

107TH CONGRESS
1ST SESSION

S. 566

To amend the Internal Revenue Code of 1986 to provide a 10 percent individual income tax rate for taxable years beginning in 2001 and a payroll tax credit for those taxpayers who have no income tax liability in 2001.

IN THE SENATE OF THE UNITED STATES

MARCH 19, 2001

Mr. HOLLINGS 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 provide a 10 percent individual income tax rate for taxable years beginning in 2001 and a payroll tax credit for those taxpayers who have no income tax liability in 2001.

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; ETC.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Economic Stimulus Act of 2001”.

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 **SEC. 2. REDUCTION IN INCOME TAX RATES FOR INDIVID-
5 UALS.**

6 (a) IN GENERAL.—Section 1 is amended by adding
7 at the end the following new subsection:

8 “(i) RATE REDUCTIONS IN 2001.—

9 “(1) NEW LOWEST RATE BRACKET.—

10 “(A) IN GENERAL.—In the case of taxable
11 years beginning in 2001—

12 “(i) the rate of tax under subsections
13 (a), (b), (c), and (d) on taxable income not
14 over the initial bracket amount shall be 10
15 percent, and

16 “(ii) the 15 percent rate of tax shall
17 apply only to taxable income over the ini-
18 tial bracket amount.

19 “(B) INITIAL BRACKET AMOUNT.—For
20 purposes of this subsection, the initial bracket
21 amount is—

22 “(i) \$20,000 in the case of subsection
23 (a),

24 “(ii) \$16,000 in the case of subsection
25 (b), and

1 “(iii) ½ the amount applicable under
2 clause (i) in the case of subsections (c) and
3 (d).

4 “(2) ADJUSTMENT OF TABLES.—The Secretary
5 shall adjust the tables prescribed under subsection
6 (f) to carry out this subsection.”.

7 (b) CONFORMING AMENDMENTS.—

8 (1) Subparagraph (B) of section 1(g)(7) is
9 amended—

10 (A) by striking “15 percent” in clause
11 (ii)(II) and inserting “the first bracket percent-
12 age”, and

13 (B) by adding at the end the following
14 flush sentence:

15 “For purposes of clause (ii), the first bracket
16 percentage is the percentage applicable to the
17 lowest income bracket in the table under sub-
18 section (c).”.

19 (2) Section 1(h) is amended by striking para-
20 graph (13).

21 (3) Section 15 is amended by adding at the end
22 the following new subsection:

23 “(f) RATE REDUCTIONS ENACTED BY ECONOMIC
24 STIMULUS ACT OF 2001.—This section shall not apply to

1 any change in rates under subsection (i) of section 1 (re-
2 lating to rate reductions in 2001).".

3 (4) Section 3402(p)(2) is amended by striking
4 "equal to 15 percent of such payment" and inserting
5 "equal to the product of the lowest rate of tax under
6 section 1(c) and such payment".

7 (c) EFFECTIVE DATES.—

8 (1) IN GENERAL.—Except as provided in para-
9 graph (2), the amendments made by this section
10 shall apply to taxable years beginning after Decem-
11 ber 31, 2000.

12 (2) AMENDMENT TO WITHHOLDING PROVI-
13 SION.—The amendment made by subsection (b)(4)
14 shall apply to amounts paid after the 60th day after
15 the date of the enactment of this Act.

16 **SEC. 3. CREDIT AGAINST INDIVIDUAL EMPLOYMENT TAXES.**

17 (a) IN GENERAL.—Subchapter B of chapter 65 (re-
18 lating to rules of special application in the case of abate-
19 ments, credits, and refunds) is amended by adding at the
20 end the following new section:

21 **"SEC. 6428. CREDIT AGAINST INDIVIDUAL EMPLOYMENT
22 TAXES.**

23 "(a) GENERAL RULE.—Except as otherwise provided
24 in this section, each individual shall be treated as having
25 made a payment against the tax imposed by chapter 1 for

1 any taxable year beginning in 2001, in an amount equal

2 to the lesser of—

3 “(1) the amount of the taxpayer’s liability for
4 tax for the taxpayer’s last taxable year beginning in
5 calendar year 2000, or

6 “(2) \$500.

7 “(b) LIABILITY FOR TAX.—For purposes of this sec-
8 tion, the liability for tax for the taxable year shall be the
9 taxpayer’s social security taxes (within the meaning of sec-
10 tion 24(d)(3)) for the taxable year.

11 “(c) DATE PAYMENT DEEMED MADE.—

12 “(1) IN GENERAL.—The payment provided by
13 this section shall be deemed made on July 1, 2001.

14 “(2) REMITTANCE OF PAYMENT.—The Sec-
15 retary shall remit to each taxpayer the payment de-
16 scribed in paragraph (1) on July 1, 2001.

17 “(d) CERTAIN PERSONS NOT ELIGIBLE.—This sec-
18 tion shall not apply to—

19 “(1) any individual with taxable income (as de-
20 fined in section 63) for the taxable year beginning
21 in 2001,

22 “(2) any estate or trust, nor

23 “(3) any nonresident alien individual.”.

24 (b) CONFORMING AMENDMENT.—Section 1324(b)(2)
25 of title 31, United States Code, is amended by inserting

1 before the period “, or enacted by the Economic Stimulus
2 Act of 2001”.

3 (c) CLERICAL AMENDMENT.—The table of sections
4 for subchapter B of chapter 65 is amended by adding at
5 the end the following new item:

“Sec. 6428. Credit against individual employment taxes.”.

6 (d) EFFECTIVE DATE.—The amendments made by
7 this section shall take effect on the date of the enactment
8 of this Act.

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