

104TH CONGRESS
1ST SESSION

H. R. 2083

To provide for a tax reduction in the case of low economic growth.

IN THE HOUSE OF REPRESENTATIVES

JULY 20, 1995

Mr. OBEY (for himself, Mr. HINCHEY, Mr. BRYANT of Texas, and Ms. PELOSI) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To provide for a tax reduction in the case of low economic growth.

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 “Tax Reduction and
5 Economic Growth Act of 1995”.

6 **SEC. 2. TAX REDUCTION IN THE EVENT OF LOW GROWTH.**

7 (a) LOW-GROWTH REPORT.—

8 (1) IN GENERAL.—At any time, the Director of
9 the Office of Management and Budget (hereafter in
10 this section referred to as the “Director”) shall no-

1 tify the President and the Congress if the Director
2 has determined that for any of the periods described
3 in paragraph (2)—

4 (A) economic growth as measured by the
5 change in real Gross Domestic Product (GDP)
6 at an annual rate is estimated to be less than
7 1.5 percent, and

8 (B) the rate of national unemployment
9 (seasonally adjusted) is estimated to be greater
10 than 6.5 percent.

11 (2) TESTING PERIODS.—For purposes of para-
12 graph (1), the periods described in this paragraph
13 are—

14 (A) the period consisting of the quarter
15 during which the notification is given and the
16 quarter preceding such notification,

17 (B) the period consisting of the preceding
18 4 quarters, and

19 (C) the period consisting of the 2 quarters
20 following such notification.

21 (b) PRESIDENTIAL AUTHORIZATION OF TEMPORARY
22 TAX REDUCTIONS.—

23 (1) PRESIDENTIAL DECLARATION.—After noti-
24 fication under subsection (a), the President may
25 issue a declaration that temporary income tax reduc-

1 tions are required for a specified calendar year to
2 provide a quick and necessary fiscal stimulus to the
3 economy. Any such declaration shall be transmitted
4 to the Congress.

5 (2) TEMPORARY TAX MODIFICATIONS.—If the
6 President transmits a declaration under paragraph
7 (1) to the Congress—

8 (A) TEMPORARY TAX REDUCTIONS.—

9 (i) IN GENERAL.—Effective for tax-
10 able years beginning in the calendar year
11 specified in such declaration—

12 (I) the rates applicable to the
13 first income bracket in the tax tables
14 contained in section 1 of the Internal
15 Revenue Code of 1986 shall be re-
16 duced by a percentage (not to exceed
17 3 percent) specified in such declara-
18 tion, and

19 (II) the amounts set fourth as
20 tax in such tables shall be adjusted to
21 reflect such rate reduction.

22 (ii) WITHHOLDING ADJUSTMENTS.—
23 The withholding tables or procedures pre-
24 scribed by the Secretary of the Treasury or
25 his delegate under section 3402(a) of such

1 Code shall be modified so that, to the max-
2 imum extent possible, the full calendar
3 year effect of such reduction is reflected
4 through withholding reductions during the
5 portion of the calendar year after such dec-
6 laration.

7 (B) TEMPORARY SURTAX WHERE ECO-
8 NOMIC GROWTH REQUIREMENTS SUBSE-
9 QUENTLY SATISFIED.—

10 (i) IN GENERAL.—Effective for tax-
11 able years beginning in the first subse-
12 quent calendar year for which the eco-
13 nomic growth requirements of paragraph
14 (3) are satisfied—

15 (I) each rate of tax in the tax ta-
16 bles contained in section 1 of the In-
17 ternal Revenue Code of 1986 shall be
18 increased by the percentage deter-
19 mined under paragraph (4) for such
20 year, except the tax rate for individ-
21 uals with Adjusted Gross Income of
22 less than \$50,000 and taxpayers filing
23 jointly with Adjusted Gross Income of
24 less than \$75,000 shall not exceed the

1 rates established in the year prior to
2 the temporary tax reduction, and

3 (II) the amounts set forth as tax
4 in such tables shall be adjusted to re-
5 flect such rate increases.

6 (ii) WITHHOLDING ADJUSTMENTS.—
7 Effective for such subsequent calendar
8 year, the withholding tables or procedures
9 prescribed by the Secretary of the Treas-
10 ury or his delegate under section 3402(a)
11 of such Code shall be modified to reflect
12 the increase in tax rates under clause (i).

13 (3) ECONOMIC GROWTH REQUIREMENTS.—The
14 economic growth requirements of this paragraph are
15 satisfied for any calendar year if, before the begin-
16 ning of such calendar year, the President determines
17 (and publishes such determination in the Federal
18 Register) that for such calendar year and the imme-
19 diately preceding calendar year—

20 (A) economic growth as measured by the
21 change in the real Gross Domestic Product
22 (GDP) is estimated to be greater than 4.5 per-
23 cent, and

1 (B) the rate of national unemployment
2 (seasonally adjusted) is estimated to be less
3 than 5.5 percent.

4 (4) RATE INCREASE PERCENTAGE.—The per-
5 centage determined under this paragraph is the per-
6 centage increase in the tax rates contained in section
7 1 of the Internal Revenue Code of 1986 which the
8 President estimates will result in an aggregate in-
9 crease in receipts under chapter 1 of such Code
10 equal to the aggregate decrease in receipts under
11 such Code by reason of subparagraph (A) of para-
12 graph (2) without increasing the tax rate for individ-
13 uals with Adjusted Gross Income of less than
14 \$50,000 and taxpayers filing jointly with Adjusted
15 Gross Income of less than \$75,000 above the rates
16 established in the year prior to the temporary tax re-
17 duction. Such percentage shall be published in the
18 Federal Register before the beginning of the cal-
19 endar year for which the economic requirements of
20 paragraph (2) are satisfied.

21 **SEC. 3. TREATMENT UNDER PAY-AS-YOU-GO PROCEDURES.**

22 Any reduction or increase in receipts resulting from
23 section 2 of this Act shall not be considered for any pur-

- 1 pose under the Balanced Budget and Emergency Deficit
- 2 Control Act of 1985.

