

106TH CONGRESS  
1ST SESSION

# S. 1014

To amend the Internal Revenue Code of 1986 to reduce the rate of the individual income tax and the number of tax brackets.

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IN THE SENATE OF THE UNITED STATES

MAY 11, 1999

Mr. FRIST introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to reduce the rate of the individual income tax and the number of tax brackets.

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 “10-20-30 Act”.

5       **SEC. 2. MODIFICATION OF GENERAL TAX RATE.**

6       (a) GENERAL RULE.—Section 1 of the Internal Rev-  
7       enue Code of 1986 (relating to tax imposed) is amended  
8       by striking subsections (a) through (e) and inserting the  
9       following:

1       “(a) MARRIED INDIVIDUALS FILING JOINT RETURNS  
2 AND SURVIVING SPOUSES.—There is hereby imposed on  
3 the taxable income of—

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

7               “(2) every surviving spouse (as defined in sec-  
8 tion 2(a)),

9 a tax determined in accordance with the following table:

<b>“If taxable income is:</b>	<b>The tax is:</b>
Not over \$60,000 .....	10% of taxable income.
Over \$60,000 but not over \$150,000.	\$6,000, plus 20% of the excess over \$60,000.
Over \$150,000 .....	\$24,000, plus 30% of the excess over \$150,000.

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

<b>“If taxable income is:</b>	<b>The tax is:</b>
Not over \$45,000 .....	10% of taxable income.
Over \$45,000 but not over \$136,000.	\$4,500, plus 20% of the excess over \$45,000.
Over \$136,000 .....	\$22,700, plus 30% of the excess over \$136,000.

14       “(c) UNMARRIED INDIVIDUALS (OTHER THAN SUR-  
15 VIVING SPOUSES AND HEADS OF HOUSEHOLDS).—There  
16 is hereby imposed on the taxable income of every indi-  
17 vidual (other than a married individual (as defined in sec-  
18 tion 7703) filing a joint return or a separate return, a  
19 surviving spouse as defined in section 2(a), or a head of

1 household as defined in section 2(b)) a tax determined in  
 2 accordance with the following table:

<b>“If taxable income is:</b>	<b>The tax is:</b>
Not over \$35,000 .....	10% of taxable income.
Over \$35,000 but not over \$125,000.	\$3,500, plus 20% of the excess over \$35,000.
Over \$125,000 .....	\$21,500, plus 30% of the excess over \$125,000.

3 “(d) MARRIED INDIVIDUALS FILING SEPARATE RE-  
 4 TURNS.—There is hereby imposed on the taxable income  
 5 of every married individual (as defined in section 7703)  
 6 who does not make a single return jointly with his spouse  
 7 under section 6013, a tax determined in accordance with  
 8 the following table:

<b>“If taxable income is:</b>	<b>The tax is:</b>
Not over \$30,000 .....	10% of taxable income.
Over \$30,000 but not over \$75,000.	\$3,000, plus 20% of the excess over \$30,000.
Over \$75,000 .....	\$12,000, plus 30% of the excess over \$75,000.

9 “(e) ESTATES AND TRUSTS.—There is hereby im-  
 10 posed on the taxable income of—

11 “(1) every estate, and

12 “(2) every trust,

13 taxable under this subsection a tax determined in accord-  
 14 ance with the following table:

<b>“If taxable income is:</b>	<b>The tax is:</b>
Not over \$1,750 .....	15% of taxable income.
Over \$1,750 but not over \$4,050 ..	\$262.50, plus 28% of the excess over \$1,750.
Over \$4,050 but not over \$6,200 ..	\$906.50, plus 31% of the excess over \$4,050.
Over \$6,200 but not over \$8,450 ..	\$1,573, plus 36% of the excess over \$6,200.
Over \$8,450 .....	\$2,383, plus 39.6% of the excess over \$8,450.”

1 (b) REDUCTION IN ALTERNATIVE MINIMUM TAX  
 2 RATE.—Section 55(b)(1)(A)(i) of the Internal Revenue  
 3 Code of 1986 (relating to tentative minimum tax for non-  
 4 corporate taxpayers) is amended—

5 (1) by striking “26 percent” in subclause (I)  
 6 and inserting “18 percent”, and

7 (2) by striking “28 percent” in subclause (II)  
 8 and inserting “20 percent”.

9 (c) INFLATION ADJUSTMENT TO APPLY IN DETER-  
 10 MINING RATES FOR 2000.—Section 1(f) of the Internal  
 11 Revenue Code of 1986 is amended—

12 (1) by striking “1993” in paragraph (1) and in-  
 13 serting “1999”,

14 (2) by striking “1992” in paragraph (3)(B) and  
 15 inserting “1998”, and

16 (3) by striking paragraph (7).

17 (d) CONFORMING AMENDMENTS.—

18 (1) The following provisions of the Internal  
 19 Revenue Code of 1986 are each amended by striking  
 20 “1992” and inserting “1998” each place it appears:

21 (A) Section 25A(h).

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

23 (C) Section 41(e)(5)(C).

24 (D) Section 59(j)(2)(B).

25 (E) Section 63(c)(4)(B).

1 (F) Section 68(b)(2)(B).

2 (G) Section 135(b)(2)(B)(ii).

3 (H) Section 151(d)(4).

4 (I) Section 220(g)(2).

5 (J) Section 221(g)(1)(B).

6 (K) Section 512(d)(2)(B).

7 (L) Section 513(h)(2)(C)(ii).

8 (M) Section 685(c)(3)(B).

9 (N) Section 877(a)(2).

10 (O) Section 911(b)(2)(D)(ii)(II).

11 (P) Section 2032A(a)(3)(B).

12 (Q) Section 2503(b)(2)(B).

13 (R) Section 2631(c)(1)(B).

14 (S) Section 4001(e)(1)(B).

15 (T) Section 4261(e)(4)(A)(ii).

16 (U) Section 6039F(d).

17 (V) Section 6323(i)(4)(B).

18 (W) Section 6601(j)(3)(B).

19 (X) Section 7430(c)(1).

20 (2) Subclause (II) of section 42(h)(6)(G)(i) of  
21 such Code is amended by striking “1987” and in-  
22 serting “1998”.

23 (3) Clause (ii) of section 132(f)(6)(A) of such  
24 Code, as amended by section 9010(b)(1) of the  
25 Transportation Equity Act for the 21st Century, is

1 amended by striking “, by substituting ‘calendar  
 2 year 1998’ for ‘calendar year 1992’.” and by insert-  
 3 ing a period.

4 (4) Subparagraph (A) of section 132(f)(6) of  
 5 such Code, as amended by section 9010(c)(2) of the  
 6 Transportation Equity Act for the 21st Century, is  
 7 amended by striking clause (ii) and all that follows  
 8 through “paragraph (2)(A).” and inserting:

9 “(ii) the cost-of-living adjustment de-  
 10 termined under section 1(f)(3) for the cal-  
 11 endar year in which the taxable year be-  
 12 gins. In the case of any taxable year begin-  
 13 ning in a calendar year after 2002, section  
 14 1(f)(3) shall be applied by substituting  
 15 ‘calendar year 2001’ for ‘calendar year  
 16 1998’ for purposes of adjusting the dollar  
 17 amount contained in paragraph (2)(A).”

18 (5) Subparagraph (B) of section 6334(g)(1) of  
 19 such Code is amended by striking “, by substituting  
 20 ‘calendar year 1998’ for ‘calendar year 1992’ in sub-  
 21 paragraph (B) thereof”.

22 (e) ADDITIONAL CONFORMING AMENDMENTS.—

23 (1) Section 1(g)(7)(B)(ii)(II) of the Internal  
 24 Revenue Code of 1986 is amended by striking “15  
 25 percent” and inserting “10 percent”.

1           (2) Section 1(h) of such Code is amended by  
2 striking “28 percent” and inserting “20 percent”  
3 each place it appears.

4           (3) Section 1(h) of such Code is amended by  
5 striking “28-percent” and inserting “20-percent”  
6 each place it appears.

7           (4) Sections 531 and 541 of such Code are each  
8 amended by striking “39.6 percent” and inserting  
9 “30 percent”.

10          (5) Section 3402(p)(1)(B) of such Code is  
11 amended by striking “15, 28, or 31” and inserting  
12 “10, 20, or 30”.

13          (6) Section 3402(p)(2) of such Code is amend-  
14 ed by striking “15 percent” and inserting “10 per-  
15 cent”.

16          (7) Section 3402(q)(1) of such Code is amend-  
17 ed by striking “28 percent” and inserting “20 per-  
18 cent”.

19          (8) Section 3402(r)(3) of such Code is amended  
20 by striking “31 percent” and inserting “20 per-  
21 cent”.

22          (9) Section 3406(a)(1) of such Code is amended  
23 by striking “31 percent” and inserting “20 per-  
24 cent”.

25          (f) EFFECTIVE DATES.—

1           (1) IN GENERAL.—Except as provided in para-  
2           graphs (2) and (3), the amendments made by this  
3           section shall apply to taxable years beginning after  
4           December 31, 1999.

5           (2) WITHHOLDING.—The amendments made by  
6           paragraphs (5) through (9) of subsection (e) shall  
7           apply to amounts paid after December 31, 1999.

8           (3) CONFORMING AMENDMENT.—The amend-  
9           ment made by subsection (d)(4) shall apply to tax-  
10          able years beginning after December 31, 2001.

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