

106TH CONGRESS
2D SESSION

H. R. 5170

To amend the Internal Revenue Code of 1986 to reduce the marriage penalty by providing for adjustments to the standard deduction and the earned income credit and to repeal the reduction of the refundable tax credits.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 13, 2000

Ms. MILLENDER-MCDONALD 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 reduce the marriage penalty by providing for adjustments to the standard deduction and the earned income credit and to repeal the reduction of the refundable tax credits.

1 *Be it enacted by the Senate and House of Representa-*
2 *tive of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Common Sense Mar-
5 riage Tax Relief Act of 2000”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds the following:

1 (1) According to a 1999 Department of the
2 Treasury study, of the 51,400,000 joint returns filed
3 in 1999, approximately—

4 (A) 48 percent will incur a marriage tax
5 penalty,

6 (B) 41 percent will incur a marriage tax
7 bonus, and

8 (C) 11 percent will generally be unaffected.

9 (2) The average marriage tax penalty in 1999
10 will reach \$1,141 per couple, according to the De-
11 partment of the Treasury study.

12 (3) At least 66 provisions in the existing tax
13 code treat married couples differently from single fil-
14 ers, according to the American Institute of Certified
15 Public Accountants.

16 (4) Married working women, on average, earn
17 approximately 60 percent of their husband's salary,
18 according to the Bureau of the Census. The wage
19 gap between women and men is 73 percent for Cau-
20 casian women, 63 percent for African-American
21 women, and 53 percent for Hispanic women, accord-
22 ing to the National Committee on Pay Equity.

23 (5) Approximately 40 percent of married moth-
24 ers in the United States stay at home to raise their

1 young children full time while almost no fathers do,
2 according to the Bureau of the Census.

3 (6) Although the United States tax code is neu-
4 tral, it is biased against secondary earners, who are
5 overwhelmingly women.

6 (7) Because of the progressive marginal rates in
7 the tax code, one spouse earning \$25,000 per year
8 would be taxed entirely at the 15 percent rate; but
9 if the other spouse also earns \$25,000, a portion of
10 the other spouse's income would be taxed at the 28
11 percent rate.

12 (8) Regardless of marital status, once an indi-
13 vidual's reported income level reaches beyond the
14 earned income tax credit threshold, she or he auto-
15 matically loses this benefit. As a result, newly mar-
16 ried couples struggling to escape poverty suddenly
17 lose this vital tax benefit simply because they are no
18 longer single.

19 **SEC. 3. MARRIAGE PENALTY RELIEF.**

20 (a) STANDARD DEDUCTION.—

21 (1) IN GENERAL.—Paragraph (2) of section
22 63(c) of the Internal Revenue Code of 1986 (relat-
23 ing to standard deduction) is amended—

24 (A) by striking “\$5,000” in subparagraph

25 (A) and inserting “twice the dollar amount in

1 effect under subparagraph (C) for the taxable
2 year”,

3 (B) by adding “or” at the end of subpara-
4 graph (B),

5 (C) by striking “in the case of” and all
6 that follows in subparagraph (C) and inserting
7 “in any other case.”, and

8 (D) by striking subparagraph (D).

9 (2) INCREASE ALLOWED AS DEDUCTION IN DE-
10 TERMINING MINIMUM TAX.—Subparagraph (E) of
11 section 56(b)(1) of such Code is amended by adding
12 at the end the following new sentence: “The pre-
13 ceding sentence shall not apply to so much of the
14 standard deduction under subparagraph (A) of sec-
15 tion 63(c)(2) as exceeds the amount which would be
16 such deduction but for the amendment made by sec-
17 tion 2(a)(1) of the Penalty Relief From Marriage
18 Tax Act of 2000.”

19 (3) TECHNICAL AMENDMENTS.—

20 (A) Subparagraph (B) of section 1(f)(6) of
21 such Code is amended by striking “(other than
22 with” and all that follows through “shall be ap-
23 plied” and inserting “(other than with respect
24 to sections 63(c)(4) and 151(d)(4)(A)) shall be
25 applied”.

1 (B) Paragraph (4) of section 63(e) of such
2 Code is amended by adding at the end the fol-
3 lowing flush sentence:

4 “The preceding sentence shall not apply to the
5 amount referred to in paragraph (2)(A).”

6 (b) EARNED INCOME CREDIT.—

7 (1) IN GENERAL.—Subsection (a) of section 32
8 of such Code (relating to credit for earned income)
9 is amended by adding at the end the following new
10 paragraph:

11 “(3) REDUCTION OF MARRIAGE PENALTY.—

12 “(A) IN GENERAL.—In the case of a joint
13 return, the phaseout amount under this section
14 shall be such amount (determined without re-
15 gard to this paragraph) increased by \$2,500
16 (\$2,000 in the case of taxable years beginning
17 during 2001).

18 “(B) INFLATION ADJUSTMENT.—In the
19 case of any taxable year beginning in a calendar
20 year after 2002, the \$2,500 amount contained
21 in subparagraph (A) shall be increased by an
22 amount equal to the product of—

23 “(i) such dollar amount, and

24 “(ii) the cost-of-living adjustment de-
25 termined under section 1(f)(3) for the cal-

1 endar year in which the taxable year be-
2 gins, determined by substituting ‘calendar
3 year 2001’ for ‘calendar year 1992’ in sub-
4 paragraph (B) thereof.

5 If any increase determined under the preceding
6 sentence is not a multiple of \$50, such increase
7 shall be rounded to the next lowest multiple of
8 \$50.”

9 (2) REPEAL OF REDUCTION OF REFUNDABLE
10 TAX CREDITS.—

11 (A) Subsection (d) of section 24 of such
12 Code is amended by striking paragraph (2) and
13 redesignating paragraph (3) as paragraph (2).

14 (B) Section 32 of such Code is amended by
15 striking subsection (h).

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to taxable years beginning after
18 December 31, 2000.

19 **SEC. 4. TAX REDUCTIONS CONTINGENT ON SOCIAL SECU-**
20 **RITY AND MEDICARE SOLVENCY CERTIFI-**
21 **CATIONS.**

22 (a) IN GENERAL.—Notwithstanding any other provi-
23 sion of this Act, no provision of this Act (or amendment
24 made thereby) shall take effect until there is—

25 (1) a social security certification,

1 (2) a medicare certification, and

2 (3) a public debt elimination certification.

3 (b) DEFINITIONS.—For purposes of this
4 subsection—

5 (1) SOCIAL SECURITY SOLVENCY CERTIFI-
6 CATION.—The term “social security solvency certifi-
7 cation” means a certification by the Board of Trust-
8 ees of the Social Security Trust Funds that the Fed-
9 eral Old-Age and Survivors Insurance Trust Fund
10 and the Federal Disability Insurance Trust Fund
11 are in actuarial balance until the year 2050.

12 (2) MEDICARE SOLVENCY CERTIFICATION.—
13 The term “medicare solvency certification” means a
14 certification by the Board of Trustees of the Federal
15 Hospital Insurance Trust Fund that such Trust
16 Fund is in actuarial balance until the year 2030.

17 (3) PUBLIC DEBT ELIMINATION CERTIFI-
18 CATION.—There is a public debt elimination certifi-
19 cation if the Director of the Office of Management
20 and Budget certifies that, taking into account the
21 tax reductions made by this Act and other legislation
22 enacted during calendar year 2000, the national
23 debt held by the public is projected to be eliminated
24 by the year 2013.

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