

105TH CONGRESS  
2D SESSION

# H. R. 3151

To amend the Internal Revenue Code of 1986 to reduce individual income taxes by increasing the amount of taxable income which is taxed at the lowest income tax rate.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 3, 1998

Mr. THUNE (for himself and Ms. DUNN) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to reduce individual income taxes by increasing the amount of taxable income which is taxed at the lowest income tax rate.

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; AMENDMENT OF 1986 CODE.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Middle Class Tax Relief Act of 1998”.

6 (b) AMENDMENT OF 1986 CODE.—Except as other-  
7 wise expressly provided, whenever in this Act an amend-  
8 ment or repeal is expressed in terms of an amendment

1 to, or repeal of, a section or other provision, the reference  
2 shall be considered to be made to a section or other provi-  
3 sion of the Internal Revenue Code of 1986.

4 (c) SECTION 15 NOT TO APPLY.—No amendment  
5 made by section 3 shall be treated as a change in a rate  
6 of tax for purposes of section 15 of the Internal Revenue  
7 Code of 1986.

8 **SEC. 2. FINDINGS.**

9 The Congress hereby finds that—

10 (1) the Congressional Budget Office has pro-  
11 jected a Federal budget surplus at the end of fiscal  
12 year 1998, the first surplus in almost 30 years;

13 (2) if there is such a surplus, a systematic plan  
14 should be put in place to retire our  
15 \$5,500,000,000,000 debt while restoring the social  
16 security and other trust funds; and

17 (3) once such a plan has been adopted in the  
18 context of a balanced Federal budget and as an al-  
19 ternative to new Government spending, Congress  
20 should provide broad-based tax relief that will allow  
21 hard-working Americans to keep more of what they  
22 earn and the freedom to provide for their own needs.

1 **SEC. 3. REDUCTION OF INCOME TAX RATES; ELIMINATION**  
 2 **OF MARRIAGE PENALTY.**

3 (a) GENERAL RULE.—Section 1 (relating to tax im-  
 4 posed) is amended by striking subsections (a) through (e)  
 5 and inserting the following:

6 “(a) MARRIED INDIVIDUALS FILING JOINT RETURNS  
 7 AND SURVIVING SPOUSES.—There is hereby imposed on  
 8 the taxable income of—

9 “(1) every married individual (as defined in sec-  
 10 tion 7703) who makes a single return jointly with  
 11 his spouse under section 6013, and

12 “(2) every surviving spouse (as defined in sec-  
 13 tion 2(a)),

14 a tax determined in accordance with the following table:

<b>“If taxable income is:</b>	<b>The tax is:</b>
Not over \$70,000 .....	15% of taxable income.
Over \$70,000 but not over \$102,300.	\$10,500, plus 28% of the excess over \$70,000.
Over \$102,300 but not over \$155,950.	\$19,544, plus 31% of the excess over \$102,300.
Over \$155,950 but not over \$278,450.	\$36,175.50, plus 36% of the excess over \$155,950.
Over \$278,450 .....	\$80,275.50, plus 39.6% of the excess over \$278,450.

15 “(b) HEADS OF HOUSEHOLDS.—There is hereby im-  
 16 posed on the taxable income of every head of a household  
 17 (as defined in section 2(b)) a tax determined in accordance  
 18 with the following table:

<b>“If taxable income is:</b>	<b>The tax is:</b>
Not over \$52,600 .....	15% of taxable income.
Over \$52,600 but not over \$87,700.	\$7,890, plus 28% of the excess over \$52,600.

**“If taxable income is:**

Over \$87,700 but not over  
\$142,000.  
Over \$142,000 but not over  
\$278,450.  
Over \$278,450 .....

**The tax is:**

\$17,718, plus 31% of the excess over  
\$87,700.  
\$34,551, plus 36% of the excess over  
\$142,000.  
\$83,673 plus 39.6% of the excess  
over \$278,450.

1           “(c) OTHER INDIVIDUALS.—There is hereby imposed  
2 on the taxable income of every individual (other than an  
3 individual to whom subsection (a) or (b) applies) a tax  
4 determined in accordance with the following table:

**“If taxable income is:**

Not over \$35,000 .....

Over \$35,000 but not over  
\$61,400.  
Over \$61,400 but not over  
\$128,100.  
Over \$128,100 but not over  
\$278,450.  
Over \$278,450 .....

**The tax is:**

15% of taxable income.  
\$5,250, plus 28% of the excess over  
\$35,000.  
\$12,642, plus 31% of the excess over  
\$61,400.  
\$33,319, plus 36% of the excess over  
\$128,100.  
\$87,445, plus 39.6% of the excess  
over \$278,450.

5           “(d) ESTATES AND TRUSTS.—There is hereby im-  
6 posed on the taxable income of—  
7           “(1) every estate, and  
8           “(2) every trust,  
9 taxable under this subsection a tax determined in accord-  
10 ance with the following table:

**“If taxable income is:**

Not over \$1,700 .....

Over \$1,700 but not over \$4,000 ..

Over \$4,000 but not over \$6,100 ..

Over \$6,100 but not over \$8,350 ..

Over \$8,350 .....

**The tax is:**

15% of taxable income.  
\$255, plus 28% of the excess over  
\$1,700.  
\$899, plus 31% of the excess over  
\$4,000.  
\$1,550, plus 36% of the excess over  
\$6,100.  
\$2,360, plus 39.6% of the excess over  
\$8,350.”.

1 (b) INFLATION ADJUSTMENT TO APPLY IN DETER-  
2 MINING RATES FOR 1999.—Subsection (f) of section 1 is  
3 amended—

4 (1) by striking “1993” in paragraph (1) and in-  
5 serting “1998”,

6 (2) by striking “1992” in paragraph (3)(B) and  
7 inserting “1997”, and

8 (3) by striking paragraph (7).

9 (c) CONFORMING AMENDMENTS.—

10 (1) The following provisions are each amended  
11 by striking “1992” and inserting “1997” each place  
12 it appears:

13 (A) Section 25A(h).

14 (B) Section 32(j)(1)(B).

15 (C) Section 41(e)(5)(C).

16 (D) Section 68(b)(2)(B).

17 (E) Section 135(b)(2)(B)(ii).

18 (F) Section 151(d)(4).

19 (G) Section 221(g)(1)(B).

20 (H) Section 512(d)(2)(B).

21 (I) Section 513(h)(2)(C)(ii).

22 (J) Section 877(a)(2).

23 (K) Section 911(b)(2)(D)(ii)(II).

24 (L) Section 4001(e)(1)(B).

25 (M) Section 4261(e)(4)(A)(ii).

1 (N) Section 6039F(d).

2 (O) Section 6334(g)(1)(B).

3 (P) Section 7430(c)(1).

4 (2) Subparagraph (B) of section 1(f)(6) is  
5 amended to read as follows:

6 “(B) MARRIED INDIVIDUALS FILING SEPA-  
7 RATELY.—In the case of a married individual  
8 filing a separate return, subparagraph (A) shall  
9 be applied by substituting ‘\$25’ for ‘\$50’ each  
10 place it appears for purposes of determining  
11 any increase in the dollar amount under section  
12 63(c)(2)(D), the \$50,000 amount in section  
13 68(b)(1), and the dollar amount in section  
14 151(d)(3)(C)(iv).”

15 (3) Subclause (II) of section 42(h)(6)(G)(i) is  
16 amended by striking “1987” and inserting “1997”.

17 (4) Subparagraph (B) of section 59(j)(2) is  
18 amended by striking “, determined by substituting  
19 ‘1997’ for ‘1992’ in subparagraph (B) thereof”.

20 (5) Subparagraph (B) of section 63(c)(4) is  
21 amended by striking “by substituting for” and all  
22 that follows and inserting “by substituting for ‘cal-  
23 endar year 1997’ in subparagraph (B) thereof ‘cal-  
24 endar year 1987’ in the case of the dollar amounts

1 contained in paragraph (2) or (5)(A) or subsection  
2 (f).”

3 (6) Subparagraph (B) of section 132(f)(6) is  
4 amended by inserting before the period “, deter-  
5 mined by substituting ‘calendar year 1992’ for ‘cal-  
6 endar year 1997’ in subparagraph (B) thereof”.

7 (7) Paragraph (2) of section 220(g) of such  
8 Code is amended by striking “by substituting ‘cal-  
9 endar year 1997’ for ‘calendar year 1992’ in sub-  
10 paragraph (B) thereof”.

11 (8) Subparagraph (B) of section 685(c)(3) is  
12 amended by striking “, by substituting ‘calendar  
13 year 1997’ for ‘calendar year 1992’ in subparagraph  
14 (B) thereof”.

15 (9) Subparagraph (B) of section 2032A(a)(3) is  
16 amended by striking “by substituting ‘calendar year  
17 1997’ for ‘calendar year 1992’ in subparagraph (B)  
18 thereof”.

19 (10) Subparagraph (B) of section 2503(b)(2) is  
20 amended by striking “by substituting ‘calendar year  
21 1997’ for ‘calendar year 1992’ in subparagraph (B)  
22 thereof”.

23 (11) Paragraph (2) of section 2631(c) is  
24 amended by striking “by substituting ‘calendar year

1 1997’ for ‘calendar year 1992’ in subparagraph (B)  
2 thereof”.

3 (12) Subparagraph (B) of section 6601(j)(3) is  
4 amended by striking “by substituting ‘calendar year  
5 1997’ for ‘calendar year 1992’ in subparagraph (B)  
6 thereof”.

7 (13) Sections 468B(b)(1), 511(b)(1), 641(a),  
8 641(d)(2)(A), and 685(d) are each amended by  
9 striking “section 1(e)” each place it appears and in-  
10 sserting “section 1(d)”.

11 (14) Sections 1(f)(2) and 904(b)(3)(E)(ii) are  
12 each amended by striking “(d), or (e)” and inserting  
13 “or (d)”.

14 (15) Paragraph (1) of section 1(f) is amended  
15 by striking “(d), and (e)” and inserting “and (d)”.

16 (d) EFFECTIVE DATE.—The amendments made by  
17 this section shall apply to taxable years beginning after  
18 December 31, 1998.

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