

106TH CONGRESS  
1ST SESSION

# H. R. 767

To amend the Internal Revenue Code of 1986 to reduce individual income taxes by increasing the amount of taxable income which is taxed at the lowest income tax rate.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 12, 1999

Mr. THUNE (for himself, Ms. DUNN, Mr. COOKSEY, and Mr. CHABOT) 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 individual income taxes by increasing the amount of taxable income which is taxed at the lowest income tax rate.

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       “Middle Class 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

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

4 (c) SECTION 15 NOT TO APPLY.—No amendment  
5 made by section 3 shall be treated as a change in a rate  
6 of tax for purposes of section 15 of the Internal Revenue  
7 Code of 1986.

8 **SEC. 2. FINDINGS.**

9 The Congress hereby finds that—

10 (1) the first Federal budget surplus in almost  
11 30 years was realized at the end of fiscal year 1998  
12 and additional annual surpluses are anticipated;

13 (2) in anticipation of such surpluses, a system-  
14 atic plan should be put in place to retire our  
15 \$5,500,000,000,000 debt while restoring the social  
16 security and other trust funds; and

17 (3) once such a plan has been adopted in the  
18 context of a balanced Federal budget and as an al-  
19 ternative to new Government spending, Congress  
20 should provide broad-based tax relief that will allow  
21 hard-working Americans to keep more of what they  
22 earn and the freedom to provide for their own needs.

1 **SEC. 3. REDUCTION OF INCOME TAX RATES; ELIMINATION**  
 2 **OF MARRIAGE PENALTY.**

3 (a) GENERAL RULE.—Section 1 (relating to tax im-  
 4 posed) is amended by striking subsections (a) through (e)  
 5 and inserting the following:

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

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

12 “(2) every surviving spouse (as defined in sec-  
 13 tion 2(a)),

14 a tax determined in accordance with the following table:

<b>“If taxable income is:</b>	<b>The tax is:</b>
Not over \$70,000 .....	15% of taxable income.
Over \$70,000 but not over \$104,050.	\$10,500, plus 28% of the excess over \$70,000.
Over \$104,050 but not over \$158,550.	\$20,034, plus 31% of the excess over \$104,050.
Over \$158,550 but not over \$283,150.	\$36,929, plus 36% of the excess over \$158,550.
Over \$283,150 .....	\$81,785, plus 39.6% of the excess over \$283,150.

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

<b>“If taxable income is:</b>	<b>The tax is:</b>
Not over \$52,600 .....	15% of taxable income.
Over \$52,600 but not over \$89,150.	\$7,890, plus 28% of the excess over \$52,600.

**“If taxable income is:**

Over \$89,150 but not over \$144,400.

Over \$144,400 but not over \$283,150.

Over \$283,150 .....

**The tax is:**

\$18,124, plus 31% of the excess over \$89,150.

\$35,251.50, plus 36% of the excess over \$144,400.

\$85,201.50, 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 individ-  
4 ual (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 \$35,000 .....

Over \$35,000 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:**

15% of taxable income.

\$5,250, plus 28% of the excess over \$35,000.

\$12,936, plus 31% of the excess over \$62,450.

\$33,954, plus 36% of the excess over \$130,250.

\$88,998, 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 \$35,000 .....

Over \$35,000 but not over \$52,025.

Over \$52,025 but not over \$79,275.

**The tax is:**

15% of taxable income.

\$5,250, plus 28% of the excess over \$35,000.

\$10,017, plus 31% of the excess over \$52,025.

**“If taxable income is:**

Over \$79,275 but not over  
\$141,575.  
Over \$141,575 .....

**The tax is:**

\$18,464.50, plus 36% of the excess  
over \$79,275.  
\$40,892.50, 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:**

Not over \$1,750 .....  
Over \$1,750 but not over \$4,050 ..  
  
Over \$4,050 but not over \$6,200 ..  
  
Over \$6,200 but not over \$8,450 ..  
  
Over \$8,450 .....

**The tax is:**

15% of taxable income.  
\$262.50, plus 28% of the excess over  
\$1,750.  
\$906.50, plus 31% of the excess over  
\$4,050.  
\$1,573, plus 36% of the excess over  
\$6,200.  
\$2,383, plus 39.6% of the excess over  
\$8,450.”.

7 (b) CONFORMING AMENDMENTS.—

8 (1) Subsection (f) of section 1 is amended—

9 (A) by striking “1993” in paragraph (1)  
10 and inserting “1999”,

11 (B) by striking “1992” in paragraph  
12 (3)(B) and inserting “1998”, and

13 (C) by striking paragraph (7).

14 (2) The following provisions are each amended  
15 by striking “1992” and inserting “1998” each place  
16 it appears:

17 (A) Section 25A(h).

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

- 1 (C) Section 41(e)(5)(C).
- 2 (D) Section 59(j)(2)(B).
- 3 (E) Section 63(c)(4)(B).
- 4 (F) Section 68(b)(2)(B).
- 5 (G) Section 135(b)(2)(B)(ii).
- 6 (H) Section 151(d)(4).
- 7 (I) Section 220(g)(2).
- 8 (J) Section 221(g)(1)(B).
- 9 (K) Section 512(d)(2)(B).
- 10 (L) Section 513(h)(2)(C)(ii).
- 11 (M) Section 685(c)(3)(B).
- 12 (N) Section 877(a)(2).
- 13 (O) Section 911(b)(2)(D)(ii)(II).
- 14 (P) Section 2032A(a)(3)(B).
- 15 (Q) Section 2503(b)(2)(B).
- 16 (R) Section 2631(c)(1)(B).
- 17 (S) Section 4001(e)(1)(B).
- 18 (T) Section 4261(e)(4)(A)(ii).
- 19 (U) Section 6039F(d).
- 20 (V) Section 6323(i)(4)(B).
- 21 (W) Section 6601(j)(3)(B).
- 22 (X) Section 7430(c)(1).
- 23 (3) Subclause (II) of section 42(h)(6)(G)(i) is
- 24 amended by striking “1987” and inserting “1998”.

1           (4) Subparagraph (B) of section 6334(g)(1) is  
2           amended by striking “by substituting ‘calendar year  
3           1998’ for ‘calendar year 1992’ in subparagraph (B)  
4           thereof”.

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

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