

**Description of Proposed Modifications to
H.R. 2488, as reported by the
House Committee on Ways and Means
on July 16, 1999, including statutory language**

Section 101 (10 percent reduction in individual income tax rates) would be modified to phase in the 10-percent across-the-board rate reduction as follows: 1.0 percent for 2001 through 2003, 2.5 percent for 2004, 5.0 percent for 2005 through 2007, 7.5 percent for 2008, and 10 percent for 2009 and thereafter.

Section 121 (repeal of individual alternative minimum tax on individuals) would be modified so that, during the period when the individual alternative minimum tax ("AMT") is being phased out, taxpayers would pay the following percentages of individual AMT liability: 80 percent in 2005, 70 percent in 2006, 60 percent in 2007, 50 percent in 2008, and 0 percent in 2009 and thereafter.

Section 201 (exemption of certain interest and dividend income from tax) would be modified to provide the following exclusion from income: \$50 (\$100 in the case of a married couple filing a joint return) for 2001 through 2002, \$100 (\$200 in the case of a married couple filing a joint return) for 2003 through 2004, and \$200 (\$400 in the case of a married couple filing a joint return) for 2005 and thereafter.

Section 301 (reduction in corporate capital gain tax rate) would be modified to reduce the tax on capital gains of corporations to 30 percent in 2005 and thereafter.

Section 302(a) (repeal of alternative minimum tax on corporations) would be modified to allow AMT credit carryovers to offset the current year's minimum tax liability as follows: 20 percent in 2005, 30 percent in 2006, 40 percent in 2007, 50 percent in 2008, and 100 percent in 2009 and thereafter.

Section 601 (repeal of estate, gift, and generation-skipping taxes) and section 611 (additional reductions of estate and gift tax rates) would be modified to phase in the repeal of the estate, gift, and generation-skipping taxes as follows: in 2001, repeal rates in excess of 53 percent; in 2002, repeal rates in excess of 50 percent; in 2003 through 2006, reduce all rates by 1 percentage point per year; in 2007, reduce all rates by 1.5 percentage point; and in 2008, reduce all rates by 2 percentage points.

Sections 1205 (reduced PBGC premium for new plans of small employers), section 1206 (reduction of additional PBGC premium for new and small plans), 1243 (missing participants), and section 1254 (substantial owner benefits in terminated plans) would be deleted.

A new provision would be added to Title XII—Provisions Relating to Pensions—to provide that the 100 percent of compensation limitation does not apply to multiemployer defined benefit pension plans. The modification would be effective with respect to years beginning after December 31, 2000.

A new Title XVII—Commitment to Debt Reduction would be added. This title contains a provision regarding the commitment of the Congress to debt reduction. The provision would reflect the sense of the Congress that: (1) the national debt of the United States held by the public is \$3.619 trillion as of fiscal year 1999; (2) the Federal budget is projected to produce a surplus each year in the next 10 fiscal years; (3) refunding taxes and reducing the national debt held by the public will assure continued economic growth and financial freedom for future generations; and (4) the national debt held by the public shall be reduced from \$3.619 trillion to a level below \$1.61 trillion by fiscal year 2009.

A new Title XVIII—Budgetary Treatment would be added. This title contains a provision that would provide that, upon enactment of the Act, the Director of the Office of Management and Budget shall not make any estimate of the changes in direct spending outlays and receipts under section 252(d) of the Balanced Budget and Emergency Deficit Control Act of 1985 resulting from the enactment of the Act.

**AMENDMENTS TO H.R. 2488, AS REPORTED
OFFERED BY MR. ARCHER OF TEXAS**

Page 10, strike the table after line 18 and insert the following:

“For taxable years beginning in calendar year—	The applicable percentage is—
2001 through 2003	1.0
2004	2.5
2005 through 2007	5.0
2008	7.5
2009 and thereafter	10.0.

1 In the case of taxable years beginning in calendar
2 year 2001, the rounding referred to in the preceding
3 sentence shall be to the next highest tenth.”

Page 16, line 24, strike “2007” and insert “2008”.

Page 17, line 7, strike “2002” and insert “2004”.

Page 17, line 8, strike “2008” and insert “2009”.

Page 17, strike the table after line 13 and insert the following new table:

“For taxable years beginning in calendar year—	The applicable percentage is—
2005	80
2006	70
2007	60
2008	50.”

Page 18, lines 18 and 19, strike “2007” and insert “2008”.

Page 20, strike lines 1 through 6 and insert the following:

1 “(A) in the case of any taxable year begin-
2 ning in 2001 or 2002, \$50 (\$100 in the case
3 of a joint return),

4 “(B) in the case of any taxable year begin-
5 ning in 2003 or 2004, \$100 (\$200 in the case
6 of a joint return), and

7 “(C) in the case of any taxable year begin-
8 ning after 2004, \$200 (\$400 in the case of a
9 joint return).

Page 38, strike line 24 and all that follows through
page 40, line 17, and insert the following:

 “(2) a tax of 30 percent of the net capital gain
(or, if less, taxable income).

10 “(b) CROSS REFERENCES.—For computation of the
11 alternative tax—

12 “(1) in the case of life insurance companies, see
13 section 801(a)(2),

14 “(2) in the case of regulated investment compa-
15 nies and their shareholders, see section 852(b)(3)(A)
16 and (D), and

17 “(3) in the case of real estate investment
18 trusts, see section 857(b)(3)(A).”

19 (b) TECHNICAL AMENDMENTS.—

1 (1) Paragraphs (1) and (2) of section 1445(e)
2 are each amended by striking “35 percent” and in-
3 serting “30 percent”.

4 (2)(A) The second sentence of section
5 7518(g)(6)(A) is amended by striking “34 percent”
6 and inserting “30 percent”.

7 (B) The second sentence of section
8 607(h)(6)(A) of the Merchant Marine Act, 1936, is
9 amended by striking “34 percent” and inserting “30
10 percent”.

11 (c) EFFECTIVE DATES.—

12 (1) IN GENERAL.—Except as provided in para-
13 graph (2), the amendments made by this section
14 shall apply to taxable years beginning after Decem-
15 ber 31, 2004.

16 (2) WITHHOLDING.—The amendment made by
17 subsection (b)(1) shall apply to amounts paid after
18 December 31, 2004.

Page 41, strike line 16 and all that follows through
the end of the page and insert the following:

19 “(2) CORPORATIONS FOR TAXABLE YEARS BE-
20 GINNING AFTER 2004.—In the case of a corporation
21 for any taxable year beginning after 2004 and before
22 2009, the limitation under paragraph (1) shall be in-
23 creased by the applicable percentage (determined in

1 accordance with the following table) of the tentative
2 minimum tax for the taxable year.

“For taxable years beginning in calendar year—	The applicable percentage is—
2005	20
2006	30
2007	40
2008	50.

Page 42, line 17, strike “2002” and insert “2004”.

Page 42, line 24, strike “2007” and insert “2008”.

Page 85, strike line 20 and all that follows through
page 88, line 7, and insert the following new section:

3 **SEC. 611. ADDITIONAL REDUCTIONS OF ESTATE AND GIFT**
4 **TAX RATES.**

5 (a) MAXIMUM RATE OF TAX REDUCED TO 50 PER-
6 CENT.—

7 (1) IN GENERAL.—The table contained in sec-
8 tion 2001(c)(1) is amended by striking the 2 highest
9 brackets and inserting the following:

“Over \$2,500,000 \$1,025,800, plus 50% of the excess
over \$2,500,000.”

10 (2) PHASE-IN OF REDUCED RATE.—Subsection
11 (c) of section 2001 is amended by adding at the end
12 the following new paragraph:

13 “(3) PHASE-IN OF REDUCED RATE.—In the
14 case of decedents dying, and gifts made, during
15 2001, the last item in the table contained in para-

1 graph (1) shall be applied by substituting ‘53%’ for
2 ‘50%.’”

3 (b) REPEAL OF PHASEOUT OF GRADUATED
4 RATES.—Subsection (c) of section 2001 is amended by
5 striking paragraph (2) and redesignating paragraph (3),
6 as added by subsection (a), as paragraph (2).

7 (c) ADDITIONAL REDUCTIONS OF RATES OF TAX.—
8 Subsection (c) of section 2001, as so amended, is amended
9 by adding at the end the following new paragraph:

10 “(3) PHASEDOWN OF TAX.—In the case of es-
11 tates of decedents dying, and gifts made, during any
12 calendar year after 2004 and before 2009—

13 “(A) IN GENERAL.—Except as provided in
14 subparagraph (C), the tentative tax under this
15 subsection shall be determined by using a table
16 prescribed by the Secretary (in lieu of using the
17 table contained in paragraph (1)) which is the
18 same as such table; except that—

19 “(i) each of the rates of tax shall be
20 reduced by the number of percentage
21 points determined under subparagraph
22 (B), and

23 “(ii) the amounts setting forth the tax
24 shall be adjusted to the extent necessary to
25 reflect the adjustments under clause (i).

1 “(B) PERCENTAGE POINTS OF REDUC-
2 TION.—

“For calendar year:	The number of percentage points is:
2003	1.0
2004	2.0
2005	3.0
2006	4.0
2007	5.5
2008	7.5.

3 “(C) COORDINATION WITH INCOME TAX
4 RATES.—The reductions under subparagraph
5 (A)—

6 “(i) shall not reduce any rate under
7 paragraph (1) below the lowest rate in sec-
8 tion 1(c), and

9 “(ii) shall not reduce the highest rate
10 under paragraph (1) below the highest rate
11 in section 1(c).

12 “(D) COORDINATION WITH CREDIT FOR
13 STATE DEATH TAXES.—Rules similar to the
14 rules of subparagraph (A) shall apply to the
15 table contained in section 2011(b) except that
16 the Secretary shall prescribe percentage point
17 reductions which maintain the proportionate re-
18 lationship (as in effect before any reduction
19 under this paragraph) between the credit under
20 section 2011 and the tax rates under subsection
21 (c).”

1 (d) EFFECTIVE DATES.—

2 (1) SUBSECTIONS (a) AND (b).—The amend-
3 ments made by subsections (a) and (b) shall apply
4 to estates of decedents dying, and gifts made, after
5 December 31, 2000.

6 (2) SUBSECTION (c).—The amendment made by
7 subsection (c) shall apply to estates of decedents
8 dying, and gifts made, after December 31, 2004.

Page 278, strike line 1 and all that follows through
page 282, line 6.

Page 334, strike line 6 and all that follows through
page 336, line 13.

Page 345, strike line 10 and all that follows through
page 349, line 15.

Page 358, after line 2, insert the following new sec-
tion:

9 **SEC. 1264. TREATMENT OF MULTIEMPLOYER PLANS UNDER**
10 **SECTION 415.**

11 (a) IN GENERAL.—Paragraph (11) of section 415(b)
12 (relating to limitation for defined benefit plans) is amend-
13 ed to read as follows:

14 “(11) SPECIAL LIMITATION RULE FOR GOVERN-
15 MENTAL AND MULTIEMPLOYER PLANS.—In the case
16 of a governmental plan (as defined in section

1 414(d)) or a multiemployer plan (as defined in sec-
2 tion 414(f)), subparagraph (B) of paragraph (1)
3 shall not apply.”.

4 (b) EFFECTIVE DATE.—The amendment made by
5 this section shall apply to years beginning after December
6 31, 2000.

At the end of the bill insert the following new titles:

7 **TITLE XVII—COMMITMENT TO**
8 **DEBT REDUCTION**

9 **SEC. 1701. COMMITMENT TO DEBT REDUCTION.**

10 It is the sense of the Congress that—

11 (1) the national debt of the United States held
12 by the public is \$3.619 trillion as of fiscal year
13 1999,

14 (2) the Federal budget is projected to produce
15 a surplus each year in the next 10 fiscal years,

16 (3) refunding taxes and reducing the national
17 debt held by the public will assure continued eco-
18 nomic growth and financial freedom for future gen-
19 erations, and

20 (4) the national debt held by the public shall be
21 reduced from \$3.619 trillion to a level below \$1.61
22 trillion by fiscal year 2009.

1 **TITLE XVIII—BUDGETARY**
2 **TREATMENT**

3 **SEC. 1801. EXCLUSION OF EFFECTS OF THIS ACT FROM**
4 **PAYGO SCORECARD.**

5 Upon the enactment of this Act, the Director of the
6 Office of Management and Budget shall not make any es-
7 timate of changes in direct spending outlays and receipts
8 under section 252(d) of the Balanced Budget and Emer-
9 gency Deficit Control Act of 1985 resulting from the en-
10 actment of this Act.

 Conform the section numbering and the table of con-
tents accordingly.