

107TH CONGRESS
1ST SESSION

H. R. 3039

To amend the Internal Revenue Code of 1986 to reduce the maximum capital gains rate from 20 percent to 15 percent.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 4, 2001

Mr. RYAN of Wisconsin introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to reduce the maximum capital gains rate from 20 percent to 15 percent.

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. REDUCTION IN CAPITAL GAINS RATE.**

4 (a) REDUCTION IN MAXIMUM RATE.—The following
5 sections of the Internal Revenue Code of 1986 are each
6 amended by striking “20 percent” and inserting “15 per-
7 cent”:

8 (1) Section 1(h)(1)(C).

9 (2) Section 55(b)(3)(C).

10 (3) Section 1445(e)(1).

1 (4) The second sentence of section
2 7518(g)(6)(A).

3 (5) The second sentence of section 607(h)(6)(A)
4 of the Merchant Marine Act, 1936.

5 (b) CONFORMING AMENDMENTS.—

6 (1) Paragraph (2) of section 1(h) of such Code
7 is amended by striking subparagraph (B).

8 (2) Paragraph (3) of section 55(b) of such Code
9 is amended by striking “subparagraphs (B) and
10 (C)” and inserting “subparagraph (B)”.

11 (3) Paragraph (7) of section 57(a) of such Code
12 is amended—

13 (A) by striking “42 percent” and inserting
14 “6 percent”, and

15 (B) by striking the last sentence.

16 (c) TRANSITION RULES FOR TAXABLE YEARS WHICH
17 INCLUDE DATE OF ENACTMENT.—For purposes of apply-
18 ing section 1(h) of the Internal Revenue Code of 1986 in
19 the case of a taxable year which includes the date of the
20 enactment of this Act—

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

24 (A) 15 percent of the lesser of—

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

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

11 (B) 20 percent of the excess (if any) of—

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

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

17 (2) For purposes of applying section 55(b)(3)
18 of such Code, rules similar to the rules of paragraph
19 (1) of this subsection shall apply.

20 (3) In applying this subsection with respect to
21 any pass-thru entity, the determination of when
22 gains and loss are properly taken into account shall
23 be made at the entity level.

24 (4) Terms used in this subsection which are
25 also used in section 1(h) of such Code shall have the

1 respective meanings that such terms have in such
2 section.

3 (d) EFFECTIVE DATES.—

4 (1) IN GENERAL.—Except as provided in para-
5 graph (2), the amendments made by this section
6 shall apply to taxable years ending on or after the
7 date of the enactment of this Act.

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

11 (3) SMALL BUSINESS STOCK.—The amend-
12 ments made by subsection (b)(3) shall apply to dis-
13 positions on or after the date of the enactment of
14 this Act.

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