

103^D CONGRESS
1ST SESSION

S. 449

To amend the Internal Revenue Code of 1986 to allow individuals to designate that up to 10 percent of their income tax liability be used to reduce the national debt, and to require spending reductions equal to the amounts so designated.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 25 (legislative day, JANUARY 5), 1993

Mr. SMITH (for himself, Mr. KEMPTHORNE, Mr. McCAIN, Mr. LOTT, Mr. BROWN, and Mr. BURNS) 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 allow individuals to designate that up to 10 percent of their income tax liability be used to reduce the national debt, and to require spending reductions equal to the amounts so designated.

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 “Taxpayer Debt Buy-
5 Down Act”.

1 **SEC. 2. DESIGNATION OF AMOUNTS FOR REDUCTION OF**
 2 **PUBLIC DEBT.**

3 (a) IN GENERAL.—Subchapter A of chapter 61 of the
 4 Internal Revenue Code of 1986 (relating to returns and
 5 records) is amended by adding at the end the following
 6 new part:

7 **“PART IX—DESIGNATION FOR REDUCTION OF**
 8 **PUBLIC DEBT.**

“Sec. 6097. Designation.

9 **“SEC. 6097. DESIGNATION.**

10 “(a) IN GENERAL.—Every individual with adjusted
 11 income tax liability for any taxable year may designate
 12 that a portion of such liability (not to exceed 10 percent
 13 thereof) shall be used to reduce the public debt.

14 “(b) MANNER AND TIME OF DESIGNATION.—A des-
 15 ignation under subsection (a) may be made with respect
 16 to any taxable year only at the time of filing the return
 17 of tax imposed by chapter 1 for the taxable year. The des-
 18 ignation shall be made on the first page of the return or
 19 on the page bearing the taxpayer’s signature.

20 “(c) ADJUSTED INCOME TAX LIABILITY.—For pur-
 21 poses of this section, the term ‘adjusted income tax liabil-
 22 ity’ means income tax liability (as defined in section
 23 6096(b)) reduced by any amount designated under section
 24 6096 (relating to designation of income tax payments to
 25 Presidential Election Campaign Fund).”

1 (b) CLERICAL AMENDMENT.—The table of parts for
 2 such subchapter A is amended by adding at the end the
 3 following new item:

“Part IX. Designation for reduction of public debt.”

4 (c) EFFECTIVE DATE.—The amendments made by
 5 this section shall apply to taxable years ending after the
 6 date of the enactment of this Act.

7 **SEC. 3. PUBLIC DEBT REDUCTION TRUST FUND.**

8 (a) IN GENERAL.—Subchapter A of chapter 98 of the
 9 Internal Revenue Code of 1986 (Relating to trust fund
 10 code) is amended by adding at the end the following
 11 section:

12 **“SEC. 9511. PUBLIC DEBT REDUCTION TRUST FUND.**

13 “(a) CREATION OF TRUST FUND.—There is estab-
 14 lished in the Treasury of the United States a trust fund
 15 to be known as the ‘Public Debt Reduction Trust Fund’,
 16 consisting of any amount appropriated or credited to the
 17 Trust Fund as provided in this section or section 9602(b).

18 “(b) TRANSFERS TO TRUST FUND.—There are here-
 19 by appropriated to the Public Debt Reduction Trust Fund
 20 amounts equivalent to the amounts designated under
 21 section 6097 (relating to designation for public debt
 22 reduction).

23 “(c) EXPENDITURES.—Amounts in the Public Debt
 24 Reduction Trust Fund shall be available only for purposes
 25 of paying at maturity, or to redeem or buy before matu-

1 rity, any obligation of the Federal Government included
 2 in the public debt. Any obligation which is paid, redeemed,
 3 or bought with amounts from such Trust Fund shall be
 4 canceled and retired and may not be reissued.”

5 (b) CLERICAL AMENDMENT.—The table of sections
 6 for such subchapter is amended by adding at the end the
 7 following new item:

“Sec. 9511. Public Debt Reduction Trust Fund.”

8 (c) EFFECTIVE DATE.—The amendments made by
 9 this section shall apply to amounts received after the date
 10 of the enactment of this Act.

11 **SEC. 4. TAXPAYER-GENERATED SEQUESTRATION OF FED-**
 12 **ERAL SPENDING TO REDUCE THE PUBLIC**
 13 **DEBT.**

14 (a) SEQUESTRATION TO REDUCE THE PUBLIC
 15 DEBT.—Part C of the Balanced Budget and Emergency
 16 Deficit Control Act of 1985 is amended by adding after
 17 section 253 the following new section:

18 **“SEC. 253A. SEQUESTRATION TO REDUCE THE PUBLIC**
 19 **DEBT.**

20 “(a) SEQUESTRATION.—Notwithstanding sections
 21 255 and 256, within 15 days after Congress adjourns to
 22 end a session (other than the One Hundred Second Con-
 23 gress), and on the same day as sequestration (if any)
 24 under sections 251, 252, and 253, but after any sequestra-
 25 tion required by those sections, there shall be a sequestra-

1 tion equivalent to the estimated aggregate amount des-
2 igned under section 6097 of the Internal Revenue Code
3 of 1986 for the last taxable year ending before the begin-
4 ning of that session of Congress, as estimated by the De-
5 partment of the Treasury on May 1 and as modified by
6 the total of (1) any amounts by which net discretionary
7 spending is reduced by legislation below the discretionary
8 spending limits (or, in the absence of such limits, any net
9 deficit change from the baseline amount calculated under
10 section 257, except that such baseline for fiscal year 1996
11 and thereafter shall be based upon fiscal year 1995 en-
12 acted appropriations less any 1995 sequesters) and (2) the
13 net deficit change that has resulted from direct spending
14 legislation.

15 “(b) APPLICABILITY.—

16 “(1) IN GENERAL.—Except as provided by
17 paragraph (2), each account of the United States
18 shall be reduced by a dollar amount calculated by
19 multiplying the level of budgetary resources in that
20 account at that time by the uniform percentage nec-
21 essary to carry out subsection (a). All obligational
22 authority reduced under this section shall be done in
23 a manner that makes such reductions permanent.

24 “(2) EXEMPT ACCOUNTS.—No order issued
25 under this part may—

1 “(A) reduce benefits payable the old-age,
2 survivors, and disability insurance program es-
3 tablished under title II of the Social Security
4 Act;

5 “(B) reduce payments for net interest (all
6 of major functional category 900); or

7 “(C) make any reduction in the following
8 accounts:

9 “Federal Deposit Insurance Corpora-
10 tion, Bank Insurance Fund;

11 “Federal Deposit Insurance Corpora-
12 tion, FSLIC Resolution Fund;

13 “Federal Deposit Insurance Corpora-
14 tion, Savings Association Insurance Fund;

15 “National Credit Union Administra-
16 tion, credit union share insurance fund; or

17 “Resolution Trust Corporation.”.

18 (b) REPORTS.—Section 254 of the Balanced Budget
19 and Emergency Deficit Control Act of 1985 is amended—

20 (1) in subsection (a), by inserting before the
21 item relating to August 10 the following:

22 “May 1.....Department of Treasury report to Con-
23 gress estimating amount of income tax designated pursu-
24 ant to section 6097 of the Internal Revenue Code of
25 1986.”;

1 (2) in subsection (d)(1), by inserting “, and se-
2 questration to reduce the public debt,”;

3 (3) in subsection (d), by redesignating para-
4 graph (5) as paragraph (6) and by inserting after
5 paragraph (4) the following new paragraph:

6 “(5) SEQUESTRATION TO REDUCE THE PUBLIC
7 DEBT REPORTS.—The preview reports shall set forth
8 for the budget year estimates for each of the
9 following:

10 “(A) The aggregate amount designated
11 under section 6097 of the Internal Revenue
12 Code of 1986 for the last taxable year ending
13 before the budget year.

14 “(B) The amount of reductions required
15 under section 253A and the deficit remaining
16 after those reductions have been made.

17 “(C) The sequestration percentage nec-
18 essary to achieve the required reduction in ac-
19 counts under section 253A(b).”; and

20 (4) in subsection (g), by redesignating para-
21 graphs (4) and (5) as paragraphs (5) and (6), re-
22 spectively, and by inserting after paragraph (3) the
23 following new paragraph:

24 “(4) SEQUESTRATION TO REDUCE THE PUBLIC
25 DEBT REPORTS.—The final reports shall contain all

1 of the information contained in the public debt tax-
2 ation designation report required on May 1.”.

3 (c) EFFECTIVE DATE.—Notwithstanding section
4 275(b) of the Balanced Budget and Emergency Deficit
5 Control Act of 1985, the expiration date set forth in that
6 section shall not apply to the amendments made by this
7 section. The amendments made by this section shall cease
8 to have any effect after the first fiscal year during which
9 there is no public debt.

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