

107TH CONGRESS  
1ST SESSION

# H. R. 2935

To amend the Internal Revenue Code of 1986 to increase the highest rate of income tax imposed on individual taxpayers to 39.6 percent, and to deposit the amounts received as a result of such increase into the social security trust funds.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 21, 2001

Mr. FRANK (for himself, Mr. MATSUI, Mr. LARSON of Connecticut, Mr. TIERNEY, Mr. McDERMOTT, Ms. SOLIS, Mr. RODRIGUEZ, Ms. JACKSON-LEE of Texas, Mr. OBEY, Ms. SCHAKOWSKY, Mr. HINCHEY, Mr. McGOVERN, Mr. ABERCROMBIE, Ms. DELAUBO, Mr. DELAHUNT, Mr. BONIOR and Mr. LAFALCE) 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 increase the highest rate of income tax imposed on individual taxpayers to 39.6 percent, and to deposit the amounts received as a result of such increase into the social security trust funds.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

1 **SECTION 1. INCREASE IN HIGHEST INDIVIDUAL INCOME**  
2 **TAX RATE; TRANSFERS OF INCREASED REV-**  
3 **ENUE TO SOCIAL SECURITY TRUST FUNDS.**

4 (a) **INCREASE IN RATE.**—The table contained in  
5 paragraph (2) of section 1(i) of the Internal Revenue Code  
6 of 1986 is amended in the column under the 39.6  
7 percentage—

8 (1) by striking “38.6%” and inserting  
9 “39.6%”,

10 (2) by striking “37.6%” and inserting  
11 “39.6%”, and

12 (3) by striking “35.0%” and inserting  
13 “39.6%”.

14 (b) **EFFECTIVE DATE.**—The amendment made by  
15 subsection (a) shall apply to taxable years beginning after  
16 December 31, 2001.

17 (c) **SECTION 15 NOT TO APPLY.**—The amendment  
18 made by subsection (a) shall not be treated as a change  
19 in the rate of a tax imposed by chapter 1 of the Internal  
20 Revenue Code of 1986 for purposes of section 15 of such  
21 Code.

22 (d) **TRANSFERS TO SOCIAL SECURITY TRUST**  
23 **FUNDS.**—

24 (1) **IN GENERAL.**—There are hereby appro-  
25 priated to the social security trust funds amounts  
26 equivalent to the aggregate increase in revenues re-

1           sulting from the amendment made by subsection (a).  
2           Such amounts shall be allocated among such trust  
3           funds in the same proportion as the taxes imposed  
4           by chapters 2 and 21 of the Internal Revenue Code  
5           of 1986 are allocated.

6           (2) TRANSFERS.—The amounts appropriated  
7           by paragraph (1) shall be transferred from time to  
8           time (but not less frequently than quarterly) from  
9           the general fund of the Treasury on the basis of es-  
10           timates made by the Secretary of the Treasury of  
11           the amounts referred to in such paragraph. Proper  
12           adjustments shall be made in the amounts subse-  
13           quently transferred to the extent prior estimates  
14           were in excess of or less than the amounts required  
15           to be transferred.

16           (3) SOCIAL SECURITY TRUST FUNDS.—For pur-  
17           poses of this subsection, the term “social security  
18           trust funds” means—

19               (A) the Federal Old-Age and Survivors In-  
20               surance Trust Fund,  
21               (B) the Federal Disability Insurance Trust  
22               Fund, and  
23               (C) the Federal Hospital Insurance Trust  
24               Fund.

