

112TH CONGRESS
2D SESSION

H. R. 4265

To amend the Internal Revenue Code of 1986 to impose a 5 percent tax on so much of adjusted gross income of any individual as exceeds \$1,000,000, and to provide incentive for Congress to pass a balanced budget amendment, or spending limit amendment, to the Constitution.

IN THE HOUSE OF REPRESENTATIVES

MARCH 27, 2012

Mr. CRAWFORD 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 impose a 5 percent tax on so much of adjusted gross income of any individual as exceeds \$1,000,000, and to provide incentive for Congress to pass a balanced budget amendment, or spending limit amendment, to the Constitution.

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 “Shared Responsibility
5 in Preserving America’s Future Act”.

1 **SEC. 2. SURTAX ON MILLIONAIRES CONTINGENT ON CON-**
 2 **GRESSIONAL PASSAGE OF A BALANCED**
 3 **BUDGET AMENDMENT OR SPENDING LIMIT**
 4 **AMENDMENT.**

5 (a) IN GENERAL.—Subchapter A of chapter 1 of the
 6 Internal Revenue Code of 1986 is amended by adding at
 7 the end the following new part:

8 **“PART VIII—SURTAX ON MILLIONAIRES**

“Sec. 59B. Surtax on millionaires.

9 **“SEC. 59B. SURTAX ON MILLIONAIRES.**

10 “(a) GENERAL RULE.—In the case of a taxpayer
 11 other than a corporation for any taxable year beginning
 12 after 2012 and before 2023, there is hereby imposed (in
 13 addition to any other tax imposed by this subtitle) a tax
 14 equal to 5 percent of so much of the modified adjusted
 15 gross income of the taxpayer for such taxable year as ex-
 16 ceeds the threshold amount.

17 “(b) THRESHOLD AMOUNT.—For purposes of this
 18 section—

19 “(1) IN GENERAL.—The threshold amount is
 20 \$1,000,000.

21 “(2) INFLATION ADJUSTMENT.—

22 “(A) IN GENERAL.—In the case of any
 23 taxable year beginning after 2013, the
 24 \$1,000,000 amount under paragraph (1) shall
 25 be increased by an amount equal to—

1 “(i) such dollar amount, multiplied by

2 “(ii) the cost-of-living adjustment de-
3 termined under section 1(f)(3) for the cal-
4 endar year in which the taxable year be-
5 gins, determined by substituting ‘calendar
6 year 2012’ for ‘calendar year 1992’ in sub-
7 paragraph (B) thereof.

8 “(B) ROUNDING.—If any amount as ad-
9 justed under paragraph (1) is not a multiple of
10 \$10,000, such amount shall be rounded to the
11 next highest multiple of \$10,000.

12 “(3) MARRIED FILING SEPARATELY.—In the
13 case of a married individual filing separately for any
14 taxable year, the threshold amount shall be one-half
15 of the amount otherwise in effect under this sub-
16 section for the taxable year.

17 “(c) MODIFIED ADJUSTED GROSS INCOME.—For
18 purposes of this section—

19 “(1) IN GENERAL.—The term ‘modified ad-
20 justed gross income’ means adjusted gross income
21 reduced by the excess of—

22 “(A) gross income from a trade or busi-
23 ness—

1 “(i) which is not a passive activity
 2 (within the meaning of section 469(c))
 3 with respect to the taxpayer, and

4 “(ii) with respect to which the tax-
 5 payer pays wages to at least 1 full-time
 6 equivalent employee (as defined in section
 7 45R(d)(2) determined without regard to
 8 subsection (e)(1)(A)(iv) thereof), other
 9 than the taxpayer, over

10 “(B) the deductions which are properly al-
 11 locable to such income.

12 “(2) REGULATIONS.—The Secretary shall pre-
 13 scribe regulations similar to the regulations under
 14 section 469(l) for determining the income that is
 15 taken into account under paragraph (1)(A).

16 “(d) SPECIAL RULES.—

17 “(1) NONRESIDENT ALIEN.—In the case of a
 18 nonresident alien individual, only amounts taken
 19 into account in connection with the tax imposed
 20 under section 871(b) shall be taken into account
 21 under this section.

22 “(2) CITIZENS AND RESIDENTS LIVING
 23 ABROAD.—The dollar amount in effect under sub-
 24 section (a) shall be decreased by the excess of—

1 “(A) the amounts excluded from the tax-
2 payer’s gross income under section 911, over

3 “(B) the amounts of any deductions or ex-
4 clusions disallowed under section 911(d)(6)
5 with respect to the amounts described in sub-
6 paragraph (A).

7 “(3) CHARITABLE TRUSTS.—Subsection (a)
8 shall not apply to a trust all the unexpired interests
9 in which are devoted to one or more of the purposes
10 described in section 170(c)(2)(B).

11 “(4) NOT TREATED AS TAX IMPOSED BY THIS
12 CHAPTER FOR CERTAIN PURPOSES.—The tax im-
13 posed under this section shall not be treated as tax
14 imposed by this chapter for purposes of determining
15 the amount of any credit under this chapter or for
16 purposes of section 55.

17 “(e) APPLICATION OF SECTION CONTINGENT ON
18 BALANCED BUDGET OR SPENDING LIMIT AMEND-
19 MENT.—

20 “(1) SUBMISSION OF AMENDMENT FOR RATIFI-
21 CATION.—This section shall not apply to any taxable
22 year which begins before the date on which the
23 President certifies that the Archivist of the United
24 States has submitted to the States for their ratifica-
25 tion a proposed amendment to the Constitution of

1 the United States pursuant to a joint resolution en-
 2 titled ‘Joint resolution proposing a balanced budget
 3 amendment to the Constitution of the United
 4 States.’ or ‘Joint resolution proposing a spending
 5 limit amendment to the Constitution of the United
 6 States.’. If the certification referred to in the pre-
 7 ceding sentence is not made by the President before
 8 September 30, 2012, this section shall not apply to
 9 any taxable year.

10 “(2) RATIFICATION.—This section shall not
 11 apply to any taxable year beginning after December
 12 31, 2017, unless, on or before such date, such an
 13 amendment, by ratification, becomes valid to all in-
 14 tents and purposes as part of the Constitution of the
 15 United States.”.

16 (b) CLERICAL AMENDMENT.—The table of parts for
 17 subchapter A of chapter 1 of the Internal Revenue Code
 18 of 1986 is amended by adding at the end the following
 19 new item:

“PART VIII. SURTAX ON MILLIONAIRES”.

20 (c) SECTION 15 NOT TO APPLY.—The amendment
 21 made by subsection (a) shall not be treated as a change
 22 in a rate of tax for purposes of section 15 of the Internal
 23 Revenue Code of 1986.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2012.

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