

111TH CONGRESS  
2D SESSION

# H. R. 4646

To establish a fee on transactions which would eliminate the national debt  
and replace the income tax on individuals.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 23, 2010

Mr. FATTAH introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on the Budget, Rules, and Appropriations, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To establish a fee on transactions which would eliminate  
the national debt and replace the income tax on individuals.

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 “Debt Free America  
5        Act”.

6        **SEC. 2. FINDINGS; PURPOSES.**

7        (a) FINDINGS.—The Congress finds the following:

8                (1) The current tax structure creates economic  
9        distortions that limit growth and job creation.

1           (2) The estimated cost of compliance to tax-  
2 payers is five billion hours and approximately \$200  
3 billion.

4           (3) Restructuring the tax code will promote eco-  
5 nomic prosperity.

6           (4) Replacing existing Federal taxes with a fee  
7 on transactions eliminates systemic inefficiency that  
8 plagues the current tax code.

9           (5) The United States, from its beginning in  
10 1790 to the present, has been free of a national debt  
11 for only two years, 1834 and 1835.

12           (6) The national debt has grown from \$75.5  
13 million in 1790 to \$5.8 trillion in 2008.

14           (7) Expressed as a percentage of gross domestic  
15 product (GDP), the national debt reached a high of  
16 108.6 percent of GDP in 1946.

17           (8) After 1946, the national debt as a percent-  
18 age of GDP declined, reaching a low of 32.5 percent  
19 in 1981.

20           (9) The large budget deficits of the 1980s and  
21 1990s reversed this trend and pushed the percentage  
22 to another high of 49.5 percent in 1993.

23           (10) The Federal budget surpluses from fiscal  
24 year 1998 to fiscal year 2001 were used to retire a  
25 portion of the publicly held national debt.

1           (11) Between fiscal year 1997 and fiscal year  
2           2001, the publicly held portion of the national debt  
3           declined by more than \$400 billion.

4           (12) Since fiscal year 2002, a return to budget  
5           deficits has caused the debt to grow again.

6           (b) PURPOSES.—The purpose of section 3 of this Act  
7           is to establish a fee on most transactions. Such fee—

8           (1) is different than a sales tax in that a sales  
9           tax is charged only on sales to the final consumer  
10          and the transaction fee would apply to intermediate  
11          users as well as end users,

12          (2) is different than a value added tax (VAT),  
13          commonly used in European and other countries, in  
14          that a VAT is imposed only on a portion of a trans-  
15          action's value (roughly the difference between an  
16          item's selling price and its cost) and the transaction  
17          fee would apply to the entire amount of the trans-  
18          action, and

19          (3) is intended to raise sufficient revenue to  
20          eliminate the national debt, which was \$10.6 trillion  
21          in January 2009, during a period of 7 years and to  
22          phase out the income tax on individuals.

1 **SEC. 3. IMPLEMENTATION OF A TRANSACTION FEE.**

2 (a) IN GENERAL.—Subtitle D of the Internal Rev-  
 3 enue Code of 1986 is amended by inserting after chapter  
 4 36 the following new chapter:

5 **“CHAPTER 37—TRANSACTION FEE**

“Sec. 4501. Imposition of transaction fee.

6 **“SEC. 4501. IMPOSITION OF TRANSACTION FEE.**

7 “(a) IN GENERAL.—There is hereby imposed on  
 8 every specified transaction a fee in an amount equal to  
 9 1 percent of the amount of such transaction.

10 “(b) SPECIFIED TRANSACTION.—For purposes of  
 11 this chapter—

12 “(1) IN GENERAL.—The term ‘specified trans-  
 13 action’ means any transaction that uses a payment  
 14 instrument, including any check, cash, credit card,  
 15 transfer of stock, bonds, or other financial instru-  
 16 ment.

17 “(2) TRANSACTION.—The term ‘transaction’ in-  
 18 cludes retail and wholesale sales, purchases of inter-  
 19 mediate goods, and financial and intangible trans-  
 20 actions.

21 “(c) LIABILITY FOR FEE.—Persons become liable for  
 22 the fee at the moment the person exercises control over  
 23 a piece of property or service, regardless of the payment  
 24 method.

1       “(d) COLLECTION.—The fees will be collected by the  
2 seller or financial institution servicing the transaction and  
3 shall be paid over to the Secretary. In the case of a person  
4 who fails to collect and pay over the fee as required under  
5 this subsection, such person shall become liable for the fee  
6 not so collected and paid over.

7       “(e) POTENTIAL EXCLUSIONS.—Subsection (a) shall  
8 not apply to transactions involving stock (and any options  
9 or derivatives with respect to stock) until—

10               “(1) such time as the United States enters into  
11 an international agreement that regulates domestic  
12 and international stock exchanges, or

13               “(2) the Secretary issues recommendations re-  
14 garding the application of the fee as it applies to  
15 stock.

16       “(f) REGULATIONS.—The Secretary shall issue such  
17 regulations or other guidance as may be necessary or ap-  
18 propriate to carry out the purposes of this section, includ-  
19 ing regulations or other guidance which require reporting  
20 of such information as the Secretary determines appro-  
21 priate to prevent under reporting of the amounts on which  
22 a fee is imposed by this section.”.

23       (b) CLERICAL AMENDMENT.—The table of chapters  
24 for the Internal Revenue Code of 1986 is amended by in-

1serting after the item relating to section 36 the following  
2new item:

“CHAPTER 37. TRANSACTION FEE.”.

3(c) EFFECTIVE DATE.—The amendments made by  
4this section shall apply to transactions in calendar years  
5beginning after the date of the enactment of this Act.

6**SEC. 4. INCOME TAX CREDIT DURING PERIOD THAT TRANS-**  
7**ACTION FEE AND INDIVIDUAL INCOME TAX**  
8**ARE IN EFFECT.**

9(a) IN GENERAL.—Subpart A of part IV of sub-  
10chapter A of chapter 1 of the Internal Revenue Code of  
111986 is amended by inserting after section 25D the fol-  
12lowing new section:

13**“SEC. 25E. CREDIT DURING PERIOD OF TRANSACTION FEE**  
14**AND INDIVIDUAL INCOME TAX.**

15“(a) IN GENERAL.—In the case of an individual,  
16there shall be allowed as a credit against the tax imposed  
17by this chapter for the taxable year an amount equal to  
181 percent of the taxpayer’s adjusted gross income.

19“(b) PHASEOUT BASED ON ADJUSTED GROSS IN-  
20COME.—The credit allowed under subsection (a) for any  
21taxable year shall be reduced (but not below zero) by an  
22amount which bears the same ratio to the amount of such  
23credit (determined without regard to this subsection) as—

24“(1) the excess (if any) of the taxpayer’s ad-  
25justed gross income for such taxable year over



1 under subsection (b)(3)(B) and introduced under  
2 subsection (e)(1).

3 “(3) FISCAL IMBALANCE.—The term ‘fiscal im-  
4 balance’ means the gap between the projected reve-  
5 nues and expenditures of the Federal Government.

6 “(b) ESTABLISHMENT OF TASK FORCE.—

7 “(1) ESTABLISHMENT.—There is established in  
8 the legislative branch a task force to be known as  
9 the ‘Bipartisan Task Force for Responsible Fiscal  
10 Action’.

11 “(2) PURPOSES.—

12 “(A) REVIEW.—The Task Force shall re-  
13 view the fiscal imbalance of the Federal Govern-  
14 ment, including—

15 “(i) analyses of projected Federal ex-  
16 penditures;

17 “(ii) analyses of projected Federal  
18 revenues; and

19 “(iii) analyses of the current and  
20 long-term actuarial financial condition of  
21 the Federal Government.

22 “(B) IDENTIFY FACTORS.—The Task  
23 Force shall identify factors that affect the long-  
24 term fiscal imbalance of the Federal Govern-  
25 ment.

1           “(C) ANALYZE POTENTIAL COURSES OF  
2 ACTION.—The Task Force shall analyze poten-  
3 tial courses of action to address factors that af-  
4 fect the long-term fiscal imbalance of the Fed-  
5 eral Government.

6           “(D) PROVIDE RECOMMENDATIONS AND  
7 LEGISLATIVE LANGUAGE.—The Task Force  
8 shall provide recommendations and legislative  
9 language that will significantly improve the  
10 long-term fiscal imbalance of the Federal Gov-  
11 ernment, including recommendations address-  
12 ing—

13                   “(i) Federal expenditures;

14                   “(ii) Federal revenues; and

15                   “(iii) the current and long-term actu-  
16 arial financial condition of the Federal  
17 Government.

18           “(3) DUTIES.—

19           “(A) IN GENERAL.—The Task Force shall  
20 address the Nation’s long-term fiscal imbal-  
21 ances, consistent with the purposes described in  
22 paragraph (2), and shall submit the report and  
23 recommendations required under subparagraph  
24 (B).

1                   “(B) REPORT, RECOMMENDATIONS, AND  
2 LEGISLATIVE LANGUAGE.—

3                   “(i) IN GENERAL.—Not earlier than  
4 November 3, 2010, and not later than No-  
5 vember 9, 2010, the Task Force shall vote  
6 on a report that contains—

7                   “(I) a detailed statement of the  
8 findings, conclusions, and rec-  
9 ommendations of the Task Force;

10                   “(II) the assumptions, scenarios,  
11 and alternatives considered in reach-  
12 ing such findings, conclusions, and  
13 recommendations; and

14                   “(III) proposed legislative lan-  
15 guage to carry out such recommenda-  
16 tions as described in paragraph  
17 (2)(D).

18                   “(ii) APPROVAL OF REPORT.—The re-  
19 port of the Task Force submitted under  
20 clause (i) shall require the approval of not  
21 fewer than 14 of the 18 members of the  
22 Task Force.

23                   “(iii) ADDITIONAL VIEWS.—A member  
24 of the Task Force who gives notice of an  
25 intention to file supplemental, minority, or

1 additional views at the time of final Task  
2 Force approval of the report under clause  
3 (ii), shall be entitled to not less than 3 cal-  
4 endar days in which to file such views in  
5 writing with the staff director of the Task  
6 Force. Such views shall then be included in  
7 the Task Force report and printed in the  
8 same volume, or part thereof, and their in-  
9 clusion shall be noted on the cover of the  
10 report. In the absence of timely notice, the  
11 Task Force report may be printed and  
12 transmitted immediately without such  
13 views.

14 “(iv) TRANSMISSION OF REPORT.—No  
15 later than November 15, 2010, the Task  
16 Force shall submit the Task Force bill and  
17 final report to the President, the Vice  
18 President, the Speaker of the House, and  
19 the majority and minority leaders of both  
20 Houses.

21 “(v) REPORT TO BE MADE PUBLIC.—  
22 Upon the approval or disapproval of the  
23 Task Force report pursuant to clause (ii),  
24 the Task Force shall promptly make the

1 full report, and a record of the vote, avail-  
2 able to the public.

3 “(4) MEMBERSHIP.—

4 “(A) IN GENERAL.—The Task Force shall  
5 be composed of 18 members designated pursu-  
6 ant to subparagraph (B).

7 “(B) DESIGNATION.—Members of the  
8 Task Force shall be designated as follows:

9 “(i) The President shall designate 2  
10 members, one of whom shall be the Sec-  
11 retary of the Treasury, and the other of  
12 whom shall be an officer of the executive  
13 branch.

14 “(ii) The majority leader of the Sen-  
15 ate shall designate 4 members from among  
16 Members of the Senate.

17 “(iii) The minority leader of the Sen-  
18 ate shall designate 4 members from among  
19 Members of the Senate.

20 “(iv) The Speaker of the House of  
21 Representatives shall designate 4 members  
22 from among Members of the House of  
23 Representatives.

24 “(v) The minority leader of the House  
25 of Representatives shall designate 4 mem-

1           bers from among Members of the House of  
2           Representatives.

3           “(C) CO-CHAIRS.—

4                   “(i) IN GENERAL.—There shall be 2  
5           Co-Chairs of the Task Force. The Presi-  
6           dent, majority leader of the Senate, and  
7           Speaker of the House shall designate one  
8           Co-Chair among the members of the Task  
9           Force. The minority leader of the Senate  
10          and minority leader of the House shall des-  
11          ignate the second Co-Chair among the  
12          members of the Task Force. The Co-  
13          Chairs shall be appointed not later than 14  
14          days after the date of enactment of this  
15          section.

16                   “(ii) STAFF DIRECTOR.—The Co-  
17          Chairs, acting jointly, shall hire the staff  
18          director of the Task Force.

19           “(D) DATE.—Members of the Task Force  
20          shall be designated by not later than 14 days  
21          after the date of enactment of this section.

22           “(E) PERIOD OF DESIGNATION.—Members  
23          shall be designated for the life of the Task  
24          Force. Any vacancy in the Task Force shall not  
25          affect its powers, but shall be filled not later

1 than 14 days after the date on which the va-  
2 cancy occurs in the same manner as the origi-  
3 nal designation.

4 “(F) COMPENSATION.—Members of the  
5 Task Force shall serve without any additional  
6 compensation for their work on the Task Force.  
7 However, members may be allowed travel ex-  
8 penses, including per diem in lieu of subsist-  
9 ence, in accordance with sections 5702 and  
10 5703 of title 5, United States Code, while away  
11 from their homes or regular places of business  
12 in performance of services for the Task Force.

13 “(5) ADMINISTRATION.—

14 “(A) AUTHORITY TO ESTABLISH RULES  
15 AND REGULATIONS.—The Co-Chairs, in con-  
16 sultation with the other members of the Task  
17 Force, may establish rules and regulations for  
18 the conduct of Task Force business, if such  
19 rules and regulations are not inconsistent with  
20 this section or other applicable law.

21 “(B) QUORUM.—Fourteen members of the  
22 Task Force shall constitute a quorum for pur-  
23 poses of voting, meeting, and holding hearings.

24 “(C) VOTING.—

1           “(i) PROXY VOTING.—No proxy voting  
2 shall be allowed on behalf of the members  
3 of the Task Force.

4           “(ii) REPORT, RECOMMENDATIONS  
5 AND LEGISLATIVE LANGUAGE.—

6           “(I) DATES.—The Task Force  
7 may not vote on any version of the re-  
8 port, recommendations, or legislative  
9 language before the timing provided  
10 for in paragraph (3)(B)(i).

11           “(II) CONGRESSIONAL BUDGET  
12 OFFICE AND JOINT COMMITTEE ON  
13 TAXATION ESTIMATES.—The Congres-  
14 sional Budget Office and Joint Com-  
15 mittee on Taxation shall provide esti-  
16 mates of the Task Force report and  
17 recommendations (as described in  
18 subsection (b)(2)(D)) in accordance  
19 with section 308(a) and 201(f) of the  
20 Congressional Budget Act of 1974.  
21 The Task Force may not vote on any  
22 version of the report, recommenda-  
23 tions, or legislative language unless a  
24 final estimate is available for consider-

1                   ation by all the members at least 72  
2                   hours prior to the vote.

3                   “(D) HEARINGS.—The Task Force may,  
4                   for the purpose of carrying out this section,  
5                   hold such hearings, sit and act at such times  
6                   and places, take such testimony, receive such  
7                   evidence, and administer such oaths the Task  
8                   Force considers advisable.

9                   “(e) EXPEDITED CONSIDERATION OF TASK FORCE  
10                  RECOMMENDATIONS.—

11                  “(1) INTRODUCTION.—

12                  “(A) RECONVENING.—

13                         “(i) IN THE HOUSE OF REPRESENTA-  
14                         TIVES.—Upon receipt of a report under  
15                         subsection (b)(3)(B), the Speaker, if the  
16                         House would otherwise be adjourned, shall  
17                         notify the Members of the House that,  
18                         pursuant to this section, the House shall  
19                         convene not later than November 23,  
20                         2010.

21                         “(ii) IN THE SENATE.—

22                                 “(I) CONVENING.—Upon receipt  
23                                 of a report under subsection  
24                                 (b)(3)(B), if the Senate has adjourned  
25                                 or recessed for more than 2 days, the

1 majority leader of the Senate, after  
2 consultation with the minority leader  
3 of the Senate, shall notify the Mem-  
4 bers of the Senate that, pursuant to  
5 this section, the Senate shall convene  
6 not later than November 23, 2010.

7 “(II) ADJOURNING.—No concur-  
8 rent resolution adjourning the Senate  
9 for more than 3 days shall be in order  
10 until the Senate votes on passage of  
11 the Task Force bill under paragraph  
12 (2)(B)(iv).

13 “(B) INTRODUCTION OF TASK FORCE  
14 BILL.—The proposed legislative language con-  
15 tained in the report submitted pursuant to sub-  
16 section (b)(3)(B), upon receipt by the Congress,  
17 shall be introduced not later than November 23,  
18 2010, in the Senate and in the House of Rep-  
19 resentatives by the majority leader of each  
20 House of Congress, for himself, the minority  
21 leader of each House of Congress, for himself,  
22 or any member of the House designated by the  
23 majority leader or minority leader. If the Task  
24 Force bill is not introduced in accordance with  
25 the preceding sentence in either House of Con-

1           gress, then any Member of that House may in-  
2           troduce the Task Force bill on any day there-  
3           after. Upon introduction, the Task Force bill  
4           shall be referred to the appropriate committees  
5           under subparagraph (C).

6           “(C) COMMITTEE CONSIDERATION.—A  
7           Task Force bill introduced in either House of  
8           Congress shall be jointly referred to the com-  
9           mittee or committees of jurisdiction and the  
10          Committee on the Budget of that House, which  
11          committees shall report the bill without any re-  
12          vision and with a favorable recommendation, an  
13          unfavorable recommendation, or without rec-  
14          ommendation, not later than 7 calendar days  
15          after the date of introduction of the bill in that  
16          House, or the first day thereafter on which that  
17          House is in session. If any committee fails to  
18          report the bill within that period, that com-  
19          mittee shall be automatically discharged from  
20          consideration of the bill, and the bill shall be  
21          placed on the appropriate calendar.

22          “(2) EXPEDITED PROCEDURES.—

23                 “(A) FAST TRACK CONSIDERATION IN  
24                 HOUSE OF REPRESENTATIVES.—

1           “(i) PROCEEDING TO CONSIDER-  
2           ATION.—It shall be in order, not later than  
3           2 days of session after the date on which  
4           a Task Force bill is reported or discharged  
5           from all committees to which it was re-  
6           ferred, for the majority leader of the  
7           House of Representatives or the majority  
8           leader’s designee, to move to proceed to  
9           the consideration of the Task Force bill. It  
10          shall also be in order for any Member of  
11          the House of Representatives to move to  
12          proceed to the consideration of the Task  
13          Force bill at any time after the conclusion  
14          of such 2-day period. All points of order  
15          against the motion are waived. Such a mo-  
16          tion shall not be in order after the House  
17          has disposed of a motion to proceed on the  
18          Task Force bill. The previous question  
19          shall be considered as ordered on the mo-  
20          tion to its adoption without intervening  
21          motion. The motion shall not be debatable.  
22          A motion to reconsider the vote by which  
23          the motion is disposed of shall not be in  
24          order.

1           “(ii) CONSIDERATION.—The Task  
2 Force bill shall be considered as read. All  
3 points of order against the Task Force bill  
4 and against its consideration are waived.  
5 The previous question shall be considered  
6 as ordered on the Task Force bill to its  
7 passage without intervening motion except  
8 100 hours of debate equally divided and  
9 controlled by the proponent and an oppo-  
10 nent, and any motion to limit debate. A  
11 motion to reconsider the vote on passage of  
12 the Task Force bill shall not be in order.

13           “(iii) APPEALS.—Appeals from deci-  
14 sions of the chair relating to the applica-  
15 tion of the Rules of the House of Rep-  
16 resentatives to the procedure relating to a  
17 Task Force bill shall be decided without  
18 debate.

19           “(iv) APPLICATION OF HOUSE  
20 RULES.—Except to the extent specifically  
21 provided in paragraph (2)(A), consider-  
22 ation of a Task Force bill shall be gov-  
23 erned by the Rules of the House of Rep-  
24 resentatives. It shall not be in order in the  
25 House of Representatives to consider any

1 Task Force bill introduced pursuant to the  
2 provisions of this subsection under a sus-  
3 pension of the rules pursuant to Clause 1  
4 of House Rule XV, or under a special rule  
5 reported by the House Committee on  
6 Rules.

7 “(v) NO AMENDMENTS.—No amend-  
8 ment to the Task Force bill shall be in  
9 order in the House of Representatives.

10 “(vi) VOTE ON PASSAGE.—Imme-  
11 diately following the conclusion of consider-  
12 ation of the Task Force bill, the vote on  
13 passage of the Task Force bill shall occur  
14 without any intervening action or motion,  
15 requiring an affirmative vote of three-fifths  
16 of the Members, duly chosen and sworn. If  
17 the Task Force bill is passed, the Clerk of  
18 the House of Representatives shall cause  
19 the bill to be transmitted to the Senate be-  
20 fore the close of the next day of session of  
21 the House. The vote on passage shall occur  
22 not later than December 23, 2010.

23 “(vii) VOTE.—The House Committee  
24 on Rules may not report a rule or order  
25 that would have the effect of causing the

1 Task Force bill to be approved by a vote  
2 of less than three-fifths of the Members,  
3 duly chosen and sworn.

4 “(B) FAST TRACK CONSIDERATION IN SEN-  
5 ATE.—

6 “(i) IN GENERAL.—Notwithstanding  
7 Rule XXII of the Standing Rules of the  
8 Senate, it is in order, not later than 2 days  
9 of session after the date on which a Task  
10 Force bill is reported or discharged from  
11 all committees to which it was referred, for  
12 the majority leader of the Senate or the  
13 majority leader’s designee to move to pro-  
14 ceed to the consideration of the Task  
15 Force bill. It shall also be in order for any  
16 Member of the Senate to move to proceed  
17 to the consideration of the Task Force bill  
18 at any time after the conclusion of such 2-  
19 day period. A motion to proceed is in order  
20 even though a previous motion to the same  
21 effect has been disagreed to. All points of  
22 order against the motion to proceed to the  
23 Task Force bill are waived. The motion to  
24 proceed is not debatable. The motion is not  
25 subject to a motion to postpone. A motion

1 to reconsider the vote by which the motion  
2 is agreed to or disagreed to shall not be in  
3 order. If a motion to proceed to the consid-  
4 eration of the Task Force bill is agreed to,  
5 the Task Force bill shall remain the unfin-  
6 ished business until disposed of.

7 “(ii) DEBATE.—All points of order  
8 against the Task Force bill and against  
9 consideration of the Task Force bill are  
10 waived. Consideration of the Task Force  
11 bill and of all debatable motions and ap-  
12 peals in connection therewith shall not ex-  
13 ceed a total of 100 hours. Debate shall be  
14 divided equally between the majority and  
15 minority leaders or their designees. A mo-  
16 tion further to limit debate on the Task  
17 Force bill is in order, shall require an af-  
18 firmative vote of three-fifths of the Mem-  
19 bers duly chosen and sworn, and is not de-  
20 batable. Any debatable motion or appeal is  
21 debatable for not to exceed 1 hour, to be  
22 divided equally between those favoring and  
23 those opposing the motion or appeal. All  
24 time used for consideration of the Task  
25 Force bill, including time used for quorum

1 calls and voting, shall be counted against  
2 the total 100 hours of consideration.

3 “(iii) NO AMENDMENTS.—An amend-  
4 ment to the Task Force bill, or a motion  
5 to postpone, or a motion to proceed to the  
6 consideration of other business, or a mo-  
7 tion to recommit the Task Force bill, is  
8 not in order.

9 “(iv) VOTE ON PASSAGE.—The vote  
10 on passage shall occur immediately fol-  
11 lowing the conclusion of the debate on a  
12 Task Force bill, and a single quorum call  
13 at the conclusion of the debate if re-  
14 quested. Passage shall require an affirma-  
15 tive vote of three-fifths of the Members,  
16 duly chosen and sworn. The vote on pas-  
17 sage shall occur not later than December  
18 23, 2010.

19 “(v) ADJOURNMENT.—If, by Decem-  
20 ber 23, 2010, either House has failed to  
21 adopt a motion to proceed to the Task  
22 Force bill, paragraph (1)(A)(ii)(II) shall  
23 not apply.

24 “(vi) RULINGS OF THE CHAIR ON  
25 PROCEDURE.—Appeals from the decisions

1 of the Chair relating to the application of  
2 the rules of the Senate, as the case may  
3 be, to the procedure relating to a Task  
4 Force bill shall be decided without debate.

5 “(C) RULES TO COORDINATE ACTION WITH  
6 OTHER HOUSE.—

7 “(i) REFERRAL.—If, before the pas-  
8 sage by 1 House of a Task Force bill of  
9 that House, that House receives from the  
10 other House a Task Force bill, then the  
11 Task Force bill of the other House shall  
12 not be referred to a committee and shall  
13 immediately be placed on the calendar.

14 “(ii) PROCEDURE.—If the Senate re-  
15 ceives the Task Force bill passed by the  
16 House of Representatives before the Sen-  
17 ate has voted on passage of the Task  
18 Force bill—

19 “(I) the procedure in the Senate  
20 shall be the same as if no Task Force  
21 bill had been received from House of  
22 Representatives; and

23 “(II) the vote on passage in the  
24 Senate shall be on the Task Force bill  
25 of the House of Representatives.

1           “(iii) TREATMENT OF TASK FORCE  
2 BILL OF OTHER HOUSE.—If 1 House fails  
3 to introduce or consider a Task Force bill  
4 under this section, the Task Force bill of  
5 the other House shall be entitled to expedited floor procedures under this section.  
6

7           “(iv) TREATMENT OF COMPANION  
8 MEASURES IN THE SENATE.—If following  
9 passage of the Task Force bill in the Senate,  
10 the Senate then receives the Task  
11 Force bill from the House of Representatives,  
12 the House-passed Task Force bill  
13 shall not be debatable. The vote on passage  
14 of the Task Force bill in the Senate shall  
15 be considered to be the vote on passage of  
16 the Task Force bill received from the  
17 House of Representatives.

18           “(v) VETOES.—If the President vetoes  
19 the Task Force bill, debate on a veto message  
20 in the Senate under this section shall  
21 be 1 hour equally divided between the majority  
22 and minority leaders or their designees.  
23

1           “(3) SUSPENSION.—No motion to suspend the  
2           application of this subsection shall be in order in the  
3           Senate or in the House of Representatives.”.

4           (b) FUNDING.—From the amounts appropriated or  
5           made available and remaining unobligated under division  
6           A (other than under title X of division A) of the American  
7           Recovery and Reinvestment Act of 2009 (Public Law 111–  
8           5), there is rescinded pro rata an aggregate amount equal  
9           to \$9,000,000, which amount shall be made available with-  
10          out need for further appropriation to the Bipartisan Task  
11          Force for Responsible Fiscal Action to carry out the pur-  
12          poses of the Bipartisan Task Force for Responsible Fiscal  
13          Action, and which shall remain available through fiscal  
14          year 2011. Not later than 14 days after the date of enact-  
15          ment of this section, the Director of the Office of Manage-  
16          ment and Budget shall administer the rescission and make  
17          available such amount to the Bipartisan Task Force for  
18          Responsible Fiscal Action.

19       **SEC. 6. REPEAL OF INCOME TAX ON INDIVIDUALS.**

20           (a) IN GENERAL.—Chapter 1 of the Internal Rev-  
21          enue Code of 1986 is amended by striking the following  
22          provisions:

- 23                   (1) Part I of subchapter A.  
24                   (2) Subpart A of part IV of subchapter A.  
25                   (3) Sections 31, 32, 35, 36, and 36A.

1 (b) REPEAL OF ALTERNATIVE MINIMUM TAX FOR  
2 INDIVIDUALS.—Section 55 of the Internal Revenue Code  
3 of 1986 is amended by adding at the end the following  
4 new subsection:

5 “(f) EXEMPTION FOR NONCORPORATE TAX-  
6 PAYERS.—The tentative minimum tax for any taxpayer  
7 other than a corporation shall be zero.”.

8 (c) EFFECTIVE DATE.—The amendments made by  
9 this section shall apply to taxable years beginning after  
10 December 31, 2017.

11 **SEC. 7. PRIORITIZATION FOR REPAYMENT OF NATIONAL**  
12 **DEBT.**

13 To take into account the national security concerns  
14 of the United States, the Secretary of the Treasury, in  
15 consultation with the Secretary of State, shall prioritize  
16 the repayment of the national debt and shall take into ac-  
17 count circumstances in which the Secretary of the Treas-  
18 ury determines the early repayment of outstanding debt  
19 is detrimental to the fiscal stability of the United States.

20 **SEC. 8. STUDY AND REPORT.**

21 (a) STUDY.—The Secretary of the Treasury, in con-  
22 sultation with the Chairman of the Federal Reserve,  
23 shall—

1           (1) analyze methods to prevent and relieve any  
2           distortions among economic sectors created by the  
3           implementation of this Act,

4           (2) make recommendations regarding the appli-  
5           cation of the transaction fee established under this  
6           Act to barter transactions which do not involve a  
7           payment instrument,

8           (3) assess the transaction fee established under  
9           this Act as a tool of Federal fiscal policy, including  
10          an impact analysis on the elimination or retention of  
11          existing tax expenditures, incentives, penalties, and  
12          credits, including—

13                   (A) the earned income credit,

14                   (B) the alternative minimum tax,

15                   (C) the child tax credit, and

16                   (D) the deduction for mortgage interest,

17          (4) analyze the extent to which the transaction  
18          fee could offset the cost to the Federal Government  
19          of increasing discretionary and mandatory spending,  
20          particularly expenditures related to education, de-  
21          fense, Social Security, Medicare, and Medicaid,

22          (5) make recommendations with respect to the  
23          Internal Revenue Service, which—

1           (A) assume the transition and  
2           grandfathering of all existing personnel of the  
3           Internal Revenue Service,

4           (B) identify the elements of the current In-  
5           ternal Revenue Service needed to administer the  
6           transaction fee, and

7           (C) examine the feasibility of modifying  
8           the overall mission and jurisdiction of the Inter-  
9           nal Revenue Service from one focused on tax  
10          law application to one focused on uncovering  
11          waste, fraud, and abuse throughout the Federal  
12          Government, and

13          (6) make determinations and recommendations  
14          for methods of phasing out the income tax on indi-  
15          viduals before its repeal under section 4 in a manner  
16          which is consistent with the purposes described in  
17          section 2(b)(3).

18          (b) REPORT.—The Secretary of the Treasury shall,  
19          not later than 1 year after the date of the enactment of  
20          this Act, submit to Congress a written report containing  
21          the results, determinations, and recommendations of the  
22          Secretary under subsection (a).

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