

108TH CONGRESS  
1ST SESSION

# S. 126

To amend the Internal Revenue Code of 1986 to suspend future reductions of the highest income tax rate if there exists a Federal on-budget deficit.

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IN THE SENATE OF THE UNITED STATES

JANUARY 9, 2003

Mrs. FEINSTEIN (for herself and Mr. CHAFEE) 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 suspend future reductions of the highest income tax rate if there exists a Federal on-budget deficit.

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. SUSPENSION OF CERTAIN INCOME TAX RATE**  
4                       **REDUCTIONS IN CASE OF FEDERAL ON-BUDG-**  
5                       **ET DEFICIT.**

6       Section 1(i) of the Internal Revenue Code of 1986  
7       (relating to rate reductions after 2000) is amended by re-  
8       designating paragraph (3) as paragraph (4) and by insert-  
9       ing after paragraph (2) the following new paragraph:

1           “(3) SUSPENSION OF HIGHEST RATE REDUC-  
2           TIONS IN CASE OF FEDERAL ON-BUDGET DEFICIT.—  
3           Notwithstanding the table contained in paragraph  
4           (2)—

5                   “(A) INITIAL DETERMINATION.—If the  
6           Secretary determines on October 1, 2003, that  
7           there exists a Federal on-budget deficit for the  
8           fiscal year beginning on such date, the reduc-  
9           tion in the highest rate under such table to  
10          37.6 percent shall be suspended until the begin-  
11          ning of the first calendar year following the  
12          first succeeding October 1 on which it is deter-  
13          mined that such a deficit does not exist.

14                   “(B) SUBSEQUENT DETERMINATION.—On  
15          October 1 of the year following the first cal-  
16          endar year described in subparagraph (A), if  
17          the Secretary determines that a Federal on-  
18          budget deficit exists for the fiscal year begin-  
19          ning on such date, the reduction in the highest  
20          rate under such table to 35.0 percent shall be  
21          suspended until the beginning of the first cal-  
22          endar year following the first succeeding Octo-  
23          ber 1 on which it is determined that such a def-  
24          icit does not exist.

1           “(C) DATA FOR DETERMINATION.—Any  
2           determination by the Secretary under this para-  
3           graph with respect to any fiscal year shall be  
4           based on the most recent budgetary data for  
5           such fiscal year submitted to Congress under  
6           section 1106 of title 31, United States Code.”.

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