

107TH CONGRESS
1ST SESSION

S. 629

To amend the Internal Revenue Code of 1986 to provide a refund of individual taxes in 2001 and to establish a 10 percent rate bracket beginning in 2001, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 27, 2001

Mr. DASCHLE (for himself, Mr. CONRAD, Mr. LIEBERMAN, Mr. DORGAN, Mr. DURBIN, Mr. ROCKEFELLER, Mr. REID, and Mr. JOHNSON) 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 provide a refund of individual taxes in 2001 and to establish a 10 percent rate bracket beginning in 2001, 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. SHORT TITLE.**

4 This Act may be cited as the “Economic Stimulus
5 Tax Cut Act of 2001”.

1 **SEC. 2. REFUND OF INDIVIDUAL INCOME AND EMPLOY-**
 2 **MENT TAXES.**

3 (a) IN GENERAL.—Subchapter B of chapter 65 of the
 4 Internal Revenue Code of 1986 (relating to rules of special
 5 application in the case of abatements, credits, and re-
 6 funds) is amended by adding at the end the following new
 7 section:

8 **“SEC. 6428. REFUND OF INDIVIDUAL INCOME AND EMPLOY-**
 9 **MENT TAXES.**

10 “(a) GENERAL RULE.—Except as otherwise provided
 11 in this section, each individual shall be treated as having
 12 made a payment against the tax imposed by chapter 1 for
 13 any taxable year beginning in 2001, in an amount equal
 14 to the lesser of—

15 “(1) the amount of the taxpayer’s liability for
 16 tax for the taxpayer’s last taxable year beginning in
 17 calendar year 2000, or

18 “(2) the taxpayer’s applicable amount.

19 “(b) LIABILITY FOR TAX.—For purposes of this sec-
 20 tion, the liability for tax for the taxable year shall be the
 21 sum of—

22 “(1) the excess (if any) of—

23 “(A) the sum of—

24 “(i) the taxpayer’s regular tax liability
 25 (within the meaning of section 26(b)) for
 26 the taxable year, and

1 “(ii) the tax imposed by section 55(a)
 2 with respect to such taxpayer for the tax-
 3 able year, over

4 “(B) the sum of the credits allowable
 5 under part IV of subchapter A of chapter 1
 6 (other than sections 31, 33, and 34) for the
 7 taxable year, and

8 “(2) the taxes imposed by sections 1401, 3101,
 9 3111, 3201(a), 3211(a)(1), and 3221(a) on amounts
 10 received by the taxpayer for the taxable year.

11 “(c) APPLICABLE AMOUNT.—For purposes of this
 12 section—

13 “(1) IN GENERAL.—The applicable amount for
 14 any taxpayer shall be determined under the following
 15 table:

“In the case of a taxpayer de- scribed in:	The applicable amount is:
Section 1(a)	\$600
Section 1(b)	\$450
Section 1(c)	\$300
Section 1(d)	\$300
Paragraph (2)	\$300.

16 “(2) TAXPAYERS WITH ONLY PAYROLL TAX LI-
 17 ABILITY.—A taxpayer is described in this paragraph
 18 if such taxpayer’s liability for tax for the taxable
 19 year does not include any liability described in sub-
 20 section (b)(1).

21 “(d) DATE PAYMENT DEEMED MADE.—

1 “(1) IN GENERAL.—The payment provided by
2 this section shall be deemed made on the date of the
3 enactment of this section.

4 “(2) REMITTANCE OF PAYMENT.—The Sec-
5 retary shall remit to each taxpayer the payment de-
6 scribed in paragraph (1) within 90 days after such
7 date of enactment.

8 “(3) CLAIM FOR NONPAYMENT.—Any taxpayer
9 who erroneously does not receive a payment de-
10 scribed in paragraph (1) may make claim for such
11 payment in a manner and at such time as the Sec-
12 retary prescribes.

13 “(e) CERTAIN PERSONS NOT ELIGIBLE.—This sec-
14 tion shall not apply to—

15 “(1) any individual with respect to whom a de-
16 duction under section 151 is allowable to another
17 taxpayer for a taxable year beginning in the cal-
18 endar year in which such individual’s taxable year
19 begins,

20 “(2) any estate or trust, or

21 “(3) any nonresident alien individual.”.

22 (b) CONFORMING AMENDMENT.—Section 1324(b)(2)
23 of title 31, United States Code, is amended by inserting
24 before the period “, or enacted by the Economic Stimulus
25 Tax Cut Act of 2001”.

1 (c) CLERICAL AMENDMENT.—The table of sections
 2 for subchapter B of chapter 65 of the Internal Revenue
 3 Code of 1986 is amended by adding at the end the fol-
 4 lowing new item:

“Sec. 6428. Refund of individual income and employment
 taxes.”.

5 (d) EFFECTIVE DATE.—The amendments made by
 6 this section shall take effect on the date of the enactment
 7 of this Act.

8 **SEC. 3. REDUCTION IN INCOME TAX RATES FOR INDIVID-**
 9 **UALS.**

10 (a) IN GENERAL.—Section 1 of the Internal Revenue
 11 Code of 1986 is amended by adding at the end the fol-
 12 lowing new subsection:

13 “(i) RATE REDUCTIONS AFTER 2000.—

14 “(1) NEW LOWEST RATE BRACKET.—

15 “(A) IN GENERAL.—In the case of taxable
 16 years beginning after December 31, 2000—

17 “(i) the rate of tax under subsections
 18 (a), (b), (c), and (d) on taxable income not
 19 over the initial bracket amount shall be 10
 20 percent (12.5 percent in taxable years be-
 21 ginning in 2001), and

22 “(ii) the 15 percent rate of tax shall
 23 apply only to taxable income over the ini-
 24 tial bracket amount.

1 “(B) INITIAL BRACKET AMOUNT.—For
2 purposes of this subsection, the initial bracket
3 amount is—

4 “(i) \$12,000 in the case of subsection
5 (a),

6 “(ii) \$10,000 in the case of subsection
7 (b), and

8 “(iii) $\frac{1}{2}$ the amount applicable under
9 clause (i) in the case of subsections (c) and
10 (d).

11 “(C) INFLATION ADJUSTMENT.—In pre-
12 scribing the tables under subsection (f) which
13 apply with respect to taxable years beginning in
14 calendar years after 2001—

15 “(i) the Secretary shall make no ad-
16 justment to the initial bracket amount for
17 any taxable year beginning before January
18 1, 2003,

19 “(ii) the cost-of-living adjustment
20 used in making adjustments to the initial
21 bracket amount for any taxable year begin-
22 ning after December 31, 2002, shall be de-
23 termined under subsection (f)(3) by sub-
24 stituting ‘2001’ for ‘1992’ in subparagraph
25 (B) thereof, and

1 “(iii) such adjustment shall not apply
2 to the amount referred to in subparagraph
3 (B)(iii).

4 If any amount after adjustment under the pre-
5 ceding sentence is not a multiple of \$50, such
6 amount shall be rounded to the next lowest
7 multiple of \$50.

8 “(2) ADJUSTMENT OF TABLES.—The Secretary
9 shall adjust the tables prescribed under subsection
10 (f) to carry out this subsection.”.

11 (b) DETERMINATION OF WITHHOLDING TABLES.—
12 Section 3402(a) of the Internal Revenue Code of 1986 (re-
13 lating to requirement of withholding) is amended by add-
14 ing at the following new paragraph:

15 “(3) CHANGES MADE BY SECTION 3 OF THE
16 ECONOMIC STIMULUS TAX CUT ACT OF 2001.—Not-
17 withstanding the provisions of this subsection, the
18 Secretary shall modify the tables and procedures
19 under paragraph (1) to reflect the amendments
20 made by section 3 of the Economic Stimulus Tax
21 Cut Act of 2001, and such modification shall take
22 effect on July 1, 2001, as if the lowest rate of tax
23 under section 1 (as amended by such section 3) was
24 a 10-percent rate effective on such date.”.

25 (c) CONFORMING AMENDMENTS.—

1 (1) Subparagraph (B) of section 1(g)(7) of the
2 Internal Revenue Code of 1986 is amended—

3 (A) by striking “15 percent” in clause
4 (ii)(II) and inserting “the first bracket percent-
5 age”, and

6 (B) by adding at the end the following
7 flush sentence:

8 “For purposes of clause (ii), the first bracket
9 percentage is the percentage applicable to the
10 lowest income bracket in the table under sub-
11 section (c).”.

12 (2) Section 1(h) of such Code is amended by
13 striking paragraph (13).

14 (3) Section 15 of such Code is amended by add-
15 ing at the end the following new subsection:

16 “(f) RATE REDUCTIONS ENACTED BY ECONOMIC
17 STIMULUS TAX CUT ACT OF 2001.—This section shall not
18 apply to any change in rates under subsection (i) of sec-
19 tion 1 (relating to rate reductions in 2001).”.

20 (4) Section 3402(p)(2) of such Code is amend-
21 ed by striking “equal to 15 percent of such pay-
22 ment” and inserting “equal to the product of the
23 lowest rate of tax under section 1(c) and such pay-
24 ment”.

25 (d) EFFECTIVE DATES.—

1 (1) IN GENERAL.—Except as provided in para-
2 graph (2), the amendments made by this section
3 shall apply to taxable years beginning after Decem-
4 ber 31, 2000.

5 (2) AMENDMENTS TO WITHHOLDING PROVI-
6 SION.—The amendments made by subsection (b) and
7 subsection (c)(4) shall apply to amounts paid after
8 June 30, 2001.

○