

106TH CONGRESS  
1ST SESSION

# H. R. 2646

To amend the Internal Revenue Code of 1986 to provide common sense  
tax relief for families.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 29, 1999

Mrs. MCCARTHY of New York 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 provide  
common sense tax relief for families.

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       “Common Sense Family Tax Relief 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 (c) TABLE OF CONTENTS.—

Sec. 1. Short title.

TITLE I—TAX RELIEF FOR FAMILIES

Sec. 101. Elimination of marriage penalty in standard deduction.

Sec. 102. Expansion of dependent care tax credit.

Sec. 103. Credit for employer expenses in providing certain dependent care services.

Sec. 104. Reduction in individual capital gain tax rates.

Sec. 105. Capital gains tax rates applied to capital gains of designated settlement funds.

TITLE II—TAX RELIEF FOR BUSINESSES

Sec. 201. Permanent extension of research credit; increase in percentages under alternative incremental credit.

Sec. 202. Repeal of limitation on estate tax deduction for family-owned business interests.

TITLE III—EDUCATIONAL OPPORTUNITIES

Sec. 301. Elimination of 60-month limit on student loan interest deduction.

Sec. 302. Credit for information technology training program expenses.

Sec. 303. Certain credits related to education and children allowed against alternative minimum tax.

TITLE IV—TAX RELIEF FOR RETIREMENT SAVINGS

Sec. 401. Increase in deduction for individual retirement plan savings.

Sec. 402. Adjustment in monthly exempt amount for purposes of the social security earnings test.

TITLE V—INCENTIVE FOR AFFORDABLE HOUSING

Sec. 501. Increase in State ceiling on low-income housing credit.

TITLE VI—INCENTIVES FOR HEALTH CARE AND LONG-TERM CARE

Sec. 601. Deduction for 100 percent of health insurance costs of self-employed individuals.

Sec. 602. Credit for taxpayers with long-term care needs.

1           **TITLE I—TAX RELIEF FOR**  
2                           **FAMILIES**

3   **SEC. 101. ELIMINATION OF MARRIAGE PENALTY IN STAND-**  
4                           **ARD DEDUCTION.**

5           (a) IN GENERAL.—Paragraph (2) of section 63(c)  
6 (relating to standard deduction) is amended—

7                   (1) by striking “\$5,000” in subparagraph (A)  
8                   and inserting “twice the dollar amount in effect  
9                   under subparagraph (C) for the taxable year”,

10                   (2) by adding “or” at the end of subparagraph  
11                   (B),

12                   (3) by striking “in the case of” and all that fol-  
13                   lows in subparagraph (C) and inserting “in any  
14                   other case.”, and

15                   (4) by striking subparagraph (D).

16           (b) TECHNICAL AMENDMENTS.—

17                   (1) Subparagraph (B) of section 1(f)(6) is  
18                   amended by striking “(other than with” and all that  
19                   follows through “shall be applied” and inserting  
20                   “(other than with respect to sections 63(c)(4) and  
21                   151(d)(4)(A)) shall be applied”.

22                   (2) Paragraph (4) of section 63(c) is amended  
23                   by adding at the end the following flush sentence:

24                   “The preceding sentence shall not apply to the  
25                   amount referred to in paragraph (2)(A).”.

1 (c) EFFECTIVE DATE.—The amendments made by  
 2 this section shall apply to taxable years beginning after  
 3 December 31, 1999.

4 **SEC. 102. EXPANSION OF DEPENDENT CARE TAX CREDIT.**

5 (a) IN GENERAL.—Paragraph (2) of section 21(a)  
 6 (relating to expenses for household and dependent care  
 7 services necessary for gainful employment) is amended to  
 8 read as follows:

9 “(2) APPLICABLE PERCENTAGE DEFINED.—For  
 10 purposes of paragraph (1), the term ‘applicable per-  
 11 centage’ means 50 percent reduced (but not below  
 12 20 percent) by 1 percentage point for each \$1,000  
 13 (or fraction thereof) by which the taxpayer’s ad-  
 14 justed gross income for the taxable year exceeds  
 15 \$30,000.”

16 (b) MINIMUM CREDIT ALLOWED FOR STAY-AT-HOME  
 17 PARENTS.—Section 21(e) (relating to special rules) is  
 18 amended by adding at the end the following:

19 “(11) MINIMUM CREDIT ALLOWED FOR STAY-  
 20 AT-HOME PARENTS.—Notwithstanding subsection  
 21 (d), in the case of any taxpayer with one or more  
 22 qualifying individuals described in subsection  
 23 (b)(1)(A) under the age of 1 at any time during the  
 24 taxable year, such taxpayer shall be deemed to have  
 25 employment-related expenses with respect to such

1       qualifying individuals in an amount equal to the  
2       greater of—

3               “(A) the amount of employment-related ex-  
4               penses incurred for such qualifying individuals  
5               for the taxable year (determined under this sec-  
6               tion without regard to this paragraph), or

7               “(B) \$125 for each month in such taxable  
8               year during which such qualifying individual is  
9               under the age of 1.”.

10       (c)   INFLATION   ADJUSTMENT   OF   DOLLAR  
11   AMOUNTS.—

12               (1) Section 21 is amended by redesignating  
13       subsection (f) as subsection (g) and by inserting  
14       after subsection (e) the following new subsection:

15       “(f) INFLATION ADJUSTMENT.—In the case of any  
16   taxable year beginning in a calendar year after 2000, the  
17   \$30,000 amount contained in subsection (a), the \$2,400  
18   amount in subsection (c), and the \$125 amount in sub-  
19   section (e)(11)(B) shall be increased by an amount equal  
20   to—

21               “(1) such dollar amount, multiplied by

22               “(2) the cost-of-living adjustment determined  
23       under section 1(f)(3) for such calendar year by sub-  
24       stituting ‘calendar year 1999’ for ‘calendar year  
25       1992’ in subparagraph (B) thereof.

1 If the increase determined under the preceding sentence  
 2 is not a multiple of \$50 (\$1 in the case of the \$60 amount  
 3 in subsection (e)(11)(B)), such amount shall be rounded  
 4 to the next lowest multiple thereof.”

5 (2) Paragraph (2) of section 21(c) is amended  
 6 by striking “\$4,800” and inserting “twice the dollar  
 7 amount applicable under paragraph (1)”.

8 (3) Paragraph (2) of section 21(d) is amended  
 9 by striking “less than—” and all that follows  
 10 through the end of the first sentence and inserting  
 11 “less than  $\frac{1}{12}$  of the amount which applies under  
 12 subsection (c) to the taxpayer for the taxable year.”

13 (d) CREDIT ALLOWED BASED ON RESIDENCY IN  
 14 CERTAIN CASES.—Subsection (e) of section 21 is amend-  
 15 ed by adding at the end the following new paragraph:

16 “(12) CREDIT ALLOWED BASED ON RESIDENCY  
 17 IN CERTAIN CASES.—In the case of a taxpayer—

18 “(A) who does not satisfy the household  
 19 maintenance test of subsection (a) for any pe-  
 20 riod, but

21 “(B) whose principal place of abode for  
 22 such period is also the principal place of abode  
 23 of any qualifying individual, then such taxpayer  
 24 shall be treated as satisfying such test for such  
 25 period but the amount of credit allowable under

1           this section with respect to such individual shall  
 2           be determined by allowing only  $\frac{1}{12}$  of the limi-  
 3           tation under subsection (c) for each full month  
 4           that the requirement of subparagraph (B) is  
 5           met.”

6           (e) EFFECTIVE DATE.—The amendments made by  
 7 this section shall apply to taxable years beginning after  
 8 December 31, 1999.

9   **SEC. 103. CREDIT FOR EMPLOYER EXPENSES IN PRO-**  
 10                   **VIDING CERTAIN DEPENDENT CARE SERV-**  
 11                   **ICES.**

12           (a) GENERAL RULE.—Subpart D of part IV of sub-  
 13 chapter A of chapter 1 is amended by adding at the end  
 14 the following new section:

15   **“SEC. 45D. EMPLOYER EXPENSES IN PROVIDING DEPEND-**  
 16                   **ENT CARE SERVICES.**

17           “(a) GENERAL RULE.—For purposes of section 38,  
 18 the employer day care center credit determined under this  
 19 section for the taxable year is the amount determined  
 20 under subsection (b) with respect to each qualified day  
 21 care center of the taxpayer.

22           “(b) CREDIT PER FACILITY.—For purposes of this  
 23 section—

24                   “(1) IN GENERAL.—The amount determined  
 25           under this subsection for any taxable year with re-

1       spect to any qualified day care facility of the tax-  
2       payer is 50 percent of the excess (if any) of—

3               “(A) the expenses paid or incurred by the  
4       taxpayer during the taxable year in providing  
5       dependent care services at such facility for em-  
6       ployees, over

7               “(B) the aggregate amount received or ac-  
8       rued during the taxable year by the employer  
9       for such services.

10              “(2) DEPRECIATION ALLOWANCES.—For pur-  
11      poses of paragraph (1), depreciation allowances  
12      under section 167 shall be treated as expenses.

13              “(c) QUALIFIED DAY CARE CENTER.—For purposes  
14      of this section, the term ‘qualified day care center’ means  
15      any day care center—

16              “(1) which is operated by the taxpayer exclu-  
17      sively for purposes of providing dependent care serv-  
18      ices to employees,

19              “(2) which is located on the business premises  
20      of the taxpayer or on a site adjacent to such prem-  
21      ises,

22              “(3) which complies with all applicable laws and  
23      regulations of a State or unit of local government,  
24      and



1 “(4) the operation of which is part of a depend-  
 2 ent care assistance program (as defined in section  
 3 129(d)).”

4 (b) CREDIT MADE PART OF GENERAL BUSINESS  
 5 CREDIT.—Subsection (b) of section 38 is amended by  
 6 striking “plus” at the end of paragraph (11), by striking  
 7 the period at the end of paragraph (12) and inserting “,  
 8 plus”, and by adding at the end thereof the following new  
 9 paragraph:

10 “(13) the employer day care center credit deter-  
 11 mined under section 45D(a).”

12 (c) DENIAL OF DOUBLE BENEFIT.—Section 280C is  
 13 amended by adding at the end thereof the following new  
 14 subsection:

15 “(d) CREDIT FOR EMPLOYER DAY CARE CENTER  
 16 EXPENSES.—No deduction shall be allowed for that por-  
 17 tion of the expenses referred to in section 45D(b)(1)(A)  
 18 otherwise allowable as a deduction for the taxable year  
 19 which is equal to the amount of the credit determined for  
 20 such taxable year under section 45D(a).”

21 (d) CLERICAL AMENDMENT.—The table of sections  
 22 for subpart D of part IV of subchapter A of chapter 1  
 23 is amended by adding at the end the following new item:

“Sec. 45D. Employer expenses in providing dependent care serv-  
 ices.”

1 (e) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 the date of the enactment of this Act.

4 **SEC. 104. REDUCTION IN INDIVIDUAL CAPITAL GAIN TAX**  
5 **RATES.**

6 (a) IN GENERAL.—

7 (1) Sections 1(h)(1)(B) and 55(b)(3)(B) are  
8 each amended by striking “10 percent” and insert-  
9 ing “7.5 percent”.

10 (2) The following sections are each amended by  
11 striking “20 percent” and inserting “15 percent”:

12 (A) Section 1(h)(1)(C).

13 (B) Section 55(b)(3)(C).

14 (C) Section 1445(e)(1).

15 (D) The second sentence of section  
16 7518(g)(6)(A).

17 (E) The second sentence of section  
18 607(h)(6)(A) of the Merchant Marine Act,  
19 1936.

20 (3) Sections 1(h)(1)(D) and 55(b)(3)(D) are  
21 each amended by striking “25 percent” and insert-  
22 ing “20 percent”.

23 (b) CONFORMING AMENDMENTS.—

24 (1) Section 311 of the Taxpayer Relief Act of  
25 1997 is amended by striking subsection (e).

1           (2) Section 1(h) is amended—

2                   (A) by striking paragraphs (2), (9), and  
3           (13),

4                   (B) by redesignating paragraphs (3)  
5           through (8) as paragraphs (2) through (7), re-  
6           spectively, and

7                   (C) by redesignating paragraphs (10),  
8           (11), and (12) as paragraphs (8), (9), and (10),  
9           respectively.

10          (3) Paragraph (3) of section 55(b) is amended  
11          by striking “In the case of taxable years beginning  
12          after December 31, 2000, rules similar to the rules  
13          of section 1(h)(2) shall apply for purposes of sub-  
14          paragraphs (B) and (C).”.

15          (4) Paragraph (7) of section 57(a) is  
16          amended—

17                   (A) by striking “42 percent” and inserting  
18           “6 percent”, and

19                   (B) by striking the last sentence.

20          (c) TRANSITIONAL RULES FOR TAXABLE YEARS  
21          WHICH INCLUDE JULY 1, 1999.—For purposes of apply-  
22          ing section 1(h) of the Internal Revenue Code of 1986 in  
23          the case of a taxable year which includes July 1, 1999—

1           (1) The amount of tax determined under sub-  
2       paragraph (B) of section 1(h)(1) of such Code shall  
3       be the sum of—

4           (A) 7.5 percent of the lesser of—

5               (i) the net capital gain taking into ac-  
6       count only gain or loss properly taken into  
7       account for the portion of the taxable year  
8       on or after such date (determined without  
9       regard to collectibles gain or loss, gain de-  
10      scribed in section (1)(h)(6)(A)(i) of such  
11      Code, and section 1202 gain), or

12              (ii) the amount on which a tax is de-  
13      termined under such subparagraph (with-  
14      out regard to this subsection), plus

15          (B) 10 percent of the excess (if any) of—

16              (i) the amount on which a tax is de-  
17      termined under such subparagraph (with-  
18      out regard to this subsection), over

19              (ii) the amount on which a tax is de-  
20      termined under subparagraph (A).

21          (2) The amount of tax determined under sub-  
22      paragraph (C) of section (1)(h)(1) of such Code  
23      shall be the sum of—

24          (A) 15 percent of the lesser of—

1 (i) the excess (if any) of the amount  
 2 of net capital gain determined under sub-  
 3 paragraph (A)(i) of paragraph (1) of this  
 4 subsection over the amount on which a tax  
 5 is determined under subparagraph (A) of  
 6 paragraph (1) of this subsection, or

7 (ii) the amount on which a tax is de-  
 8 termined under such subparagraph (C)  
 9 (without regard to this subsection), plus  
 10 (B) 20 percent of the excess (if any) of—

11 (i) the amount on which a tax is de-  
 12 termined under such subparagraph (C)  
 13 (without regard to this subsection), over

14 (ii) the amount on which a tax is de-  
 15 termined under subparagraph (A) of this  
 16 paragraph.

17 (3) The amount of tax determined under sub-  
 18 paragraph (D) of section (1)(h)(1) of such Code  
 19 shall be the sum of—

20 (A) 20 percent of the lesser of—

21 (i) the amount which would be deter-  
 22 mined under section 1(h)(6)(A)(i) of such  
 23 Code taking into account only gain prop-  
 24 erly taken into account for the portion of  
 25 the taxable year on or after such date, or

1                   (ii) the amount on which a tax is de-  
 2                   termined under such subparagraph (D)  
 3                   (without regard to this subsection), plus  
 4                   (B) 25 percent of the excess (if any) of—  
 5                   (i) the amount on which a tax is de-  
 6                   termined under such subparagraph (D)  
 7                   (without regard to this subsection), over  
 8                   (ii) the amount on which a tax is de-  
 9                   termined under subparagraph (A) of this  
 10                  paragraph.

11               (4) For purposes of applying section 55(b)(3)  
 12               of such Code, rules similar to the rules of para-  
 13               graphs (1), (2), and (3) of this subsection shall  
 14               apply.

15               (5) In applying this subsection with respect to  
 16               any pass-thru entity, the determination of when  
 17               gains and loss are properly taken into account shall  
 18               be made at the entity level.

19               (6) Terms used in this subsection which are  
 20               also used in section 1(h) of such Code shall have the  
 21               respective meanings that such terms have in such  
 22               section.

23               (d) EFFECTIVE DATES.—

24               (1) IN GENERAL.—Except as otherwise pro-  
 25               vided by this subsection, the amendments made by

1       this section shall apply to taxable years ending after  
2       June 30, 1999.

3               (2) WITHHOLDING.—The amendment made by  
4       subsection (a)(2)(C) shall apply to amounts paid  
5       after the date of the enactment of this Act.

6               (3) SMALL BUSINESS STOCK.—The amend-  
7       ments made by subsection (b)(4) shall apply to dis-  
8       positions on or after July 1, 1999.

9       **SEC. 105. CAPITAL GAINS TAX RATES APPLIED TO CAPITAL**  
10               **GAINS OF DESIGNATED SETTLEMENT FUNDS.**

11       (a) IN GENERAL.—Paragraph (1) of section 468B(b)  
12       (relating to taxation of designated settlement funds) is  
13       amended by inserting “(subject to section 1(h))” after  
14       “maximum rate”.

15       (b) EFFECTIVE DATE.—The amendment made by  
16       this section shall apply to taxable years beginning after  
17       December 31, 1999.

18               **TITLE II—TAX RELIEF FOR**  
19               **BUSINESSES**

20       **SEC. 201. PERMANENT EXTENSION OF RESEARCH CREDIT;**  
21               **INCREASE IN PERCENTAGES UNDER ALTER-**  
22               **NATIVE INCREMENTAL CREDIT.**

23       (a) CREDIT MADE PERMANENT.—

1           (1) IN GENERAL.—Section 41 (relating to cred-  
2       it for increasing research activities) is amended by  
3       striking subsection (h).

4           (2) CONFORMING AMENDMENT.—Paragraph (1)  
5       section 45C(b) is amended by striking subparagraph  
6       (D).

7           (3) EFFECTIVE DATE.—The amendments made  
8       by this subsection shall apply to amounts paid or in-  
9       curred after June 30, 1999.

10       (b) INCREASE IN PERCENTAGES UNDER ALTER-  
11       NATIVE INCREMENTAL CREDIT.—

12           (1) IN GENERAL.—Subparagraph (A) of section  
13       41(c)(4) is amended—

14               (A) by striking “1.65 percent” and insert-  
15               ing “2.65 percent”,

16               (B) by striking “2.2 percent” and inserting  
17               “3.2 percent”, and

18               (C) by striking “2.75 percent” and insert-  
19               ing “3.75 percent”.

20           (2) EFFECTIVE DATE.—The amendments made  
21       by this subsection shall apply to taxable years begin-  
22       ning after June 30, 1999.



1 **SEC. 202. REPEAL OF LIMITATION ON ESTATE TAX DEDUC-**  
 2 **TION FOR FAMILY-OWNED BUSINESS INTER-**  
 3 **ESTS.**

4 (a) IN GENERAL.—Subsection (a) of section 2057  
 5 (relating to family-owned business interests) is amended  
 6 to read as follows:

7 “(a) ALLOWANCE OF DEDUCTION.—For purposes of  
 8 the tax imposed by section 2001, in the case of an estate  
 9 of a decedent to which this section applies, the value of  
 10 the taxable estate shall be determined by deducting from  
 11 the value of the gross estate the adjusted value of the  
 12 qualified family-owned business interests of the decedent  
 13 which are described in subsection (b)(2).”

14 (b) EFFECTIVE DATE.—The amendment made by  
 15 subsection (a) shall apply to estates of decedents dying  
 16 after the date of the enactment of this Act.

17 **TITLE III—EDUCATIONAL**  
 18 **OPPORTUNITIES**

19 **SEC. 301. ELIMINATION OF 60-MONTH LIMIT ON STUDENT**  
 20 **LOAN INTEREST DEDUCTION.**

21 (a) IN GENERAL.—Section 221 (relating to interest  
 22 on education loans) is amended by striking subsection (d)  
 23 and by redesignating subsections (e), (f), and (g) as sub-  
 24 sections (d), (e), and (f), respectively.

1 (b) CONFORMING AMENDMENT.—Section 6050(e) is  
 2 amended by striking “section 221(e)(1)” and inserting  
 3 “section 221(d)(1)”.

4 (c) EFFECTIVE DATE.—The amendments made by  
 5 this section shall apply with respect to any loan interest  
 6 paid after December 31, 1997.

7 **SEC. 302. CREDIT FOR INFORMATION TECHNOLOGY TRAIN-**  
 8 **ING PROGRAM EXPENSES.**

9 (a) IN GENERAL.—Subpart D of part IV of sub-  
 10 chapter A of chapter 1 (relating to business-related cred-  
 11 its) is amended by adding at the end the following:

12 **“SEC. 45E. INFORMATION TECHNOLOGY TRAINING PRO-**  
 13 **GRAM EXPENSES.**

14 “(a) GENERAL RULE.—For purposes of section 38,  
 15 in the case of an employer, the information technology  
 16 training program credit determined under this section is  
 17 an amount equal to 20 percent of information technology  
 18 training program expenses paid or incurred by the tax-  
 19 payer during the taxable year.

20 “(b) ADDITIONAL CREDIT PERCENTAGE FOR CER-  
 21 TAIN PROGRAMS.—The percentage under subsection (a)  
 22 shall be increased by 5 percentage points for information  
 23 technology training program expenses paid or incurred by  
 24 the taxpayer with respect to a program operated—

1           “(1) in an empowerment zone or enterprise  
2           community designated under part I of subchapter U,

3           “(2) in a school district in which a least 50 per-  
4           cent of the students attending schools in such dis-  
5           trict are eligible for free or reduced-cost lunches  
6           under the school lunch program established under  
7           the National School Lunch Act,

8           “(3) in an area designated as a disaster area by  
9           the Secretary of Agriculture or by the President  
10          under the Disaster Relief and Emergency Assistance  
11          Act in the taxable year or the 4 preceding taxable  
12          years,

13          “(4) in a rural enterprise community designated  
14          under section 766 of the Agriculture, Rural Develop-  
15          ment, Food and Drug Administration, and Related  
16          Agencies Appropriations Act, 1999, or

17          “(5) in an area designated by the Secretary of  
18          Agriculture as a Rural Economic Area Partnership  
19          Zone, or

20          “(6) by an employer who has 200 or fewer em-  
21          ployees for each working day in each of 20 or more  
22          calendar weeks in the current or preceding calendar  
23          year.

24          “(c) LIMITATION.—The amount of information tech-  
25          nology training program expenses with respect to an indi-

1 vidual which may be taken into account under subsection  
 2 (a) for the taxable year shall not exceed \$6,000.

3 “(d) INFORMATION TECHNOLOGY TRAINING PRO-  
 4 GRAM EXPENSES.—For purposes of this section—

5 “(1) IN GENERAL.—The term ‘information  
 6 technology training program expenses’ means ex-  
 7 penses paid or incurred by reason of the participa-  
 8 tion of the employer in any information technology  
 9 training program.

10 “(2) INFORMATION TECHNOLOGY TRAINING  
 11 PROGRAM.—The term ‘information technology train-  
 12 ing program’ means a program—

13 “(A) for the training of computer program-  
 14 mers, systems analysts, and computer scientists  
 15 or engineers (as such occupations are defined  
 16 by the Bureau of Labor Statistics),

17 “(B) involving a partnership of—

18 “(i) employers, and

19 “(ii) State training programs, school  
 20 districts, university systems, or certified  
 21 commercial information technology train-  
 22 ing providers, and

23 “(C) at least 50 percent of the costs of  
 24 which are paid or incurred by the employers.

1           “(3) CERTIFIED COMMERCIAL INFORMATION  
 2           TECHNOLOGY TRAINING PROVIDER.—The term ‘cer-  
 3           tified commercial information technology training  
 4           providers’ means a private sector provider of edu-  
 5           cational products and services utilized for training in  
 6           information technology which is certified with re-  
 7           spect to—

8                   “(A) the curriculum that is used for the  
 9                   training, or

10                   “(B) the technical knowledge of the in-  
 11                   structors of such provider,

12           by 1 or more software publishers or hardware manu-  
 13           facturers the products of which are a subject of the  
 14           training.

15           “(e) DENIAL OF DOUBLE BENEFIT.—No deduction  
 16           or credit under any other provision of this chapter shall  
 17           be allowed with respect to information technology training  
 18           program expenses (determined without regard to the limi-  
 19           tation under subsection (c)).

20           “(f) ALLOCATIONS.—For purposes of this section,  
 21           rules similar to the rules of section 41(f)(2) shall apply.”

22           (b) CREDIT TO BE PART OF GENERAL BUSINESS  
 23           CREDIT.—Section 38(b) (relating to current year business  
 24           credit) is amended by striking “plus” at the end of para-  
 25           graph (12), by striking the period at the end of paragraph

1 (13) and inserting “, plus”, and by adding at the end the  
2 following:

3 “(14) the information technology training pro-  
4 gram credit determined under section 45E.”

5 (c) NO CARRYBACKS.—Subsection (d) of section 39  
6 (relating to carryback and carryforward of unused credits)  
7 is amended by adding at the end the following:

8 “(9) NO CARRYBACK OF SECTION 45E CREDIT  
9 BEFORE EFFECTIVE DATE.—No portion of the un-  
10 used business credit for any taxable year which is  
11 attributable to the information technology training  
12 program credit determined under section 45E may  
13 be carried back to a taxable year ending before the  
14 date of the enactment of section 45E.”

15 (d) CLERICAL AMENDMENT.—The table of sections  
16 for subpart D of part IV of subchapter A of chapter 1  
17 is amended by adding at the end the following:

“Sec. 45E. Information technology training program expenses.”

18 (e) EFFECTIVE DATE.—The amendments made by  
19 this section shall apply to amounts paid or incurred after  
20 the date of enactment of this Act in taxable years ending  
21 after such date.

1 **SEC. 303. CERTAIN CREDITS RELATED TO EDUCATION AND**  
2 **CHILDREN ALLOWED AGAINST ALTERNATIVE**  
3 **MINIMUM TAX.**

4 (a) IN GENERAL.—Subsection (a) of section 26 (re-  
5 lating to limitation based on amount of tax) is amended  
6 to read as follows:

7 “(a) LIMITATION BASED ON AMOUNT OF TAX.—The  
8 aggregate amount of credits allowed by this subpart for  
9 the taxable year shall not exceed the sum of—

10 “(1) the taxpayer’s regular tax liability for the  
11 taxable year, and

12 “(2) the tax imposed for the taxable year by  
13 section 55(a).

14 Paragraph (2) shall not apply to the credits allowable by  
15 sections 22, 23, and 25, and this sentence shall be applied  
16 before the preceding sentence.”

17 (b) CHILD CREDIT.—Subsection (d) of section 24 is  
18 amended by striking paragraph (2) and by redesignating  
19 paragraph (3) as paragraph (2).

20 (c) EFFECTIVE DATE.—The amendments made by  
21 this section shall apply to taxable years beginning after  
22 December 31, 1999.

1       **TITLE IV—TAX RELIEF FOR**  
2       **RETIREMENT SAVINGS**

3   **SEC. 401. INCREASE IN DEDUCTION FOR INDIVIDUAL RE-**  
4       **TIREMENT PLAN SAVINGS.**

5       (a) INCREASE IN MAXIMUM AMOUNT OF DEDUC-  
6   TION.—Subparagraph (A) of section 219(b)(1) (relating  
7   to maximum amount of deduction) is amended by striking  
8   “\$2,000” and inserting “\$5,000”.

9       (b) CONFORMING AMENDMENTS.—Subsections  
10   (a)(1), (b)(2), (j), and (p)(8) of section 408 are each  
11   amended by striking “\$2,000” each place it appears and  
12   inserting “\$5,000”.

13       (c) EFFECTIVE DATE.—The amendments made by  
14   this section shall apply to taxable years beginning after  
15   December 31, 1999.

16   **SEC. 402. ADJUSTMENT IN MONTHLY EXEMPT AMOUNT FOR**  
17       **PURPOSES OF THE SOCIAL SECURITY EARN-**  
18       **INGS TEST.**

19       (a) INCREASE IN MONTHLY EXEMPT AMOUNT FOR  
20   INDIVIDUALS WHO HAVE ATTAINED RETIREMENT  
21   AGE.—Section 203(f)(8)(D) of the Social Security Act (42  
22   U.S.C. 403(f)(8)(D)) is amended—

23               (1) in clause (iii), by inserting “and” at the  
24       end; and



1           (2) by striking clauses (iv) through (vii) and in-  
2       serting the following new clause:

3                       “(iv) for each month of any taxable  
4                       year ending after 1999 and before 2001,  
5                       \$2,500.”.

6       (b) CONFORMING AMENDMENTS.—

7           (1) Section 203(f)(8)(B)(ii) of such Act (42  
8       U.S.C. 403(f)(8)(B)(ii)) is amended—

9                       (A) by striking “after 2001 and before  
10                      2003” and inserting “after 1999 and before  
11                      2001”; and

12                     (B) in subclause (II), by striking “2001”  
13                     and inserting “1998”.

14           (2) The second sentence of section 223(d)(4)(A)  
15       of such Act (42 U.S.C. 423(d)(4)(A)) is amended by  
16       inserting “and section 402 of the Common Sense  
17       Family Tax Relief Act of 1999” after “1996”.

18       (c) EFFECTIVE DATE.—The amendments made by  
19       this section shall apply with respect to taxable years begin-  
20       ning after 1999.

# TITLE V—INCENTIVE FOR AFFORDABLE HOUSING

## SEC. 501. INCREASE IN STATE CEILING ON LOW-INCOME HOUSING CREDIT.

(a) IN GENERAL.—Clause (i) of section 42(h)(3)(C) (relating to State housing credit ceiling) is amended by striking “\$1.25” and inserting “\$1.75”.

(b) ADJUSTMENT OF STATE CEILING FOR INCREASES IN COST-OF-LIVING.—Paragraph (3) of section 42(h) (relating to housing credit dollar amount for agencies) is amended by adding at the end the following new subparagraph:

“(H) COST-OF-LIVING ADJUSTMENT.—

“(i) IN GENERAL.—In the case of a calendar year after 2000, the dollar amount contained in subparagraph (C)(i) shall be increased by an amount equal to—

“(I) such dollar amount, multiplied by

“(II) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting ‘calendar year 1999’ for ‘calendar year 1992’ in subparagraph (B) thereof.

1                   “(ii) ROUNDING.—If any increase  
 2                   under clause (i) is not a multiple of 5  
 3                   cents, such increase shall be rounded to  
 4                   the next lowest multiple of 5 cents.”.

5           (c) EFFECTIVE DATE.—The amendments made by  
 6 this section shall apply to calendar years after 1999.

7   **TITLE VI—INCENTIVES FOR**  
 8   **HEALTH CARE AND LONG-**  
 9   **TERM CARE**

10 **SEC. 601. DEDUCTION FOR 100 PERCENT OF HEALTH IN-**  
 11 **SURANCE COSTS OF SELF-EMPLOYED INDIV-**  
 12 **IDUALS.**

13           (a) IN GENERAL.—Paragraph (1) of section 162(l)  
 14 is amended to read as follows:

15                   “(1) ALLOWANCE OF DEDUCTION.—In the case  
 16 of an individual who is an employee within the  
 17 meaning of section 401(c)(1), there shall be allowed  
 18 as a deduction under this section an amount equal  
 19 to 100 percent of the amount paid during the tax-  
 20 able year for insurance which constitutes medical  
 21 care for the taxpayer, his spouse, and dependents.”

22           (b) EFFECTIVE DATE.—The amendment made by  
 23 this section shall apply to taxable years beginning after  
 24 December 31, 1999.

1 **SEC. 602. CREDIT FOR TAXPAYERS WITH LONG-TERM CARE**  
 2 **NEEDS.**

3 (a) ALLOWANCE OF CREDIT.—

4 (1) IN GENERAL.—Section 24(a) (relating to al-  
 5 lowance of child tax credit) is amended to read as  
 6 follows:

7 “(a) ALLOWANCE OF CREDIT.—There shall be al-  
 8 lowed as a credit against the tax imposed by this chapter  
 9 for the taxable year an amount equal to the sum of—

10 “(1) \$500 multiplied by the number of quali-  
 11 fying children of the taxpayer, plus

12 “(2) \$1,000 multiplied by the number of appli-  
 13 cable individuals with respect to whom the taxpayer  
 14 is an eligible caregiver for the taxable year.

15 In any case in which the applicable individual and the eli-  
 16 gible caregiver are the same individual, the credit allowed  
 17 by paragraph (2) with respect to such individual shall not  
 18 exceed the aggregate amount paid by the taxpayer during  
 19 the taxable year (not compensated for by insurance or oth-  
 20 erwise) for qualified long-term care services (as defined  
 21 in section 7702B(c)) for such individual.”

22 (2) ADDITIONAL CREDIT FOR TAXPAYER WITH  
 23 3 OR MORE SEPARATE CREDIT AMOUNTS.—So much  
 24 of section 24(d) as precedes paragraph (1)(A) there-  
 25 of is amended to read as follows:

1       “(d) ADDITIONAL CREDIT FOR TAXPAYERS WITH 3  
2 OR MORE SEPARATE CREDIT AMOUNTS.—

3           “(1) IN GENERAL.—If the sum of the number  
4       of qualifying children of the taxpayer and the num-  
5       ber of applicable individuals with respect to which  
6       the taxpayer is an eligible caregiver is 3 or more for  
7       any taxable year, the aggregate credits allowed  
8       under subpart C shall be increased by the lesser  
9       of—”.

10       (3) CONFORMING AMENDMENTS.—

11           (A) The heading for section 32(n) is  
12       amended by striking “CHILD” and inserting  
13       “FAMILY CARE”.

14           (B) The heading for section 24 is amended  
15       to read as follows:

16       **“SEC. 24. FAMILY CARE CREDIT.”**

17           (C) The table of sections for subpart A of  
18       part IV of subchapter A of chapter 1 is amend-  
19       ed by striking the item relating to section 24  
20       and inserting the following new item:

      “Sec. 24. Family care credit.”.

21       (b) DEFINITIONS.—Section 24(c) (defining qualifying  
22       child) is amended to read as follows:

23       “(c) DEFINITIONS.—For purposes of this section—

24           “(1) QUALIFYING CHILD.—

1           “(A) IN GENERAL.—The term ‘qualifying  
2 child’ means any individual if—

3           “(i) the taxpayer is allowed a deduc-  
4 tion under section 151 with respect to such  
5 individual for the taxable year,

6           “(ii) such individual has not attained  
7 the age of 17 as of the close of the cal-  
8 endar year in which the taxable year of the  
9 taxpayer begins, and

10          “(iii) such individual bears a relation-  
11 ship to the taxpayer described in section  
12 32(c)(3)(B).

13          “(B) EXCEPTION FOR CERTAIN NONCITI-  
14 ZENS.—The term ‘qualifying child’ shall not in-  
15 clude any individual who would not be a de-  
16 pendent if the first sentence of section  
17 152(b)(3) were applied without regard to all  
18 that follows ‘resident of the United States’.

19          “(2) APPLICABLE INDIVIDUAL.—

20          “(A) IN GENERAL.—The term ‘applicable  
21 individual’ means, with respect to any taxable  
22 year, any individual who has been certified, be-  
23 fore the due date for filing the return of tax for  
24 the taxable year (without extensions), by a phy-  
25 sician (as defined in section 1861(r)(1) of the

1 Social Security Act) as being an individual with  
2 long-term care needs described in subparagraph  
3 (B) for a period—

4 “(i) which is at least 180 consecutive  
5 days, and

6 “(ii) a portion of which occurs within  
7 the taxable year.

8 Such term shall not include any individual oth-  
9 erwise meeting the requirements of the pre-  
10 ceding sentence unless within the 12 month pe-  
11 riod ending on such due date (or such other pe-  
12 riod as the Secretary prescribes) a physician (as  
13 so defined) has certified that such individual  
14 meets such requirements.

15 “(B) INDIVIDUALS WITH LONG-TERM CARE  
16 NEEDS.—An individual is described in this sub-  
17 paragraph if the individual meets any of the fol-  
18 lowing requirements:

19 “(i) The individual is at least 6 years  
20 of age and—

21 “(I) is unable to perform (with-  
22 out substantial assistance from an-  
23 other individual) at least 3 activities  
24 of daily living (as defined in section

1                   7702B(c)(2)(B)) due to a loss of  
2                   functional capacity, or

3                   “(II) requires substantial super-  
4                   vision to protect such individual from  
5                   threats to health and safety due to se-  
6                   vere cognitive impairment and is un-  
7                   able to perform at least 1 activity of  
8                   daily living (as so defined).

9                   “(ii) The individual is at least 2 but  
10                  not 6 years of age and is unable due to a  
11                  loss of functional capacity to perform  
12                  (without substantial assistance from an-  
13                  other individual) at least 2 of the following  
14                  activities: eating, transferring, or mobility.

15                  “(iii) The individual is under 2 years  
16                  of age and requires specific durable med-  
17                  ical equipment by reason of a severe health  
18                  condition or requires a skilled practitioner  
19                  trained to address the individual’s condi-  
20                  tion to be available if the individual’s par-  
21                  ents or guardians are absent.

22                  “(3) ELIGIBLE CAREGIVER.—

23                  “(A) IN GENERAL.—A taxpayer shall be  
24                  treated as an eligible caregiver for any taxable  
25                  year with respect to the following individuals:



1 “(i) The taxpayer.

2 “(ii) The taxpayer’s spouse.

3 “(iii) An individual with respect to  
4 whom the taxpayer is allowed a deduction  
5 under section 151 for the taxable year.

6 “(iv) An individual who would be de-  
7 scribed in clause (iii) for the taxable year  
8 if section 151(c)(1)(A) were applied by  
9 substituting for the exemption amount an  
10 amount equal to the sum of the exemption  
11 amount, the standard deduction under sec-  
12 tion 63(c)(2)(C), and any additional stand-  
13 ard deduction under section 63(c)(3) which  
14 would be applicable to the individual if  
15 clause (iii) applied.

16 “(v) An individual who would be de-  
17 scribed in clause (iii) for the taxable year  
18 if—

19 “(I) the requirements of clause  
20 (iv) are met with respect to the indi-  
21 vidual, and

22 “(II) the requirements of sub-  
23 paragraph (B) are met with respect to  
24 the individual in lieu of the support  
25 test of section 152(a).

1           “(B) RESIDENCY TEST.—The require-  
2           ments of this subparagraph are met if an indi-  
3           vidual has as his principal place of abode the  
4           home of the taxpayer and—

5                   “(i) in the case of an individual who  
6                   is an ancestor or descendant of the tax-  
7                   payer or the taxpayer’s spouse, is a mem-  
8                   ber of the taxpayer’s household for over  
9                   half the taxable year, or

10                   “(ii) in the case of any other indi-  
11                   vidual, is a member of the taxpayer’s  
12                   household for the entire taxable year.

13           “(C) SPECIAL RULES WHERE MORE THAN  
14           1 ELIGIBLE CAREGIVER.—

15                   “(i) IN GENERAL.—If more than 1 in-  
16                   dividual is an eligible caregiver with re-  
17                   spect to the same applicable individual for  
18                   taxable years ending with or within the  
19                   same calendar year, a taxpayer shall be  
20                   treated as the eligible care giver if each  
21                   such individual (other than the taxpayer)  
22                   files a written declaration (in such form  
23                   and manner as the Secretary may pre-  
24                   scribe) that such individual will not claim

1           such applicable individual for the credit  
2           under this section.

3           “(ii) NO AGREEMENT.—If each indi-  
4           vidual required under clause (i) to file a  
5           written declaration under clause (i) does  
6           not do so, the individual with the highest  
7           modified adjusted gross income (as defined  
8           in section 32(c)(5)) shall be treated as the  
9           eligible caregiver.

10          “(iii) MARRIED INDIVIDUALS FILING  
11          SEPARATELY.—In the case of married indi-  
12          viduals filing separately, the determination  
13          under this subparagraph as to whether the  
14          husband or wife is the eligible caregiver  
15          shall be made under the rules of clause (ii)  
16          (whether or not one of them has filed a  
17          written declaration under clause (i)).”.

18          (c) IDENTIFICATION REQUIREMENTS.—

19           (1) IN GENERAL.—Section 24(e) is amended by  
20          adding at the end the following new sentence: “No  
21          credit shall be allowed under this section to a tax-  
22          payer with respect to any applicable individual un-  
23          less the taxpayer includes the name and taxpayer  
24          identification number of such individual, and the  
25          identification number of the physician certifying

1       such individual, on the return of tax for the taxable  
2       year.”.

3           (2) ASSESSMENT.—Section 6213(g)(2)(I) is  
4       amended—

5           (A) by inserting “or physician identifica-  
6       tion” after “correct TIN”, and

7           (B) by striking “child” and inserting  
8       “family care”.

9       (d) EFFECTIVE DATE.—The amendments made by  
10   this section shall apply to taxable years beginning after  
11   December 31, 1999.

○