

106TH CONGRESS
2D SESSION

S. 2305

To amend the Internal Revenue Code of 1986 to reduce the marriage penalty by providing a nonrefundable marriage credit and adjustment to the earned income credit.

IN THE SENATE OF THE UNITED STATES

MARCH 28, 2000

Mr. BAYH 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 reduce the marriage penalty by providing a nonrefundable marriage credit and adjustment to the earned income credit.

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 “Targeted Marriage Tax Penalty Relief Act of 2000”.

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
9 to, or repeal of, a section or other provision, the reference

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

3 (c) SECTION 15 NOT TO APPLY.—No amendment
4 made by section 2 shall be treated as a change in a rate
5 of tax for purposes of section 15 of the Internal Revenue
6 Code of 1986 .

7 **SEC. 2. MARRIAGE CREDIT.**

8 (a) IN GENERAL.—Subpart A of part IV of sub-
9 chapter A of chapter 1 (relating to nonrefundable personal
10 credits) is amended by inserting after section 25A the fol-
11 lowing new section:

12 **“SEC. 25B. MARRIAGE CREDIT.**

13 “(a) ALLOWANCE OF CREDIT.—In the case of a joint
14 return under section 6013, there shall be allowed as a
15 credit against the tax imposed by this chapter for the tax-
16 able year an amount equal to the lesser of the amount
17 determined under subsection (b) or (c) for the taxable
18 year.

19 “(b) AMOUNT UNDER SUBSECTION (b).—For pur-
20 poses of subsection (a), the amount under this subsection
21 for any taxable year with respect to a taxpayer is deter-
22 mined in accordance with the following table:

“Taxable year:	Amount:
2001	\$500
2002	\$750
2003	\$1,000
2004	\$1,250
2005 and thereafter	\$1,500.

1 “(c) DETERMINATION OF AMOUNT.—

2 “(1) IN GENERAL.—For purposes of subsection
3 (a), the amount determined under this subsection
4 for any taxable year with respect to a taxpayer is
5 equal to the excess (if any) of—

6 “(A) the joint tentative tax of such tax-
7 payer for such year, over

8 “(B) the combined tentative tax of such
9 taxpayer for such year.

10 “(2) JOINT TENTATIVE TAX.—For purposes of
11 paragraph (1)(A)—

12 “(A) IN GENERAL.—The joint tentative tax
13 of a taxpayer for any taxable year is equal to
14 the tax determined in accordance with the table
15 contained in section 1(a) on the joint tentative
16 taxable income of the taxpayer for such year.

17 “(B) JOINT TENTATIVE TAXABLE IN-
18 COME.—For purposes of subparagraph (A), the
19 joint tentative taxable income of a taxpayer for
20 any taxable year is equal to the excess of—

21 “(i) the earned income (as defined in
22 section 32(c)(2)) of such taxpayer for such
23 year, over

24 “(ii) the sum of—

1 “(I) the standard deduction for
2 such taxpayer for such year deter-
3 mined under section 63(c)(2)(A)(i),
4 and

5 “(II) the total exemption amount
6 for such taxpayer for such year deter-
7 mined under section 151.

8 “(3) COMBINED TENTATIVE TAX.—For pur-
9 poses of paragraph (1)(A)—

10 “(A) IN GENERAL.—The combined ten-
11 tative tax of a taxpayer for any taxable year is
12 equal to the sum of the taxes determined in ac-
13 cordance with the table contained in section
14 1(e) on the individual tentative taxable income
15 of each spouse for such year.

16 “(B) INDIVIDUAL TENTATIVE TAXABLE IN-
17 COME.—For purposes of subparagraph (A), the
18 individual tentative taxable income of a spouse
19 for any taxable year is equal to the excess of—

20 “(i) the earned income (as defined in
21 section 32(c)(2)) of such spouse for such
22 year, over

23 “(ii) the sum of—

1 “(I) the standard deduction for
2 such spouse for such year determined
3 under section 63(c)(2)(C), and

4 “(II) one-half of the total exemp-
5 tion amount determined under para-
6 graph (2)(B)(ii)(II) for such year.

7 “(d) PHASEOUT OF CREDIT.—

8 “(1) IN GENERAL.—The amount which would
9 (but for this subsection) be taken into account under
10 subsection (a) shall be reduced (but not below zero)
11 by the amount determined under paragraph (2).

12 “(2) AMOUNT OF REDUCTION.—The amount
13 determined under this paragraph is the amount
14 which bears the same ratio to the amount which
15 would be so taken into account as—

16 “(A) the excess of—

17 “(i) the taxpayer’s adjusted gross in-
18 come for such taxable year, over

19 “(ii) \$100,000, bears to

20 “(B) \$20,000.

21 “(e) INFLATION ADJUSTMENT.—

22 “(1) IN GENERAL.—In the case of any taxable
23 year beginning after 2005, the \$1,500 amount re-
24 ferred to in subsection (b) and the \$100,000 amount

1 referred to in subsection (d)((2)(A)(ii) shall be in-
 2 creased by an amount equal to—

3 “(A) such dollar amount, multiplied by

4 “(B) the cost-of-living adjustment deter-
 5 mined under section (1)(f)(3) for the calendar
 6 year in which the taxable year begins, by sub-
 7 stituting ‘2004’ for ‘1992’.

8 “(2) ROUNDING.—If any amount as adjusted
 9 under paragraph (1) is not a multiple of \$20, such
 10 amount shall be rounded to the nearest multiple of
 11 \$20.”.

12 (b) CONFORMING AMENDMENT.—The table of sec-
 13 tions for subpart A of part IV of subchapter A of chapter
 14 1 is amended by inserting after the item relating to section
 15 25A the following new item:

“Sec. 25B. Marriage credit.”

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

19 **SEC. 3. MARRIAGE PENALTY RELIEF FOR EARNED INCOME**
 20 **CREDIT.**

21 (a) IN GENERAL.—Section 32(b) (relating to percent-
 22 ages and amounts) is amended—

23 (1) by striking “PERCENTAGES.—The credit”
 24 in paragraph (1) and inserting “PERCENTAGES.—

1 “(A) IN GENERAL.—Subject to subpara-
2 graph (B), the credit”,

3 (2) by adding at the end of paragraph (1) the
4 following new subparagraph:

5 “(B) JOINT RETURNS.—In the case of a
6 joint return, the phaseout percentage deter-
7 mined under subparagraph (A)—

8 “(i) in the case of an eligible indi-
9 vidual with 1 qualifying child shall be in-
10 creased by 3.196 percentage points, and

11 “(ii) in the case of an eligible indi-
12 vidual with 2 or more qualifying child shall
13 be increased by 4.212 percentage points.”,

14 (3) by striking “AMOUNTS.—The earned” in
15 paragraph (2) and inserting “AMOUNTS.—

16 “(A) IN GENERAL.—Subject to subpara-
17 graph (B), the earned”, and

18 (4) by adding at the end the following new sub-
19 paragraph:

20 “(B) JOINT RETURNS.—In the case of a
21 joint return, the phaseout amount determined
22 under subparagraph (A) shall be increased by
23 \$2,000.”.

1 (b) INFLATION ADJUSTMENT.—Paragraph (1)(B) of
2 section 32(j) (relating to inflation adjustments) is amend-
3 ed to read as follows:

4 “(B) the cost-of-living adjustment deter-
5 mined under section 1(f)(3) for the calendar
6 year in which the taxable year begins,
7 determined—

8 “(i) in the case of amounts in sub-
9 sections (b)(2)(A) and (i)(1), by sub-
10 stituting ‘calendar year 1995’ for ‘calendar
11 year 1992’ in subparagraph (B) thereof,
12 and

13 “(ii) in the case of the \$2,000 amount
14 in subsection (b)(2)(B), by substituting
15 ‘calendar year 2000’ for ‘calendar year
16 1992’ in subparagraph (B) of such section
17 1.”.

18 (c) ROUNDING.—Section 32(j)(2)(A) (relating to
19 rounding) is amended by striking “subsection (b)(2)” and
20 inserting “subsection (b)(2)(A) (after being increased
21 under subparagraph (B) thereof)”.

22 (d) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to taxable years beginning after
24 December 31, 2000.

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