

PROVIDING FOR CONSIDERATION OF H.R. 4359, CHILD
CREDIT PRESERVATION AND EXPANSION ACT OF 2004

MAY 17, 2004.—Referred to the House Calendar and ordered to be printed

Ms. PRYCE of Ohio, from the Committee on Rules,
submitted the following

R E P O R T

[To accompany H. Res. 644]

The Committee on Rules, having had under consideration House Resolution 644, by a nonrecord vote, report the same to the House with the recommendation that the resolution be adopted.

SUMMARY OF PROVISIONS OF THE RESOLUTION

The resolution provides for the consideration of H.R. 4359, the Child Credit Preservation and Expansion Act of 2004, under a modified closed rule. The rule provides one hour of debate in the House equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means.

The rule provides for consideration of the amendment in the nature of a substitute printed in this report, if offered by Representative Rangel of New York or his designee, which shall be considered as read, and shall be separately debatable for one hour equally divided and controlled by the proponent and an opponent. The rule waives all points of order against the amendment printed in this report.

Finally, the rule provides one motion to recommit with or without instructions

SUMMARY OF AMENDMENT MADE IN ORDER

(Summary derived from information provided by the amendment sponsor.)

Rangel: Amendment in the Nature of a Substitute. Extends the \$1,000 child tax credit and includes the two low-income benefits just as contained in H.R. 4359. Does not increase income limits on credit. Repeals current inflation adjustment, which increases the threshold at which low-income taxpayers become eligible and im-

plements new inflation adjustment to the \$1,000 per child credit. Includes a temporary rate adjustment (through 2010) that applies to incomes over \$1 million (\$500,000 for single taxpayers). The rate adjustment would be 2.75% for incomes over that level. Conditions the repeal of the subset on Congress meeting certain budgetary goals. Congress would be required to enact budget legislation that balances the budget by FY 2014 (without using Social Security and Medicare trust funds).

TEXT OF AMENDMENT MADE IN ORDER

Strike all after the enacting clause and insert the following:

SECTION 1. INCREASE IN AND EXPANSION OF CHILD TAX CREDIT.

(a) **IN GENERAL.**—Subsection (a) of section 24 of the Internal Revenue Code of 1986 (relating to child tax credit) is amended to read as follows:

“(a) **ALLOWANCE OF CREDIT.**—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year with respect to each qualifying child of the taxpayer an amount equal to \$1,000.”

(b) **ADJUSTMENT OF CREDIT AMOUNT FOR INFLATION.**—Section 24 of such Code is amended by adding at the end the following new subsection:

“(g) **INFLATION ADJUSTMENT.**—In the case of any taxable year beginning in a calendar year after 2005, the \$1,000 amount contained in subsection (a) shall be increased by an amount equal to—

“(1) such dollar amount, multiplied by

“(2) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘calendar year 2004’ for ‘calendar year 1992’ in subparagraph (B) thereof. Any increase determined under the preceding sentence shall be rounded to the nearest multiple of \$50.”

(c) **RESTORATION OF \$10,000 THRESHOLD FOR REFUNDABLE PORTION OF CREDIT.**—Subsection (d) of section 24 of such Code is amended by striking paragraph (3).

(d) **ACCELERATION OF INCREASE IN REFUNDABLE PORTION OF CREDIT.**—Clause (i) of section 24(d)(1)(B) of such Code is amended by striking “(10 percent in the case of taxable years beginning before January 1, 2005)”.

(e) **COMBAT PAY TAKEN INTO ACCOUNT IN DETERMINING REFUNDABLE PORTION OF CREDIT.**—Paragraph (1) of section 24(d) of such Code is amended by adding at the end the following new sentence: “For purposes of subparagraph (B), any amount excluded from gross income by reason of section 112 shall be treated as earned income which is taken into account in computing taxable income for the taxable year.”

(f) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years beginning after December 31, 2003.

(g) **REPEAL OF SUNSET.**—Title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 shall not apply to the provisions of, and amendments made by, sections 201 and 203 of such Act.

SEC. 2. BENEFITS EXTENSION NOT TO INCREASE FEDERAL BUDGET DEFICIT.

(a) **IN GENERAL.**—Section 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

“(j) **ADDITIONAL TAX ON HIGH INCOME TAXPAYERS.**—In the case of taxable years beginning in calendar year 2005, 2006, 2007, 2008, 2009, or 2010, the amount determined under subsection (a), (b), (c), or (d), as the case may be, shall be increased by 2.75 percent of so much of adjusted gross income as exceeds \$1,000,000 in the case of individuals to whom subsection (a) applies (\$500,000 in any other case).”

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to taxable years beginning after December 31, 2004.

SEC. 3. REQUIREMENT THAT CONGRESS BALANCE THE BUDGET WITHOUT USING THE MEDICARE AND SOCIAL SECURITY TRUST FUNDS.

(a) **IN GENERAL.**—Notwithstanding the provisions of section 1 of this Act and any other provision of law, title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 shall take effect in the form as originally enacted unless Congress meets the requirements of subsection (b).

(b) **REQUIREMENTS.**—Congress meets the requirements of this subsection if—

(1) before September 1, 2010, Congress has enacted comprehensive Federal budget legislation, and

(2) the Director of the Office of Management and Budget certifies in September of 2010 that such legislation—

(A) will result in a balanced Federal budget by fiscal year 2014, determined by taking in to account the costs of the foregoing provisions of this Act and without taking into account the receipts and disbursements of the Social Security and Medicare Trust Funds, and

(B) will substantially reduce the United States Government’s reliance on Foreign central bank purchases of its debt obligations.