

103D CONGRESS
1ST SESSION

S. 1068

To reduce the Federal budget deficit and encourage energy conservation through an increase in the motor fuels excise tax, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 28 (legislative day, APRIL 19), 1993

Mr. ROBB introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To reduce the Federal budget deficit and encourage energy conservation through an increase in the motor fuels excise tax, and for other purposes.

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. ADDITIONAL TAX ON MOTOR FUELS.**

4 (a) 50-CENT INCREASE OVER THE NEXT 5 CAL-
5 ENDAR YEARS.—

6 (1) GASOLINE.—Subparagraph (B)(iii) of sec-
7 tion 4081(a)(2) of the Internal Revenue Code of
8 1986 (relating to rates of tax) is amended by strik-
9 ing “2.5 cents a gallon” and inserting “2.5 cents a
10 gallon, increased by 10 cents a gallon in each cal-

1 endar year beginning after December 31, 1993, and
2 ending before January 1, 1999”.

3 (2) DIESEL FUEL.—Paragraph (4) of section
4 4091(b) of the Internal Revenue Code of 1986 (re-
5 lating to rates of tax) is amended by striking “2.5
6 cents a gallon” and inserting “2.5 cents a gallon, in-
7 creased by 10 cents a gallon in each calendar year
8 beginning after December 31, 1993, and ending be-
9 fore January 1, 1999”.

10 (b) FLOOR STOCKS TAX.—

11 (1) IMPOSITION OF TAX.—On gasoline or diesel
12 fuel subject to tax under section 4081 or 4091 of
13 the Internal Revenue Code of 1986, which on the
14 first day of any tax increase calendar year is held
15 by a dealer for sale, there is hereby imposed a floor
16 stocks tax equal to the tax increase for such year.

17 (2) APPLICATION OF OTHER LAWS.—All other
18 provisions of law, including penalties, applicable with
19 respect to the taxes imposed by sections 4081 and
20 4091 of such Code shall apply to the floor stocks tax
21 imposed by this subsection.

22 (3) DUE DATE OF TAX.—The taxes imposed by
23 this subsection shall be paid before February 15th
24 of the calendar year to which the tax relates.

1 (4) DEFINITIONS.—For purposes of this sub-
2 section—

3 (A) DEALER.—The term “dealer” includes
4 a wholesaler, jobber, distributor, or retailer.

5 (B) HELD BY A DEALER.—An article shall
6 be considered as “held by a dealer” if title
7 thereto has passed to such dealer (whether or
8 not delivery to the dealer has been made) and
9 if, for purposes of consumption, title to such ar-
10 ticle or possession thereof has not at any time
11 been transferred to any person other than a
12 dealer.

13 (C) TAX INCREASE CALENDAR YEAR.—The
14 term “tax increase calendar year” means any
15 calendar year beginning after December 31,
16 1993, in which the deficit reduction rate or the
17 diesel deficit reduction rate has increased over
18 such rate for the preceding calendar year.

19 (c) CONFORMING AMENDMENTS.—

20 (1) Section 4081(d)(3) of the Internal Revenue
21 Code of 1986 is amended by striking “1995” and in-
22 sserting “1999”.

23 (2) Section 4091(b)(6)(D) of such Code is
24 amended by striking “1995” and inserting “1999”.

1 (3) Section 4041(m)(1)(A) of such Code is
2 amended by striking “1.25 cents per gallon” and in-
3 serting “one-half of the deficit reduction rate in ef-
4 fect under section 4081 at the time of such sale or
5 use”.

6 (d) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to gasoline removed (as defined
8 in section 4082 of the Internal Revenue Code of 1986)
9 and sales of diesel fuel (as defined in section 4092(a)(2)
10 of such Code) made after December 31, 1993.

11 **SEC. 2. EXPANSION AND SIMPLIFICATION OF EARNED IN-**
12 **COME TAX CREDIT.**

13 (a) GENERAL RULE.—Section 32 of the Internal
14 Revenue Code of 1986 (relating to earned income credit)
15 is amended by striking subsections (a) and (b) and insert-
16 ing the following:

17 “(a) ALLOWANCE OF CREDIT.—

18 “(1) IN GENERAL.—In the case of an eligible
19 individual, there shall be allowed as a credit against
20 the tax imposed by this subtitle for the taxable year
21 an amount equal to the credit percentage of so much
22 of the taxpayer’s earned income for the taxable year
23 as does not exceed the earned income amount.

1 “(2) LIMITATION.—The amount of the credit
2 allowable to a taxpayer under paragraph (1) for any
3 taxable year shall not exceed the excess (if any) of—

4 “(A) the credit percentage of the earned
5 income amount, over

6 “(B) the phaseout percentage of so much
7 of the adjusted gross income (or, if greater, the
8 earned income) of the taxpayer for the taxable
9 year as exceeds the phaseout amount.

10 “(b) PERCENTAGES AND AMOUNTS.—For purposes
11 of subsection (a)—

12 “(1) PERCENTAGES.—The credit percentage
13 and the phaseout percentage shall be determined as
14 follows:

15 “(A) IN GENERAL.—In the case of taxable
16 years beginning after 1994:

In the case of an eli- gible individual with:	The credit percentage is:	The phaseout percent- age is:
1 qualifying child	34.37	16.16
2 or more qualifying children.	39.66	19.83
No qualifying chil- dren.	7.65	7.65

17 “(B) TRANSITIONAL PERCENTAGES.—In
18 the case of a taxable year beginning in 1994:

In the case of an eligible individual with:	The credit percentage is:	The phaseout percent- age is:
1 qualifying child .	26.60	16.16

In the case of an eligible individual with:	The credit percentage is:	The phaseout percentage is:
2 or more qualifying children.	31.59	15.79
No qualifying children.	7.65	7.65

1 “(2) AMOUNTS.—The earned income amount
2 and the phaseout amount shall be determined as fol-
3 lows:

4 “(A) IN GENERAL.—In the case of taxable
5 years beginning after 1994:

In the case of an eligible individual with:	The earned income amount is:	The phaseout amount is:
1 qualifying child	\$6,000	\$11,000
2 or more qualifying children.	\$8,500	\$11,000
No qualifying children.	\$4,000	\$5,000

6 “(B) TRANSITIONAL AMOUNTS.—In the
7 case of a taxable year beginning in 1994:

In the case of an eligible individual with:	The earned income amount is:	The phaseout amount is:
1 qualifying child .	\$7,750	\$11,000
2 or more qualifying children.	\$8,500	\$11,000
No qualifying children.	\$4,000	\$5,000”.

8 (b) ELIGIBLE INDIVIDUAL.—Subparagraph (A) of
9 section 32(c)(1) of the Internal Revenue Code of 1986 (de-
10 fining eligible individual) is amended to read as follows:

11 “(A) IN GENERAL.—The term ‘eligible in-
12 dividual’ means—

1 “(i) any individual who has a qualify-
2 ing child for the taxable year, or

3 “(ii) any other individual who does
4 not have a qualifying child for the taxable
5 year, if—

6 “(I) such individual’s principal
7 place of abode is in the United States
8 for more than one-half of such taxable
9 year,

10 “(II) such individual (or, if the
11 individual is married, the individual’s
12 spouse) has attained age 22 before
13 the close of the taxable year, and

14 “(III) such individual (or, if the
15 individual is married, the individual’s
16 spouse) is not a dependent for whom
17 a deduction is allowable under section
18 151 to another taxpayer for any tax-
19 able year beginning in the same cal-
20 endar year as such taxable year.”

21 (c) INFLATION ADJUSTMENTS.—Section 32(i) of the
22 Internal Revenue Code of 1986 (relating to inflation ad-
23 justments) is amended—

24 (1) by striking paragraphs (1) and (2) and in-
25 serting the following new paragraph:

1 “(1) IN GENERAL.—In the case of any taxable
2 year beginning after 1994, each dollar amount con-
3 tained in subsection (b)(2)(A) shall be increased by
4 an amount equal to—

5 “(A) such dollar amount, multiplied by

6 “(B) the cost-of-living adjustment deter-
7 mined under section 1(f)(3), for the calendar
8 year in which the taxable year begins, by sub-
9 stituting ‘calendar year 1993’ for ‘calendar year
10 1992.’”, and

11 (2) by redesignating paragraph (3) as para-
12 graph (2).

13 (d) CONFORMING AMENDMENTS.—

14 (1) Subparagraph (D) of section 32(c)(3) of the
15 Internal Revenue Code of 1986 is amended—

16 (A) by striking “clause (i) or (ii)” in clause
17 (iii) and inserting “clause (i)”,

18 (B) by striking clause (ii), and

19 (C) by redesignating clause (iii) as clause
20 (ii).

21 (2) Paragraph (3) of section 162(l) of such
22 Code is amended to read as follows:

23 “(3) COORDINATION WITH MEDICAL DEDUC-
24 TION.—Any amount paid by a taxpayer for insur-
25 ance to which paragraph (1) applies shall not be

1 taken into account in computing the amount allow-
2 able to the taxpayer as a deduction under section
3 213(a).”

4 (3) Section 213 of such Code is amended by
5 striking subsection (f).

6 (4) Subsection (b) of section 3507 of such Code
7 is amended by redesignating paragraphs (2) and (3)
8 as paragraphs (3) and (4), respectively, and by in-
9 sserting after paragraph (1) the following new para-
10 graph:

11 “(2) certifies that the employee has 1 or more
12 qualifying children (within the meaning of section
13 32(c)(3)) for such taxable year.”.

14 (5) Subparagraph (B) of section 3507(c)(2) of
15 such Code is amended by striking clauses (i) and (ii)
16 and inserting the following:

17 “(i) of not more than the credit per-
18 centage in effect under section 32(b)(1) for
19 an eligible individual with 1 qualifying
20 child and with earned income not in excess
21 of the earned income amount in effect
22 under section 32(b)(2) for such an eligible
23 individual, which

24 “(ii) phases out at the phaseout per-
25 centage in effect under section 32(b)(1) for

1 such an eligible individual between the
2 phaseout amount in effect under section
3 32(b)(2) for such an eligible individual and
4 the amount of earned income at which the
5 credit under section 32(a) phases out for
6 such an eligible individual, or”.

7 (e) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to taxable years beginning after
9 December 31, 1993.

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