

112<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 8

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## AN ACT

To extend certain tax relief provisions enacted in 2001 and 2003, and to provide for expedited consideration of a bill providing for comprehensive tax reform, 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,*

1 **TITLE I—JOB PROTECTION AND**  
2 **RECESSION PREVENTION ACT**

3 **SEC. 101. SHORT TITLE.**

4 This title may be cited as the “Job Protection and  
5 Recession Prevention Act of 2012”.

6 **SEC. 102. EXTENSION OF 2001 AND 2003 TAX RELIEF.**

7 (a) **EXTENSION OF 2001 TAX RELIEF.—**

8 (1) **IN GENERAL.**—Section 901 of the Economic  
9 Growth and Tax Relief Reconciliation Act of 2001 is  
10 amended by striking “December 31, 2012” both  
11 places it appears and inserting “December 31,  
12 2013”.

13 (2) **EFFECTIVE DATE.**—The amendments made  
14 by this section shall take effect as if included in the  
15 enactment of the Economic Growth and Tax Relief  
16 Reconciliation Act of 2001.

17 (b) **EXTENSION OF 2003 TAX RELIEF.—**

18 (1) **IN GENERAL.**—Section 303 of the Jobs and  
19 Growth Tax Relief Reconciliation Act of 2003 is  
20 amended by striking “December 31, 2012” and in-  
21 serting “December 31, 2013”.

22 (2) **EFFECTIVE DATE.**—The amendment made  
23 by this section shall take effect as if included in the  
24 enactment of the Jobs and Growth Tax Relief Rec-  
25 onciliation Act of 2003.

1 **SEC. 103. EXTENSION OF INCREASED SMALL BUSINESS EX-**  
2 **PENSING.**

3 (a) DOLLAR LIMITATION.—Section 179(b)(1) of the  
4 Internal Revenue Code of 1986 is amended—

5 (1) by striking “and” at the end of subpara-  
6 graph (C), by redesignating subparagraph (D) as  
7 subparagraph (E), and by inserting after subpara-  
8 graph (C) the following new subparagraph:

9 “(D) \$100,000 in the case of taxable years  
10 beginning in 2013, and”, and

11 (2) by striking “2012” in subparagraph (E) (as  
12 redesignated by paragraph (1)) and inserting  
13 “2013”.

14 (b) REDUCTION IN LIMITATION.—Section 179(b)(2)  
15 of such Code is amended—

16 (1) by striking “and” at the end of subpara-  
17 graph (C), by redesignating subparagraph (D) as  
18 subparagraph (E), and by inserting after subpara-  
19 graph (C) the following new subparagraph:

20 “(D) \$400,000 in the case of taxable years  
21 beginning in 2013, and”, and

22 (2) by striking “2012” in subparagraph (E) (as  
23 redesignated by paragraph (1)) and inserting  
24 “2013”.

25 (c) APPLICATION OF INFLATION ADJUSTMENT.—  
26 Section 179(b)(6)(A) of such Code is amended—

1 (1) by striking “calendar year 2012, the  
2 \$125,000 and \$500,000 amounts in paragraphs  
3 (1)(C) and (2)(C)” in the matter preceding clause  
4 (i) and inserting “calendar year 2013, the \$100,000  
5 and \$400,000 amounts in paragraphs (1)(D) and  
6 (2)(D)”, and

7 (2) by striking “calendar year 2006” in clause  
8 (ii) and inserting “calendar year 2002”.

9 (d) COMPUTER SOFTWARE.—Section  
10 179(d)(1)(A)(ii) of such Code is amended by striking  
11 “2013” and inserting “2014”.

12 (e) SPECIAL RULE FOR REVOCATION OF ELEC-  
13 TIONS.—Section 179(e)(2) of such Code is amended by  
14 striking “2013” and inserting “2014”.

15 (f) EFFECTIVE DATE.—The amendments made by  
16 this section shall apply to taxable years beginning after  
17 December 31, 2012.

18 **SEC. 104. EXTENSION OF ALTERNATIVE MINIMUM TAX RE-**  
19 **LIEF FOR INDIVIDUALS.**

20 (a) EXTENSION OF INCREASED ALTERNATIVE MIN-  
21 IMUM TAX EXEMPTION AMOUNT.—Section 55(d)(1) of  
22 the Internal Revenue Code of 1986 is amended—

23 (1) by striking “\$72,450” and all that follows  
24 through “2011” in subparagraph (A) and inserting  
25 “\$78,750 in the case of taxable years beginning in

1 2012 and \$79,850 in the case of taxable years be-  
2 ginning in 2013”, and

3 (2) by striking “\$47,450” and all that follows  
4 through “2011” in subparagraph (B) and inserting  
5 “\$50,600 in the case of taxable years beginning in  
6 2012 and \$51,150 in the case of taxable years be-  
7 ginning in 2013”.

8 (b) EXTENSION OF ALTERNATIVE MINIMUM TAX RE-  
9 LIEF FOR NONREFUNDABLE PERSONAL CREDITS.—Sec-  
10 tion 26(a)(2) of such Code is amended—

11 (1) by striking “during 2000, 2001, 2002,  
12 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010,  
13 or 2011” and inserting “after 1999 and before  
14 2014”, and

15 (2) by striking “2011” in the heading thereof  
16 and inserting “2013”.

17 (c) EFFECTIVE DATE.—The amendments made by  
18 this section shall apply to taxable years beginning after  
19 December 31, 2011.

20 **SEC. 105. TREATMENT FOR PAYGO PURPOSES.**

21 The budgetary effects of this Act shall not be entered  
22 on either PAYGO scorecard maintained pursuant to sec-  
23 tion 4(d) of the Statutory Pay-As-You-Go Act of 2010.

1 **TITLE II—PATHWAY TO JOB CRE-**  
2 **ATION THROUGH A SIMPLER,**  
3 **FAIRER TAX CODE ACT**

4 **SEC. 201. SHORT TITLE.**

5 This title may be cited as the “Pathway to Job Cre-  
6 ation through a Simpler, Fairer Tax Code Act of 2012”.

7 **SEC. 202. FINDINGS AND PURPOSES.**

8 (a) FINDINGS.—Congress finds that the following  
9 problems exist with the Internal Revenue Code of 1986  
10 (in this section referred to as the “tax code”):

11 (1) The tax code is unfair, containing hundreds  
12 of provisions that only benefit certain special inter-  
13 ests, resulting in a system of winners and losers.

14 (2) The tax code violates the fundamental prin-  
15 ciple of equal justice by subjecting families in similar  
16 circumstances to significantly different tax bills.

17 (3)(A) Many tax preferences, sometimes re-  
18 ferred to as “tax expenditures,” are similar to gov-  
19 ernment spending—instead of markets directing eco-  
20 nomic resources to their most efficient uses, the  
21 Government directs resources to other uses, creating  
22 a drag on economic growth and job creation.

23 (B) The exclusions, deductions, credits, and  
24 special rules that make up such tax expenditures  
25 amount to over \$1 trillion per year, nearly matching

1 the total amount of annual revenue that is generated  
2 from the income tax itself.

3 (C) In some cases, tax subsidies can literally  
4 take the form of spending through the tax code, re-  
5 distributing taxes paid by some Americans to indi-  
6 viduals and businesses who do not pay any income  
7 taxes at all.

8 (4) The failure to adopt a permanent tax code  
9 with stable statutory tax policy has created greater  
10 economic uncertainty. Tax rates have been scheduled  
11 to increase sharply in 3 of the last 5 years, requiring  
12 the enactment of repeated temporary extensions. Ad-  
13 ditionally, approximately 70 other, more targeted tax  
14 provisions expired in 2011 or are currently sched-  
15 uled to expire by the end of 2012.

16 (5) Since 2001, there have been nearly 4,500  
17 changes made to the tax code, averaging more than  
18 one each day over the past decade.

19 (6) The tax code's complexity leads nearly nine  
20 out of ten families either to hire tax preparers (60  
21 percent) or purchase software (29 percent) to file  
22 their taxes, while 71 percent of unincorporated busi-  
23 nesses are forced to pay someone else to prepare  
24 their taxes.

1           (7) The cost of complying with the tax code is  
2           too burdensome, forcing individuals, families, and  
3           employers to spend over six billion hours and over  
4           \$160 billion per year trying to comply with the law  
5           and pay the actual tax owed.

6           (8) Compliance with the current tax code is a  
7           financial hardship for employers that falls dispropor-  
8           tionately on small businesses, which spend an aver-  
9           age of \$74 per hour on tax-related compliance, mak-  
10          ing it the most expensive paperwork burden they en-  
11          counter.

12          (9) Small businesses have been responsible for  
13          two-thirds of the jobs created in the United States  
14          over the past 15 years, and approximately half of  
15          small-business profits are taxed at the current top 2  
16          individual rates.

17          (10) The historic range for tax revenues col-  
18          lected by the Federal government has averaged 18  
19          to 19 percent of Gross Domestic Product (GDP),  
20          but will rise to 21.2 percent of GDP under current  
21          law—a level never reached, let alone sustained, in  
22          the Nation’s history.

23          (11) The current tax code is highly punitive,  
24          with a top Federal individual income tax rate of 35  
25          percent (which is set to climb to over 40 percent in

1 2013 when taking into account certain hidden  
2 rates), meaning some Americans could face a com-  
3 bined local, State and Federal tax rate of 50 per-  
4 cent.

5 (12) The tax code contains harmful provisions,  
6 such as the Alternative Minimum Tax (AMT), which  
7 was initially designed to affect only the very highest-  
8 income taxpayers but now threatens more than 30  
9 million middle-class households because of a flawed  
10 design.

11 (13) As of April 1, 2012, the United States  
12 achieved the dubious distinction of having the high-  
13 est corporate tax rate (39.2 percent for Federal and  
14 State combined) in the developed world.

15 (14) The United States corporate tax rate is  
16 more than 50 percent higher than the average rate  
17 of member states of the Organization for Economic  
18 Cooperation and Development (OECD)—a factor  
19 that discourages employers and investors from locat-  
20 ing jobs and investments in the United States.

21 (15) The United States has become an outlier  
22 in that it still uses a “worldwide” system of tax-  
23 ation—one that has not been substantially reformed  
24 in 50 years, when the United States accounted for

1 nearly half of global economic output and had no se-  
2 rious competitors around the world.

3 (16) The combination of the highest corporate  
4 tax rate with an antiquated “worldwide” system sub-  
5 jects American companies to double taxation when  
6 they attempt to compete with foreign companies in  
7 overseas markets and then reinvest their earnings in  
8 the United States.

9 (17) The Nation’s outdated tax code has con-  
10 tributed to the fact that the world’s largest compa-  
11 nies are more likely to be headquartered overseas  
12 today than at any point in the last 50 years: In  
13 1960, 17 of the world’s 20 largest companies were  
14 based in the United States; by 2010, that number  
15 sank to a mere six out of 20.

16 (18) The United States has one of the highest  
17 levels of taxation on capital—taxing it once at the  
18 corporate level and then again at the individual  
19 level—with integrated tax rates on certain invest-  
20 ment income already reaching roughly 50 percent  
21 (and scheduled to reach nearly 70 percent in 2013).

22 (19) The United States’ overall taxation of cap-  
23 ital is higher than all but four of the 38 countries  
24 that make up the OECD and the BRIC (Brazil,  
25 Russia, India and China).

1 (b) PURPOSES.—It is the purpose of this Act to pro-  
2 vide for enactment of comprehensive tax reform in 2013  
3 that—

4 (1) protects taxpayers by creating a fairer, sim-  
5 pler, flatter tax code for individuals and families  
6 by—

7 (A) lowering marginal tax rates and broad-  
8 ening the tax base;

9 (B) eliminating special interest loopholes;

10 (C) reducing complexity in the tax code,  
11 making tax compliance easier and less costly;

12 (D) repealing the Alternative Minimum  
13 Tax;

14 (E) maintaining modern levels of progres-  
15 sivity so as to not overburden any one group or  
16 further erode the tax base;

17 (F) making it easier for Americans to save;

18 and

19 (G) reducing the tax burdens imposed on  
20 married couples and families;

21 (2) is comprehensive (addressing both indi-  
22 vidual and corporate rates), so as to have the max-  
23 imum economic impact by benefitting employers and  
24 their employees regardless of how a business is  
25 structured;

1           (3) results in tax revenue consistent with his-  
2           torical norms;

3           (4) spurs greater investment, innovation and  
4           job creation, and therefore increases economic activ-  
5           ity and the size of the economy on a dynamic basis  
6           as compared to the current tax code; and

7           (5) makes American workers and businesses  
8           more competitive by—

9                   (A) creating a stable, predictable tax code  
10                  under which families and employers are best  
11                  able to plan for the future;

12                  (B) keeping taxes on small businesses low;

13                  (C) reducing America’s corporate tax rate,  
14                  which is currently the highest in the industri-  
15                  alized world;

16                  (D) maintaining a level of parity between  
17                  individual and corporate rates to reduce eco-  
18                  nomic distortions;

19                  (E) promoting innovation in the United  
20                  States;

21                  (F) transitioning to a globally competitive  
22                  territorial tax system;

23                  (G) minimizing the double taxation of in-  
24                  vestment and capital; and

1 (H) reducing the impact of taxes on busi-  
2 ness decision-making to allow such decisions to  
3 be driven by their economic potential.

4 **SEC. 203. EXPEDITED CONSIDERATION OF A MEASURE PRO-**  
5 **VIDING FOR COMPREHENSIVE TAX REFORM.**

6 (a) DEFINITION.—For purposes of this section, the  
7 term “tax reform bill” means a bill of the 113th Con-  
8 gress—

9 (1) introduced in the House of Representatives  
10 by the chair of the Committee on Ways and Means  
11 not later than April 30, 2013, or the first legislative  
12 day thereafter if the House is not in session on that  
13 day, the title of which is as follows: “A bill to pro-  
14 vide for comprehensive tax reform.”; and

15 (2) which is the subject of a certification under  
16 subsection (b).

17 (b) CERTIFICATION.—The chair of the Joint Com-  
18 mittee on Taxation shall notify the House and Senate in  
19 writing whenever the chair of the Joint Committee deter-  
20 mines that an introduced bill described in subsection  
21 (a)(1) contains at least each of the following proposals:

22 (1) a consolidation of the current 6 individual  
23 income tax brackets into not more than two brackets  
24 of 10 and not more than 25 percent;

1           (2) a reduction in the corporate tax rate to not  
2 greater than 25 percent;

3           (3) a repeal of the Alternative Minimum Tax;

4           (4) a broadening of the tax base to maintain  
5 revenue between 18 and 19 percent of the economy;  
6 and

7           (5) a change from a “worldwide” to a “terri-  
8 torial” system of taxation.

9           (c) EXPEDITED CONSIDERATION IN THE HOUSE OF  
10 REPRESENTATIVES.—

11           (1) Any committee of the House of Representa-  
12 tives to which the tax reform bill is referred shall re-  
13 port it to the House not later than 20 calendar days  
14 after the date of its introduction. If a committee  
15 fails to report the tax reform bill within that period,  
16 such committee shall be automatically discharged  
17 from further consideration of the bill.

18           (2) If the House has not otherwise proceeded to  
19 the consideration of the tax reform bill upon the ex-  
20 piration of 15 legislative days after the bill has been  
21 placed on the Union Calendar, it shall be in order  
22 for the Majority Leader or a designee (or, after the  
23 expiration of an additional 2 legislative days, any  
24 Member), to offer one motion that the House resolve  
25 into the Committee of the Whole House on the state

1 of the Union for the consideration of the tax reform  
2 bill. The previous question shall be considered as or-  
3 dered on the motion to its adoption without inter-  
4 vening motion except 20 minutes of debate equally  
5 divided and controlled by the proponent and an op-  
6 ponent. If such a motion is adopted, consideration  
7 shall proceed in accordance with paragraph (3). A  
8 motion to reconsider the vote by which the motion  
9 is disposed of shall not be in order.

10 (3) The first reading of the bill shall be dis-  
11 pensed with. General debate shall be confined to the  
12 bill and shall not exceed 4 hours, equally divided and  
13 controlled by the chair and ranking minority mem-  
14 ber of the Committee on Ways and Means. At the  
15 conclusion of general debate, the bill shall be read  
16 for amendment under the five-minute rule. Any com-  
17 mittee amendment shall be considered as read. At  
18 the conclusion of consideration of the bill for amend-  
19 ment the Committee shall rise and report the bill to  
20 the House with such amendments as may have been  
21 adopted. The previous question shall be considered  
22 as ordered on the bill and amendments thereto to  
23 final passage without intervening motion except one  
24 motion to recommit with or without instructions. A

1 motion to reconsider the vote on passage of the bill  
2 shall not be in order.

3 (d) EXPEDITED CONSIDERATION IN THE SENATE.—

4 (1) COMMITTEE CONSIDERATION.—A tax re-  
5 form bill, as defined in subsection (a), received in  
6 the Senate shall be referred to the Committee on Fi-  
7 nance. The Committee shall report the bill not later  
8 than 15 calendar days after receipt of the bill in the  
9 Senate. If the Committee fails to report the bill  
10 within that period, that committee shall be dis-  
11 charged from consideration of the bill, and the bill  
12 shall be placed on the calendar.

13 (2) MOTION TO PROCEED.—Notwithstanding  
14 rule XXII of the Standing Rules of the Senate, it is  
15 in order, not later than 2 days of session after the  
16 date on which the tax reform bill is reported or dis-  
17 charged from committee, for the majority leader of  
18 the Senate or the majority leader's designee to move  
19 to proceed to the consideration of the tax reform  
20 bill. It shall also be in order for any Member of the  
21 Senate to move to proceed to the consideration of  
22 the tax reform bill at any time after the conclusion  
23 of such 2-day period. A motion to proceed is in order  
24 even though a previous motion to the same effect  
25 has been disagreed to. All points of order against

1 the motion to proceed to the tax reform bill are  
2 waived. The motion to proceed is not debatable. The  
3 motion is not subject to a motion to postpone.

4 (3) CONSIDERATION.—No motion to recommit  
5 shall be in order and debate on any motion or appeal  
6 shall be limited to one hour, to be divided in the  
7 usual form.

8 (4) AMENDMENTS.—All amendments must be  
9 relevant to the bill and debate on any amendment  
10 shall be limited to 2 hours to be equally divided in  
11 the usual form between the opponents and pro-  
12 ponents of the amendment. Debate on any amend-  
13 ment to an amendment, debatable motion, or appeal  
14 shall be limited to 1 hour to be equally divided in  
15 the usual form between the opponents and pro-  
16 ponents of the amendment.

17 (5) VOTE ON PASSAGE.—If the Senate has pro-  
18 ceeded to the bill, and following the conclusion of all  
19 debate, the Senate shall proceed to a vote on pas-  
20 sage of the bill as amended, if amended.

21 (e) CONFERENCE IN THE HOUSE.—If the House re-  
22 ceives a message that the Senate has passed the tax re-  
23 form bill with an amendment or amendments, it shall be  
24 in order for the chair of the Committee on Ways and  
25 Means or a designee, without intervention of any point of

1 order, to offer any motion specified in clause 1 of rule  
2 XXII.

3 (f) CONFERENCE IN THE SENATE.—If the Senate re-  
4 ceives from the House a message to accompany the tax  
5 reform bill, as defined in subsection (a), then no later than  
6 two session days after its receipt—

7 (1) the Chair shall lay the message before the  
8 Senate;

9 (2) the motion to insist on the Senate amend-  
10 ment or disagree to the House amendment or  
11 amendments to the Senate amendment, the request  
12 for a conference with the House or the motion to  
13 agree to the request of the House for a conference,  
14 and the motion to authorize the Chair to appoint  
15 conferees on the part of the Senate shall be agreed  
16 to; and

17 (3) the Chair shall then be authorized to ap-  
18 point conferees on the part of the Senate without in-  
19 tervening motion, with a ratio agreed to with the  
20 concurrence of both leaders.

21 (g) RULEMAKING.—This section is enacted by the  
22 Congress as an exercise of the rulemaking power of the  
23 House of Representatives and Senate, respectively, and as  
24 such is deemed a part of the rules of each House, respec-  
25 tively, or of that House to which they specifically apply,

1 and such procedures supersede other rules only to the ex-  
2 tent that they are inconsistent with such rules; and with  
3 full recognition of the constitutional right of either House  
4 to change the rules (so far as relating to the procedures  
5 of that House) at any time, in the same manner, and to  
6 the same extent as any other rule of that House.

Passed the House of Representatives August 1,  
2012.

Attest:

*Clerk.*

112<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

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# H. R. 8

## AN ACT

To extend certain tax relief provisions enacted in 2001 and 2003, and to provide for expedited consideration of a bill providing for comprehensive tax reform, and for other purposes.