

106TH CONGRESS
1ST SESSION

H. R. 2364

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

IN THE HOUSE OF REPRESENTATIVES

JUNE 25, 1999

Mr. ENGLISH 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.

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; AMENDMENT OF 1986 CODE.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Alternative Minimum Tax Repeal 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. ALTERNATIVE MINIMUM TAX.**

4 (a) IN GENERAL.—Part VI of subchapter A of chap-
 5 ter 1 of the Internal Revenue Code of 1986 (relating to
 6 alternative minimum tax) is hereby repealed.

7 (b) CONFORMING AMENDMENTS.—

8 (1) Subparagraph (B) of section 1(g)(7) (relat-
 9 ing to election to claim certain unearned income of
 10 child on parent’s return) is amended—

11 (A) by inserting “and” at the end of clause

12 (i),

13 (B) by striking “and” at the end of clause

14 (ii) and inserting a period, and

15 (C) by striking clause (iii).

16 (2) Subsection (d) of section 2 (relating to
 17 taxes imposed on nonresident aliens) is amended by
 18 striking “sections 1 and 55” and inserting “section
 19 1”.

20 (3) Subsection (a) of section 5 (relating to cross
 21 references relating to tax on individuals) is amended
 22 by striking paragraph (4).

23 (4) Subsection (d) of section 11 (relating to
 24 taxes imposed on foreign corporations) is amended
 25 by striking “the taxes imposed by subsection (a) and

1 section 55” and inserting “the tax imposed by sub-
2 section (a)”.

3 (5) Section 12 (relating to cross references re-
4 lating to tax on corporations) is amended by striking
5 paragraph (7).

6 (6) Subsection (d) of section 24 (relating to
7 child tax credit) is amended by striking paragraph
8 (2) and redesignating paragraph (3) as paragraph
9 (2).

10 (7) Section 26 (relating to limitation based on
11 tax liability; definition of tax liability) is amended—

12 (A) by amending subsection (a) to read as
13 follows:

14 “(a) LIMITATION BASED ON AMOUNT OF TAX.—The
15 aggregate amount of credits allowed by this subpart for
16 the taxable year shall not exceed the taxpayer’s regular
17 tax liability for the taxable year.”,

18 (B) in subsection (b)(2), by striking sub-
19 paragraph (A) and by redesignating subpara-
20 graphs (B) through (N) as subparagraphs (A)
21 through (M), respectively, and

22 (C) by striking subsection (c).

23 (8) Paragraph (3) of section 30(b) (relating to
24 credit for qualified electric vehicles) is amended by
25 striking “the excess” and all that follows and insert-

1 ing “the regular tax for the taxable year reduced by
2 the sum of the credits allowable under subpart A
3 and sections 27 and 29.”

4 (9) Subsection (h) of section 32 (relating to re-
5 duction of credit to taxpayers subject to alternative
6 minimum tax) is hereby repealed.

7 (10) Subsection (c) of section 38 (relating to
8 general business credit) is amended—

9 (A) by striking paragraphs (1) and (2) and
10 inserting the following new paragraph:

11 “(1) IN GENERAL.—The credit allowed under
12 subsection (a) for any taxable year shall not exceed
13 25 percent of so much of the taxpayer’s net regular
14 tax liability as exceeds \$25,000. For purposes of the
15 preceding sentence, the term ‘net regular tax liabil-
16 ity’ means the regular tax liability reduced by the
17 sum of the credits allowable under subparts A and
18 B of this part.”, and

19 (B) by redesignating paragraph (3) as
20 paragraph (2).

21 (11) Subsection (c) of section 53 (relating to
22 credit for prior year minimum tax liability) is
23 amended by striking “the excess” and all that fol-
24 lows and inserting “the regular tax liability of the
25 taxpayer for such taxable year reduced by the sum

1 of the credits allowable under subparts A, B, D, E,
2 and F of this part.”

3 (12) Subsection (b) of section 59A (relating to
4 environmental tax) is amended by adding at the end
5 the following:

6 “For purposes of this subsection, references to sections
7 55 and 56 shall be treated as references to such sections
8 as in effect on the day before the date of the enactment
9 of the Alternative Minimum Tax Repeal Act of 1999.”.

10 (13)(A) Paragraph (2) of section 148(b) (relat-
11 ing to higher yield investments) is amended by add-
12 ing at the end the following new flush sentence:

13 “Such term shall not include any tax-exempt bond.”

14 (B) Paragraph (3) of section 148(b) is hereby
15 repealed.

16 (14) Subparagraph (B) of section 149(g)(3)
17 (relating to hedge bonds) is amended—

18 (A) in the heading, by striking “BONDS NOT
19 SUBJECT TO MINIMUM TAX.—” and inserting
20 “BONDS.—”, and

21 (B) by striking all that follows “invested in
22 bonds” and inserting “the interest on which is not
23 includible in gross income under section 103.”

1 (15) Section 173 (relating to circulation ex-
2 penditures) is amended by striking “(a) GENERAL
3 RULE.—” and by striking subsection (b).

4 (16) Subsection (f) of section 174 (relating to
5 research and experimental expenditures) is amended
6 to read as follows:

7 “(f) CROSS REFERENCE.—

**“For adjustments to basis of property for amounts
 allowed as deductions as deferred expenses under
 subsection (b), see section 1016(a)(14).”**

8 (17) Subsection (c) of section 263 (relating to
9 capital expenditures) is amended by striking “59(e)
10 or”.

11 (18) Subsection (c) of section 263A (relating to
12 capitalization and inclusion in inventory costs of cer-
13 tain expenses) is amended by striking paragraph (6).

14 (19) Section 382(l) (relating to limitation on
15 net operating loss carryforwards and certain built-in
16 losses following ownership change) is amended by
17 striking paragraph (7) and by redesignating para-
18 graph (8) as paragraph (7).

19 (20) Section 443 (relating to adjustment in
20 computing minimum tax and tax preferences) is
21 amended by striking subsection (d) and by redesign-
22 nating subsection (e) as subsection (d).

1 (21) Section 617 (relating to deduction and re-
2 capture of certain mining exploration expenditures)
3 is amended by striking subsection (i).

4 (22) Subsections (b) and (c) of section 666 (re-
5 lating to accumulation distribution allocated to pre-
6 ceding years) are each amended by striking “(other
7 than the tax imposed by section 55)”.

8 (23)(A) Subsection (a) of section 772 (relating
9 to simplified flow-through) is amended by striking
10 paragraph (5) and redesignating paragraphs (6),
11 (7), (8), (9), (10), and (11) as paragraphs (5), (6),
12 (7), (8), (9), and (10), respectively.

13 (B) Subsection (c) of section 772 is amended—

14 (i) in paragraph (2), by striking “para-
15 graphs (3)(A) and (5)(A)” and inserting “para-
16 graph (3)(A)”,

17 (ii) by striking paragraph (5), and

18 (iii) by redesignating paragraph (6) as
19 paragraph (5), and in that paragraph by strik-
20 ing “paragraph (6) of subsection (a)” and in-
21 serting “paragraph (5) of subsection (a)”.

22 (C) Subsection (d) of section 772 is amended—

23 (i) by striking paragraph (3) and redesign-
24 ating paragraphs (4), (5), and (6) as para-
25 graphs (3), (4), and (5), respectively, and

1 (ii) in subparagraph (A) of paragraph (3),
2 as so redesignated, by striking “subsection
3 (a)(11)” and inserting “subsection (a)(10)”.

4 (24) Section 847 (relating to special estimated
5 tax payments) is amended—

6 (A) in paragraph (9), by striking the last
7 sentence;

8 (B) in paragraph (10), by inserting “and”
9 at the end of subparagraph (A) and by striking
10 subparagraph (B) and redesignating subpara-
11 graph (C) as subparagraph (B).

12 (25) Section 848 (relating to capitalization of
13 certain policy acquisition expenses) is amended by
14 striking subsection (i) and by redesignating sub-
15 section (j) as subsection (i).

16 (26) Paragraph (1) of section 871(b) (relating
17 to tax on nonresident alien individuals) is amended
18 by striking “, 55,”.

19 (27) Subsection (b) of section 877 (relating to
20 expatriation to avoid tax) is amended by striking “or
21 55”.

22 (28) Paragraph (1) of section 882(a) (relating
23 to tax on income of foreign corporations connected
24 with United States business) is amended by striking
25 “55,”.

1 (29) Subsection (a) of section 897 (relating to
2 disposition of investment in United States real prop-
3 erty) is amended to read as follows:

4 “(a) TREATMENT AS EFFECTIVELY CONNECTED
5 WITH UNITED STATES TRADE OR BUSINESS.—For pur-
6 poses of this title, gain or loss of a nonresident alien indi-
7 vidual or a foreign corporation from the disposition of a
8 United States real property interest shall be taken into
9 account—

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

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

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

18 (30) Subsection (k) of section 904 (relating to
19 limitation on credit) is amended to read as follows:

1 “(k) CROSS REFERENCE.—

“For increase of limitation under subsection (a) for taxes paid with respect to amounts received which were included in the gross income of the taxpayer for a prior taxable year as a United States shareholder with respect to a controlled foreign corporation, see section 960(b).”

2 (31) Paragraph (1) of section 962(a) (relating
3 to election by individuals to be subject to tax at cor-
4 porate rates) is amended—

5 (A) by striking “sections 1 and 55” and
6 inserting “section 1”, and

7 (B) by striking “sections 11 and 55” and
8 inserting “section 11”.

9 (32) Paragraph (20) of section 1016(a) (relat-
10 ing to adjustments to basis) is amended by inserting
11 “, as in effect on the day before the date of the en-
12 actment of the Alternative Minimum Tax Repeal Act
13 of 1999” after “preferences”).

14 (33) Paragraph (1) of section 1397E(c) (relat-
15 ing to credit to holders of qualified zone academy
16 bonds) is amended by striking “plus the tax imposed
17 by section 55”.

18 (34) Subsection (a) of section 1561 (relating to
19 limitations on certain multiple tax benefits in the
20 case of certain controlled corporations) is amended
21 by striking the last sentence.

1 (35) Subparagraph (B) of section 6015(d)(2)
2 (relating to relief from joint and several liability on
3 joint return) is amended by striking “or 55”.

4 (36) Subparagraph (A) of section 6425(c)(1)
5 (defining income tax liability) is amended—

6 (A) by inserting “plus” at the end of
7 clause (i), and

8 (B) by striking clause (ii) and redesignig-
9 nating clause (iii) as clause (ii).

10 (37) Section 6654(d)(2) (relating to failure by
11 individual to pay estimated income tax) is
12 amended—

13 (A) in clause (i) of subparagraph (B), by
14 striking “, alternative minimum taxable in-
15 come,”, and

16 (B) in clause (i) of subparagraph (C), by
17 striking “, alternative minimum taxable in-
18 come,”.

19 (38) Subparagraph (C) of section 6662(e)(3)
20 (relating to imposition of accuracy-related penalty)
21 is amended by inserting “, as in effect on the day
22 before the date of the enactment of the Alternative
23 Minimum Tax Repeal Act of 1999” after “55(c)”.

1 (c) CLERICAL AMENDMENT.—The table of parts for
2 subchapter A of chapter 1 is amended by striking the item
3 relating to part VI.

4 (d) EFFECTIVE DATE.—The amendments made by
5 this section shall take effect in taxable years beginning
6 after December 31, 1998.

○