

108TH CONGRESS
1ST SESSION

H. R. 686

To amend the Internal Revenue Code of 1986 to accelerate the scheduled increases in eligibility for individual retirement plans and to eliminate the marriage penalty in determining such eligibility.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 11, 2003

Mr. GALLEGLY 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 accelerate the scheduled increases in eligibility for individual retirement plans and to eliminate the marriage penalty in determining such eligibility.

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 “Marriage IRA Fairness
5 Act of 2003”.

1 **SEC. 2. ACCELERATION OF SCHEDULED INCREASES IN ELI-**
 2 **GIBILITY FOR INDIVIDUAL RETIREMENT**
 3 **PLANS; ELIMINATION OF MARRIAGE PEN-**
 4 **ALTY IN ELIGIBILITY.**

5 (a) DEDUCTIBLE INDIVIDUAL RETIREMENT
 6 PLANS.—

7 (1) INCREASE IN PHASEOUT THRESHOLDS.—

8 (A) IN GENERAL.—Subclause (II) of sec-
 9 tion 219(g)(2)(A)(i) of the Internal Revenue
 10 Code of 1986 is amended to read as follows:

11 “(II) \$50,000 (twice such
 12 amount in the case of a joint return),
 13 bears to”.

14 (B) CONFORMING AMENDMENT.—Sub-
 15 section (g) of section 219 of such Code is
 16 amended by striking paragraphs (3) and (4)
 17 and by inserting after paragraph (2) the fol-
 18 lowing new paragraphs:

19 “(3) ADJUSTED GROSS INCOME.—For purposes
 20 of this subsection, adjusted gross income of any tax-
 21 payer shall be determined—

22 “(A) after application of sections 86 and
 23 469, and

24 “(B) without regard to sections 135, 137,
 25 221, 222, and 911 or the deduction allowable
 26 under this section.

1 “(4) COST-OF-LIVING ADJUSTMENT.—In the
 2 case of any taxable year beginning in a calendar
 3 year after 2003, the \$50,000 amount under para-
 4 graph (2)(A)(i)(II) shall be increased by an amount
 5 equal to—

6 “(A) such dollar amount, multiplied by

7 “(B) the cost-of-living adjustment deter-
 8 mined under section 1(f)(3) for the calendar
 9 year in which the taxable year begins, deter-
 10 mined by substituting ‘calendar year 2002’ for
 11 ‘calendar year 1992’ in subparagraph (B)
 12 thereof.

13 If any amount after adjustment under the preceding
 14 sentence is not a multiple of \$500, such amount
 15 shall be rounded to the nearest multiple of \$500.”.

16 (2) INCREASE ON PHASEOUT RANGE.—Clause
 17 (ii) of section 219(g)(2)(A) of such Code is amended
 18 by striking “for a taxable year beginning after De-
 19 cember 31, 2006”.

20 (b) ROTH IRA’S.—

21 (1) IN GENERAL.—Clause (ii) of section
 22 408A(c)(3)(C) of such Code is amended—

23 (A) by striking “\$150,000,” in subclause
 24 (I) and inserting “twice the amount under sub-
 25 clause (II), and”,

(B) by striking “(other than a married individual filing a separate return), \$95,000, and” in subclause (II) and inserting “, \$95,000.”, and

(C) by striking subclause (III).

(2) COST-OF-LIVING ADJUSTMENT.—Paragraph (3) of section 408A(c) of such Code is amended by adding at the end the following new subparagraph:

“(E) COST-OF-LIVING ADJUSTMENT.—In the case of any taxable year beginning in a calendar year after 2003, the \$95,000 amount under subparagraph (C)(ii)(II) shall be increased by an amount equal to—

“(i) such dollar amount, multiplied by

“(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘calendar year 2002’ for ‘calendar year 1992’ in subparagraph (B) thereof.

If any amount after adjustment under the preceding sentence is not a multiple of \$500, such amount shall be rounded to the nearest multiple of \$500.”.

1 (c) ELIMINATION OF MARRIAGE PENALTY ON IRA
2 DEDUCTION FOR ACTIVE PENSION PLAN PARTICI-
3 PANTS.—Section 219(g) of such Code is amended—

4 (1) by striking “or the individual’s spouse” in
5 paragraph (1), and

6 (2) by striking paragraph (7).

7 (d) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to taxable years beginning after
9 December 31, 2002.

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