

107TH CONGRESS  
1ST SESSION

# S. 629

To amend the Internal Revenue Code of 1986 to provide a refund of individual taxes in 2001 and to establish a 10 percent rate bracket beginning in 2001, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

MARCH 27, 2001

Mr. DASCHLE (for himself, Mr. CONRAD, Mr. LIEBERMAN, Mr. DORGAN, Mr. DURBIN, Mr. ROCKEFELLER, Mr. REID, and Mr. JOHNSON) 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 provide a refund of individual taxes in 2001 and to establish a 10 percent rate bracket beginning in 2001, 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. SHORT TITLE.**

4       This Act may be cited as the “Economic Stimulus  
5       Tax Cut Act of 2001”.

1 **SEC. 2. REFUND OF INDIVIDUAL INCOME AND EMPLOY-  
2 MENT TAXES.**

3 (a) IN GENERAL.—Subchapter B of chapter 65 of the  
4 Internal Revenue Code of 1986 (relating to rules of special  
5 application in the case of abatements, credits, and re-  
6 funds) is amended by adding at the end the following new  
7 section:

8 **“SEC. 6428. REFUND OF INDIVIDUAL INCOME AND EMPLOY-  
9 MENT TAXES.**

10 “(a) GENERAL RULE.—Except as otherwise provided  
11 in this section, each individual shall be treated as having  
12 made a payment against the tax imposed by chapter 1 for  
13 any taxable year beginning in 2001, in an amount equal  
14 to the lesser of—

15 “(1) the amount of the taxpayer’s liability for  
16 tax for the taxpayer’s last taxable year beginning in  
17 calendar year 2000, or

18 “(2) the taxpayer’s applicable amount.

19 “(b) LIABILITY FOR TAX.—For purposes of this sec-  
20 tion, the liability for tax for the taxable year shall be the  
21 sum of—

22 “(1) the excess (if any) of—

23 “(A) the sum of—

24 “(i) the taxpayer’s regular tax liability  
25 (within the meaning of section 26(b)) for  
26 the taxable year, and

1                             “(ii) the tax imposed by section 55(a)  
 2                             with respect to such taxpayer for the tax-  
 3                             able year, over

4                             “(B) the sum of the credits allowable  
 5                             under part IV of subchapter A of chapter 1  
 6                             (other than sections 31, 33, and 34) for the  
 7                             taxable year, and

8                             “(2) the taxes imposed by sections 1401, 3101,  
 9                             3111, 3201(a), 3211(a)(1), and 3221(a) on amounts  
 10                            received by the taxpayer for the taxable year.

11                             “(c) APPLICABLE AMOUNT.—For purposes of this  
 12                            section—

13                             “(1) IN GENERAL.—The applicable amount for  
 14                            any taxpayer shall be determined under the following  
 15                            table:

<b>In the case of a taxpayer described in:</b>	<b>The applicable amount is:</b>
Section 1(a) .....	\$600
Section 1(b) .....	\$450
Section 1(c) .....	\$300
Section 1(d) .....	\$300
Paragraph (2) .....	\$300.

16                             “(2) TAXPAYERS WITH ONLY PAYROLL TAX LIABILITY.—A taxpayer is described in this paragraph  
 17                            if such taxpayer's liability for tax for the taxable  
 18                            year does not include any liability described in sub-  
 19                            section (b)(1).

21                             “(d) DATE PAYMENT DEEMED MADE.—

1           “(1) IN GENERAL.—The payment provided by  
2           this section shall be deemed made on the date of the  
3           enactment of this section.

4           “(2) REMITTANCE OF PAYMENT.—The Sec-  
5           retary shall remit to each taxpayer the payment de-  
6           scribed in paragraph (1) within 90 days after such  
7           date of enactment.

8           “(3) CLAIM FOR NONPAYMENT.—Any taxpayer  
9           who erroneously does not receive a payment de-  
10           scribed in paragraph (1) may make claim for such  
11           payment in a manner and at such time as the Sec-  
12           retary prescribes.

13           “(e) CERTAIN PERSONS NOT ELIGIBLE.—This sec-  
14           tion shall not apply to—

15           “(1) any individual with respect to whom a de-  
16           duction under section 151 is allowable to another  
17           taxpayer for a taxable year beginning in the cal-  
18           endar year in which such individual’s taxable year  
19           begins,

20           “(2) any estate or trust, or

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

22           (b) CONFORMING AMENDMENT.—Section 1324(b)(2)  
23           of title 31, United States Code, is amended by inserting  
24           before the period “, or enacted by the Economic Stimulus  
25           Tax Cut Act of 2001”.

1       (c) CLERICAL AMENDMENT.—The table of sections  
2 for subchapter B of chapter 65 of the Internal Revenue  
3 Code of 1986 is amended by adding at the end the fol-  
4 lowing new item:

“Sec. 6428. Refund of individual income and employment taxes.”.

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

8 **SEC. 3. REDUCTION IN INCOME TAX RATES FOR INDIVID-  
9                   UALS.**

10       (a) IN GENERAL.—Section 1 of the Internal Revenue  
11 Code of 1986 is amended by adding at the end the fol-  
12 lowing new subsection:

13       “(i) RATE REDUCTIONS AFTER 2000.—

14       “(1) NEW LOWEST RATE BRACKET.—

15           “(A) IN GENERAL.—In the case of taxable  
16 years beginning after December 31, 2000—

17           “(i) the rate of tax under subsections  
18 (a), (b), (c), and (d) on taxable income not  
19 over the initial bracket amount shall be 10  
20 percent (12.5 percent in taxable years be-  
21 ginning in 2001), and

22           “(ii) the 15 percent rate of tax shall  
23 apply only to taxable income over the ini-  
24 tial bracket amount.

1                         “(B) INITIAL BRACKET AMOUNT.—For  
2                         purposes of this subsection, the initial bracket  
3                         amount is—

4                             “(i) \$12,000 in the case of subsection  
5                         (a),

6                             “(ii) \$10,000 in the case of subsection  
7                         (b), and

8                             “(iii)  $\frac{1}{2}$  the amount applicable under  
9                         clause (i) in the case of subsections (c) and  
10                         (d).

11                         “(C) INFLATION ADJUSTMENT.—In pre-  
12                         scribing the tables under subsection (f) which  
13                         apply with respect to taxable years beginning in  
14                         calendar years after 2001—

15                             “(i) the Secretary shall make no ad-  
16                         justment to the initial bracket amount for  
17                         any taxable year beginning before January  
18                         1, 2003,

19                             “(ii) the cost-of-living adjustment  
20                         used in making adjustments to the initial  
21                         bracket amount for any taxable year begin-  
22                         ning after December 31, 2002, shall be de-  
23                         termined under subsection (f)(3) by sub-  
24                         stituting ‘2001’ for ‘1992’ in subparagraph  
25                         (B) thereof, and

1                             “(iii) such adjustment shall not apply  
2                             to the amount referred to in subparagraph  
3                             (B)(iii).

4                             If any amount after adjustment under the pre-  
5                             ceding sentence is not a multiple of \$50, such  
6                             amount shall be rounded to the next lowest  
7                             multiple of \$50.

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

11                             (b) DETERMINATION OF WITHHOLDING TABLES.—  
12                             Section 3402(a) of the Internal Revenue Code of 1986 (re-  
13                             lating to requirement of withholding) is amended by add-  
14                             ing at the following new paragraph:

15                             “(3) CHANGES MADE BY SECTION 3 OF THE  
16                             ECONOMIC STIMULUS TAX CUT ACT OF 2001.—Not-  
17                             withstanding the provisions of this subsection, the  
18                             Secretary shall modify the tables and procedures  
19                             under paragraph (1) to reflect the amendments  
20                             made by section 3 of the Economic Stimulus Tax  
21                             Cut Act of 2001, and such modification shall take  
22                             effect on July 1, 2001, as if the lowest rate of tax  
23                             under section 1 (as amended by such section 3) was  
24                             a 10-percent rate effective on such date.”.

25                             (c) CONFORMING AMENDMENTS.—

3 (A) by striking “15 percent” in clause  
4 (ii)(II) and inserting “the first bracket percent-  
5 age”, and

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

8           “For purposes of clause (ii), the first bracket  
9           percentage is the percentage applicable to the  
10          lowest income bracket in the table under sub-  
11          section (c).”.

16       “(f) RATE REDUCTIONS ENACTED BY ECONOMIC  
17 STIMULUS TAX CUT ACT OF 2001.—This section shall not  
18 apply to any change in rates under subsection (i) of sec-  
19 tion 1 (relating to rate reductions in 2001).”.

25 (d) EFFECTIVE DATES.—

