

109TH CONGRESS
2D SESSION

S. 2826

To amend the Internal Revenue Code of 1986 to extend and expand relief from the alternative minimum tax and to repeal the extension of the lower rates for capital gains and dividends for 2009 and 2010.

IN THE SENATE OF THE UNITED STATES

MAY 17, 2006

Mr. KERRY 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 extend and expand relief from the alternative minimum tax and to repeal the extension of the lower rates for capital gains and dividends for 2009 and 2010.

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. EXTENSION AND INCREASE IN MINIMUM TAX**

4 **RELIEF TO INDIVIDUALS.**

5 (a) IN GENERAL.—Section 55(d)(1) of the Internal
6 Revenue Code of 1986, as amended by the Tax Increase
7 Prevention and Reconciliation Act of 2005, is amended—

1 (1) by striking “\$62,550 in the case of taxable
2 years beginning in 2006” in subparagraph (A) and
3 inserting “\$66,100 in the case of taxable years be-
4 ginning in 2007”, and

5 (2) by striking “\$42,500 in the case of taxable
6 years beginning in 2006” in subparagraph (B) and
7 inserting “\$45,900 in the case of taxable years be-
8 ginning in 2007”.

9 (b) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to taxable years beginning after
11 December 31, 2006.

12 **SEC. 2. ALLOWANCE OF NONREFUNDABLE PERSONAL**
13 **CREDITS AGAINST REGULAR AND ALTER-**
14 **NATIVE MINIMUM TAX LIABILITY.**

15 (a) IN GENERAL.—Paragraph (2) of section 26(a) of
16 the Internal Revenue Code of 1986, as amended by the
17 Tax Increase Prevention and Reconciliation Act of 2005,
18 is amended—

19 (1) by striking “2006” in the heading thereof
20 and inserting “2007”, and

21 (2) by striking “or 2006” and inserting “2006,
22 or 2007”.

23 (b) CONFORMING PROVISIONS.—

1 (1) Section 30B(g) of the Internal Revenue
2 Code of 1986 is amended by adding at the end the
3 following new paragraph:

4 “(3) SPECIAL RULE FOR 2007.—For purposes of
5 any taxable year beginning during 2007, the credit
6 allowed under subsection (a) (after the application of
7 paragraph (1)) shall not exceed the excess of—

8 “(A) the sum of the regular tax liability
9 (as defined in section 26(b)) plus the tax im-
10 posed by section 55, over

11 “(B) the sum of the credits allowable
12 under subpart A and this subpart (other than
13 this section and section 30C).”.

14 (2) Section 30C(d) of the Internal Revenue
15 Code of 1986 is amended by adding at the end the
16 following new paragraph:

17 “(3) SPECIAL RULE FOR 2007.—For purposes of
18 any taxable year beginning during 2007, the credit
19 allowed under subsection (a) (after the application of
20 paragraph (1)) shall not exceed the excess of—

21 “(A) the sum of the regular tax liability
22 (as defined in section 26(b)) plus the tax im-
23 posed by section 55, over

1 “(B) the sum of the credits allowable
2 under subpart A and this subpart (other than
3 this section).”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to taxable years beginning after
6 December 31, 2006.

7 **SEC. 3. REPEAL OF EXTENSION OF LOWER RATES FOR CAP-**
8 **ITAL GAINS AND DIVIDENDS.**

9 The amendment made by section 102 of the Tax In-
10 crease Prevention and Reconciliation Act of 2005 is re-
11 pealed and the Internal Revenue Code of 1986 shall be
12 applied as if such amendment had never been enacted.

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