON ADJUSTED GROSS INCOME.—

“(1) IN GENERAL.—No credit shall be allowed under subsection (a) for any taxable year for which the taxpayer’s adjusted gross income exceeds the applicable dollar amount by \$10,000 or more.

“(2) PHASEOUT.—If the taxpayer’s adjusted gross income for the taxable year exceeds the applicable dollar amount by less than \$10,000, the credit

1 which would (but for this subsection and subsection
 2 (d)) be allowed under subsection (a) shall be reduced
 3 (but not below zero) by an amount which bears the
 4 same ratio to such credit as such excess bears to
 5 \$10,000. Any reduction under the preceding sen-
 6 tence which is not a multiple of \$10 shall be round-
 7 ed to the next lowest \$10.

8 “(3) APPLICABLE DOLLAR AMOUNT.—The term
 9 ‘applicable dollar amount’ means—

10 “(A) in the case of a taxpayer filing a joint
 11 return, \$50,000,

12 “(B) in the case of any other taxpayer
 13 (other than a married individual filing a sepa-
 14 rate return), \$30,000, and

15 “(C) in the case of a married individual fil-
 16 ing a separate return, zero.

17 “(4) SPECIAL RULE FOR MARRIED INDIVIDUALS
 18 FILING SEPARATELY AND LIVING APART.—A hus-
 19 band and wife who—

20 “(A) file separate returns for any taxable
 21 year, and

22 “(B) live apart at all times during such
 23 taxable year,

24 shall not be treated as married individuals for pur-
 25 poses of this paragraph.

1 “(d) LIMITATION BASED ON AMOUNT OF TAX.—

2 “(1) IN GENERAL.—The credit allowed by sub-
3 section (a) for the taxable year (determined after the
4 application of subsections (b) and (c)) shall not ex-
5 ceed the sum of—

6 “(A) the tax imposed by this chapter for
7 the taxable year (reduced by the credits allow-
8 able against such tax other than the credits al-
9 lowable under this subpart), and

10 “(B) the taxpayer’s social security taxes
11 for such taxable year.

12 “(2) SOCIAL SECURITY TAXES.—For purposes
13 of paragraph (1)—

14 “(A) IN GENERAL.—The term ‘social secu-
15 rity taxes’ means, with respect to any taxpayer
16 for any taxable year—

17 “(i) the amount of the taxes imposed
18 by sections 3101, 3111, 3201(a), and
19 3221(a) on amounts received by the tax-
20 payer during the calendar year in which
21 the taxable year begins,

22 “(ii) the taxes imposed by section
23 1401 on the self-employment income of the
24 taxpayer for the taxable year, and

1 “(iii) the taxes imposed by section
2 3211(a)(1) on amounts received by the
3 taxpayer during the calendar year in which
4 the taxable year begins.

5 “(B) COORDINATION WITH SPECIAL RE-
6 FUND OF SOCIAL SECURITY TAXES.—The term
7 ‘social security taxes’ shall not include any
8 taxes to the extent the taxpayer is entitled to
9 a special refund of such taxes under section
10 6413(c).

11 “(C) SPECIAL RULE.—Any amounts paid
12 pursuant to an agreement under section 3121(l)
13 (relating to agreements entered into by Amer-
14 ican employers with respect to foreign affiliates)
15 which are equivalent to the taxes referred to in
16 subparagraph (A)(i) shall be treated as taxes
17 referred to in such subparagraph.

18 “(e) COORDINATION WITH OTHER PROVISIONS.—

19 “(1) DEDUCTION FOR MEDICAL EXPENSES.—
20 The amount taken into account in computing the
21 credit under subsection (a) shall not be taken into
22 account in computing the amount allowable to the
23 taxpayer as a deduction under section 213(a).

24 “(2) SELF-EMPLOYED INDIVIDUALS ALLOWED
25 EITHER DEDUCTION OR CREDIT FOR HEALTH IN-

1 SURANCE.—No credit shall be allowed under this
 2 section to a taxpayer for a taxable year if any
 3 amount is allowed as a deduction to such taxpayer
 4 for such year under section 162(l).

5 “(f) EXPENSES MUST BE SUBSTANTIATED.—A pay-
 6 ment for insurance to which subsection (a) applies may
 7 be taken into account under this section only if the tax-
 8 payer substantiates such payment in such form as the Sec-
 9 retary may prescribe.

10 “(g) SECTION NOT TO APPLY TO LONG-TERM CARE
 11 INSURANCE.—This section shall not apply to insurance
 12 which constitutes medical care by reason of section
 13 213(d)(1)(C).”

14 (b) CLERICAL AMENDMENT.—The table of sections
 15 for subpart C of part IV of subchapter A of chapter 1
 16 of such Code is amended by striking the last item and
 17 inserting the following new items:

“Sec. 35. Health insurance costs.

“Sec. 36. Overpayments of tax.”

18 (c) EFFECTIVE DATE.—The amendments made by
 19 this section shall apply to taxable years beginning after
 20 the date of the enactment of this Act.

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