

106TH CONGRESS
1ST SESSION

S. 539

To amend the Internal Revenue Code of 1986 to increase the maximum taxable income for the 15 percent rate bracket, to replace the Consumer Price Index with the national average wage index for purposes of cost-of-living adjustments, to lessen the impact of the noncorporate alternative minimum tax, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 4, 1999

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

A BILL

To amend the Internal Revenue Code of 1986 to increase the maximum taxable income for the 15 percent rate bracket, to replace the Consumer Price Index with the national average wage index for purposes of cost-of-living adjustments, to lessen the impact of the noncorporate alternative minimum tax, and for other purposes.

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. INCREASE IN MAXIMUM TAXABLE INCOME FOR**
4 **15 PERCENT RATE BRACKET.**

5 (a) IN GENERAL.—Section 1(f) of the Internal Reve-
6 nue Code of 1986 (relating to adjustments in tax tables

1 so that inflation will not result in tax increases) is
 2 amended—

3 (1) in paragraph (2)—

4 (A) by redesignating subparagraphs (B)
 5 and (C) as subparagraphs (C) and (D),

6 (B) by inserting after subparagraph (A)
 7 the following:

8 “(B) for taxable years beginning in any
 9 calendar year after 1999 and before 2010—

10 “(i) in the case of the table contained
 11 in subsection (c), by increasing the maxi-
 12 mum dollar amount for the 15 percent rate
 13 bracket and the minimum dollar amount
 14 for the 28 percent rate bracket otherwise
 15 determined under subparagraph (A) by the
 16 applicable dollar amount for such calendar
 17 year, and

18 “(ii) in the case of the tables con-
 19 tained in subsections (a), (b), and (d), by
 20 increasing the maximum and minimum
 21 dollar amounts for the 15 and 28 percent
 22 rate brackets, respectively, by an amount
 23 which maintains the same proportionate
 24 differential in such dollar amounts among

the tables in subsections (a), (b), (c), and
 (d) as existed in calendar year 1999,” and
 (C) by striking “subparagraph (A)” in
 subparagraph (C) (as so redesignated) and in-
 serting “subparagraphs (A) and (B)”, and
 (2) by adding at the end the following:

“(8) APPLICABLE DOLLAR AMOUNT.—

“(A) IN GENERAL.—For purposes of para-
 graph (2)(B), the applicable dollar amount for
 any calendar year is equal to the applicable per-
 centage of the excess of—

“(i) the contribution and benefit base
 (as determined under section 230 of the
 Social Security Act) for the calendar year,
 over

“(ii) the maximum dollar amount for
 the 15 percent rate bracket for the table
 contained in subsection (c) for the calendar
 year otherwise determined under para-
 graph (2)(A).

“(B) APPLICABLE PERCENTAGE.—For
 purposes of subparagraph (A), the applicable
 percentage for any calendar year shall be deter-
 mined as follows:

“Calendar year:	Applicable Percentage:
2000	10

“Calendar year:	Applicable Percentage:
2001	20
2002	30
2003	40
2004	50
2005	60
2006	70
2007	80
2008	90
2009	100.”

1 (b) **EFFECTIVE DATE.**—The amendments made by
2 this section shall take effect on the date of the enactment
3 of this Act.

4 **SEC. 2. USE OF NATIONAL AVERAGE WAGE INDEX FOR**
5 **COST-OF-LIVING ADJUSTMENTS.**

6 (a) **IN GENERAL.**—Section 1(f) of the Internal Reve-
7 nue Code of 1986 (relating to adjustments in tax tables
8 so that inflation will not result in tax increases) is amend-
9 ed by striking paragraphs (3), (4), and (5) and inserting
10 the following:

11 “(3) **COST-OF-LIVING ADJUSTMENT.**—For pur-
12 poses of paragraph (2), the cost-of-living adjustment
13 for any calendar year is the percentage (if any) by
14 which—

15 “(A) the national average wage index for
16 the preceding calendar year, exceeds

17 “(B) such index for calendar year 1998.

18 “(4) **NATIONAL AVERAGE WAGE INDEX FOR**
19 **ANY CALENDAR YEAR.**—For purposes of paragraph
20 (3), the national average wage index for any cal-

1 endar year is the average of such index as of the
 2 close of the 12-month period ending on August 31
 3 of such calendar year.

4 “(5) NATIONAL AVERAGE WAGE INDEX.—For
 5 purposes of this subsection, the term ‘national aver-
 6 age wage index’ has the meaning given such term by
 7 section 209(k)(1) of the Social Security Act, as in
 8 effect on the date of the enactment of this para-
 9 graph.”

10 (b) CONFORMING AMENDMENTS TO TAX TABLES TO
 11 RESTART INFLATION ADJUSTMENT.—Section 1 of the In-
 12 ternal Revenue Code of 1986 (relating to tax imposed) is
 13 amended by striking subsections (a) through (e) and in-
 14 serting the following:

15 “(a) MARRIED INDIVIDUALS FILING JOINT RETURNS
 16 AND SURVIVING SPOUSES.—There is hereby imposed on
 17 the taxable income of—

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

21 “(2) every surviving spouse (as defined in sec-
 22 tion 2(a)),

23 a tax determined in accordance with the following table:

“If taxable income is:	The tax is:
Not over \$43,050	15% of taxable income.
Over \$43,050 but not over \$104,050.	\$6,457.50, plus 28% of the excess over \$43,050.

“If taxable income is:

Over \$104,050 but not over
\$158,550.
Over \$158,550 but not over
\$283,150.
Over \$283,150

The tax is:

\$23,537.50, plus 31% of the excess
over \$104,050.
\$40,432.50, plus 36% of the excess
over \$158,550.
\$85,288.50 plus 39.6% of the excess
over \$283,150.

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

“If taxable income is:

Not over \$34,550
Over \$34,550 but not over
\$89,150.
Over \$89,150 but not over
\$144,400.
Over \$144,400 but not over
\$283,150.
Over \$283,150

The tax is:

15% of taxable income.
\$5,182.50, plus 28% of the excess
over \$34,550.
\$20,470.50, plus 31% of the excess
over \$89,150.
\$37,598, plus 36% of the excess over
\$144,400.
\$87,548 plus 39.6% of the excess
over \$283,150.

5 “(c) UNMARRIED INDIVIDUALS (OTHER THAN SUR-
6 VIVING SPOUSES AND HEADS OF HOUSEHOLDS).—There
7 is hereby imposed on the taxable income of every individ-
8 ual (other than a married individual (as defined in section
9 7703) filing a joint return or a separate return, a surviv-
10 ing spouse as defined in section 2(a), or a head of house-
11 hold as defined in section 2(b)) a tax determined in ac-
12 cordance with the following table:

“If taxable income is:

Not over \$25,750
Over \$25,750 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.
\$3,862.50, plus 28% of the excess
over \$25,450.
\$14,138.50, plus 31% of the excess
over \$62,450.
\$35,156.50, plus 36% of the excess
over \$130,250.
\$90,200.50 plus 39.6% of the excess
over \$283,150.

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

“If taxable income is:	The tax is:
Not over \$21,175	15% of taxable income.
Over \$21,175 but not over \$52,025.	\$3,228.75, plus 28% of the excess over \$21,175.
Over \$52,025 but not over \$79,275.	\$11,768.75, plus 31% of the excess over \$52,025.
Over \$79,275 but not over \$141,575.	\$20,216.20, plus 36% of the excess over \$79,275.
Over \$141,575	\$42,644.25 plus 39.6% of the excess over \$141,575.

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

9 “(1) every estate, and

10 “(2) every trust,

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

“If taxable income is:	The tax is:
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.”

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

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

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

5 (3) by striking paragraph (7).

6 (d) CONFORMING AMENDMENTS.—

7 (1) The following provisions of the Internal
 8 Revenue Code of 1986 are each amended by striking
 9 “1992” and inserting “1998” each place it appears:

10 (A) Section 25A(h).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5 (U) Section 6039F(d).

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

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

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

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

12 (3) Clause (ii) of section 132(f)(6)(A) of such
13 Code, as amended by section 9010(b)(1) of the
14 Transportation Equity Act for the 21st Century, is
15 amended by striking “, by substituting ‘calendar
16 year 1998’ for ‘calendar year 1992’.” and by insert-
17 ing a period.

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

23 “(ii) the cost-of-living adjustment de-
24 termined under section 1(f)(3) for the cal-
25 endar year in which the taxable year be-

1 gins. In the case of any taxable year begin-
 2 ning in a calendar year after 2002, section
 3 1(f)(3) shall be applied by substituting
 4 ‘calendar year 2001’ for ‘calendar year
 5 1998’ for purposes of adjusting the dollar
 6 amount contained in paragraph (2)(A).”.

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

11 (e) ADDITIONAL CONFORMING AMENDMENTS.—

12 (1) Section 42(h)(6)(G)(ii) of the Internal Rev-
 13 enue Code of 1986 is amended—

14 (A) by striking “the CPI” the first and
 15 third places it appears and inserting “the na-
 16 tional average wage index”,

17 (B) by striking “the CPI” the second place
 18 it appears and inserting “such index”, and

19 (C) by striking “section 1(f)(4)” and in-
 20 serting “section 1(f)(5)”.

21 (2) Section 162(p)(2) of such Code is amended
 22 by striking “(as defined in section 1(f)(5))”.

23 (3) Section 213(d)(10)(B)(ii)(I) of such Code is
 24 amended by striking “(as defined in section
 25 1(f)(5))”.

1 (4) The last sentence of section 936(j)(4)(C) of
 2 such Code is amended by inserting “, as in effect for
 3 taxable years beginning before January 1, 1999” be-
 4 fore the period.

5 (f) EFFECTIVE DATE.—

6 (1) IN GENERAL.—Except as provided in para-
 7 graph (2), the amendments made by this section
 8 shall apply to taxable years beginning after Decem-
 9 ber 31, 1998.

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

13 **SEC. 3. INFLATION ADJUSTMENT FOR INDIVIDUAL ALTER-**
 14 **NATIVE MINIMUM TAX EXEMPTION**
 15 **AMOUNTS.**

16 (a) IN GENERAL.—Section 55(d) of the Internal Rev-
 17 enue Code of 1986 (relating to exemption amount) is
 18 amended by adding at the end the following:

19 “(4) INFLATION ADJUSTMENT.—

20 “(A) IN GENERAL.—In the case of any
 21 taxable year beginning after 1999, each of the
 22 dollar amounts contained in paragraph (1) and
 23 paragraph (3) (other than subparagraph (A)(ii)
 24 thereof) shall be increased by an amount equal
 25 to—

1 “(i) such dollar amount, multiplied by

2 “(ii) the cost-of-living adjustment de-
3 termined under section 1(f)(3) for such
4 calendar year.

5 “(B) ROUNDING.—If any increase deter-
6 mined under subparagraph (A) is not a multiple
7 of \$50, such increase shall be rounded to the
8 nearest multiple of \$50.”

9 (b) CONFORMING AMENDMENT.—Section
10 55(d)(3)(A) of the Internal Revenue Code of 1986 is
11 amended to read as follows:

12 “(A) \$150,000 in the case of a taxpayer
13 described in—

14 “(i) paragraph (1)(A), or

15 “(ii) paragraph (2),”.

16 (c) EFFECTIVE DATES.—

17 (1) IN GENERAL.—The amendment made by
18 subsection (a) shall apply to taxable years beginning
19 after December 31, 1999.

20 (2) CONFORMING AMENDMENT.—The amend-
21 ment made by subsection (b) shall apply to taxable
22 years beginning after December 31, 1998.

○