

106TH CONGRESS
2D SESSION

H. R. 4626

To amend the Internal Revenue Code of 1986 to allow individuals to designate that up to 10 percent of their income tax liability be used to reduce the national debt, and to require spending reductions equal to the amounts so designated.

IN THE HOUSE OF REPRESENTATIVES

JUNE 9, 2000

Mr. ENGLISH (for himself and Mr. RAMSTAD) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Internal Revenue Code of 1986 to allow individuals to designate that up to 10 percent of their income tax liability be used to reduce the national debt, and to require spending reductions equal to the amounts so designated.

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 “Debt Buy-Down Act”.

1 **SEC. 2. DESIGNATION OF AMOUNTS FOR REDUCTION OF**
 2 **PUBLIC DEBT.**

3 (a) IN GENERAL.—Subchapter A of chapter 61 of the
 4 Internal Revenue Code of 1986 (relating to returns and
 5 records) is amended by adding at the end the following
 6 new part:

7 **“PART IX—DESIGNATION FOR REDUCTION OF**
 8 **PUBLIC DEBT**

“Sec. 6097. Designation.

9 **“SEC. 6097. DESIGNATION.**

10 “(a) IN GENERAL.—Every individual with adjusted
 11 income tax liability for any taxable year may designate
 12 that a portion of such liability (not to exceed 10 percent
 13 thereof) shall be used to reduce the public debt.

14 “(b) MANNER AND TIME OF DESIGNATION.—A des-
 15 ignation under subsection (a) may be made with respect
 16 to any taxable year only at the time of filing the return
 17 of tax imposed by chapter 1 for the taxable year. The des-
 18 ignation shall be made on the first page of the return or
 19 on the page bearing the taxpayer’s signature.

20 “(c) ADJUSTED INCOME TAX LIABILITY.—For pur-
 21 poses of this section, the term ‘adjusted income tax liabil-
 22 ity’ means income tax liability (as defined in section
 23 6096(b)) reduced by any amount designated under section
 24 6096 (relating to designation of income tax payments to
 25 Presidential Election Campaign Fund).”

1 (b) CLERICAL AMENDMENT.—The table of parts for
 2 such subchapter A is amended by adding at the end the
 3 following new item:

“Part IX. Designation for reduction of public debt.”

4 (c) EFFECTIVE DATE.—The amendments made by
 5 this section shall apply to taxable years ending after the
 6 date of the enactment of this Act.

7 **SEC. 3. PUBLIC DEBT REDUCTION TRUST FUND.**

8 (a) IN GENERAL.—Subchapter A of chapter 98 of the
 9 Internal Revenue Code of 1986 (relating to trust fund
 10 code) is amended by adding at the end the following sec-
 11 tion:

12 **“SEC. 9511. PUBLIC DEBT REDUCTION TRUST FUND.**

13 “(a) CREATION OF TRUST FUND.—There is estab-
 14 lished in the Treasury of the United States a trust fund
 15 to be known as the ‘Public Debt Reduction Trust Fund’,
 16 consisting of any amount appropriated or credited to the
 17 Trust Fund as provided in this section or section 9602(b).

18 “(b) TRANSFERS TO TRUST FUND.—There are here-
 19 by appropriated to the Public Debt Reduction Trust Fund
 20 amounts equivalent to the amounts designated under sec-
 21 tion 6097 (relating to designation for public debt reduc-
 22 tion).

23 “(c) EXPENDITURES.—Amounts in the Public Debt
 24 Reduction Trust Fund shall be used by the Secretary of
 25 the Treasury for purposes of paying at maturity, or to

1 redeem or buy before maturity, any obligation of the Fed-
 2 eral Government included in the public debt (other than
 3 an obligation held by the Federal Old-Age and Survivors
 4 Insurance Trust Fund, the Civil Service Retirement and
 5 Disability Fund, or the Department of Defense Military
 6 Retirement Fund). Any obligation which is paid, re-
 7 deemed, or bought with amounts from the Public Debt Re-
 8 duction Trust Fund shall be canceled and retired and may
 9 not be reissued.”

10 (b) CLERICAL AMENDMENT.—The table of sections
 11 for such subchapter is amended by adding at the end the
 12 following new item:

“Sec. 9511. Public Debt Reduction Trust Fund.”

13 (c) EFFECTIVE DATE.—The amendments made by
 14 this section shall apply to amounts received after the date
 15 of the enactment of this Act.

16 **SEC. 4. TAXPAYER-GENERATED SEQUESTRATION OF FED-**
 17 **ERAL SPENDING TO REDUCE THE PUBLIC**
 18 **DEBT.**

19 (a) SEQUESTRATION TO REDUCE THE PUBLIC
 20 DEBT.—Part C of the Balanced Budget and Emergency
 21 Deficit Control Act of 1985 is amended by inserting after
 22 section 253 the following new section:

1 **“SEC. 253A. SEQUESTRATION TO REDUCE THE PUBLIC**
2 **DEBT.**

3 “(a) SEQUESTRATION.—Notwithstanding sections
4 255 and 256, within 15 days after Congress adjourns to
5 end a session, and on the same day as sequestration (if
6 any) under sections 251, 252, and 253, but after any se-
7 questration required by those sections, there shall be a se-
8 questration equivalent to the estimated aggregate amount
9 designated under section 6097 of the Internal Revenue
10 Code of 1986 for the last taxable year ending one year
11 before the beginning of that session of Congress, as esti-
12 mated by the Department of the Treasury on October 1
13 and as modified by the total of (1) any amounts by which
14 net discretionary spending is reduced by legislation below
15 the discretionary spending limits enacted after the enact-
16 ment of this section related to the fiscal year subject to
17 the sequestration (or, in the absence of such limits, any
18 net deficit change from the baseline amount calculated
19 under section 257 (except that such baseline for fiscal year
20 1999 and thereafter shall be based upon fiscal year 1998
21 enacted appropriations less any 1998 sequesters); and (2)
22 the net deficit change that has resulted from all direct
23 spending legislation enacted after the enactment of this
24 section related to the fiscal year subject to the sequestra-
25 tion, as estimated by OMB. If the reduction in spending
26 under clauses (1) and (2) for a fiscal year is greater than

1 the estimated aggregate amount designated under section
2 6097 of the Internal Revenue Code of 1986 respecting
3 that fiscal year, then there shall be no sequestration under
4 this section.

5 “(b) APPLICABILITY.—

6 “(1) IN GENERAL.—Except as provided by
7 paragraph (2), each account of the United States
8 shall be reduced by a dollar amount calculated by
9 multiplying the level of budgetary resources in that
10 account at that time by the uniform percentage nec-
11 essary to carry out subsection (a). All obligational
12 authority reduced under this section shall be done in
13 a manner that makes such reductions permanent.

14 “(2) EXEMPT ACCOUNTS.—No order issued
15 under this part may—

16 “(A) reduce benefits payable to the old-age
17 and survivors insurance program established
18 under title II of the Social Security Act;

19 “(B) reduce retired or retainer pay payable
20 to a member or former member of the uni-
21 formed services;

22 “(C) reduce benefits payable under a re-
23 tirement system for employees of the Govern-
24 ment;

1 “(D) reduce payments for net interest (all
2 of major functional category 900); or

3 “(E) make any reduction in the following
4 accounts:

5 “Federal Deposit Insurance Corpora-
6 tion, Bank Insurance Fund;

7 “Federal Deposit Insurance Corpora-
8 tion, FSLIC Resolution Fund;

9 “Federal Deposit Insurance Corpora-
10 tion, Savings Association Insurance Fund;

11 “National Credit Union Administra-
12 tion, credit union share insurance fund; or

13 “Resolution Trust Corporation.”.

14 (b) REPORTS.—Section 254 of the Balanced Budget
15 and Emergency Deficit Control Act of 1985 is amended—

16 (1) in subsection (a), by adding at the end of
17 the table the following new item:

“October 1	Department of Treasury report to Congress estimating amount of in- come tax designated pursuant to section 6097 of the Internal Rev- enue Code of 1986.”;
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18 (2) in subsection (c)(1), by inserting “, and se-
19 questration to reduce the public debt,” after “se-
20 questration”;

21 (3) in subsection (c), by redesignating para-
22 graph (5) as paragraph (6) and by inserting after
23 paragraph (4) the following new paragraph:

1 “(5) REPORTS ON SEQUESTRATION TO REDUCE
2 THE PUBLIC DEBT.—The preview reports shall set
3 forth for the budget year estimates for each of the
4 following:

5 “(A) The aggregate amount designated
6 under section 6097 of the Internal Revenue
7 Code of 1986 for the last taxable year ending
8 before the budget year.

9 “(B) The amount of reductions required
10 under section 253A and the deficit remaining
11 after those reductions have been made.

12 “(C) The sequestration percentage nec-
13 essary to achieve the required reduction in ac-
14 counts under section 253A(b).”; and

15 (4) in subsection (f), by redesignating para-
16 graphs (4) and (5) as paragraphs (5) and (6), re-
17 spectively, and by inserting after paragraph (3) the
18 following new paragraph:

19 “(4) REPORTS ON SEQUESTRATION TO REDUCE
20 THE PUBLIC DEBT.—The final reports shall contain
21 all of the information contained in the public debt
22 taxation designation report required on October 1.”.

23 (c) CONFORMING AMENDMENT.—The table of con-
24 tents in section 250(a) of the the Balanced Budget and
25 Emergency Deficit Control Act of 1985 is amended by in-

1 serting after the item relating to section 253 the following
2 new item:

“Sec. 253A. Sequestration to reduce the public debt.”.

3 (d) EFFECTIVE DATE.—Notwithstanding section
4 275(b) of the Balanced Budget and Emergency Deficit
5 Control Act of 1985, the expiration date set forth in that
6 section shall not apply to the amendments made by this
7 section. The amendments made by this section shall cease
8 to have any effect after the first fiscal year during which
9 there is no public debt.

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