

106TH CONGRESS
1ST SESSION

H. R. 1453

To amend the Internal Revenue Code of 1986 to restore the deduction
for 2-earner married couples.

IN THE HOUSE OF REPRESENTATIVES

APRIL 15, 1999

Mr. LAMPSON introduced the following bill; which was referred to the
Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to restore
the deduction for 2-earner married couples.

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 “Marriage Tax Penalty
5 Relief Act of 1999”.

6 **SEC. 2. RESTORATION OF DEDUCTION FOR 2-EARNER MAR-**
7 **RIED COUPLES.**

8 (a) IN GENERAL.—Part VII of subchapter B of chap-
9 ter 1 of the Internal Revenue Code of 1986 (relating to
10 additional itemized deductions for individuals) is amended

1 by redesignating section 222 as section 223 and by insert-
2 ing after section 221 the following new section:

3 **“SEC. 222. DEDUCTION FOR 2-EARNER MARRIED COUPLES.**

4 “(a) DEDUCTION ALLOWED.—In the case of a joint
5 return for the taxable year, there shall be allowed as a
6 deduction an amount equal to the applicable percentage
7 of the qualified earned income of the spouse with the lower
8 qualified earned income for such taxable year.

9 “(b) APPLICABLE PERCENTAGE.—For purposes of
10 this section—

11 “(1) IN GENERAL.—The term ‘applicable per-
12 centage’ means 20 percent reduced (but not below
13 zero) by 1 percentage point for each \$1,000 (or frac-
14 tion thereof) by which the taxpayer’s modified ad-
15 justed gross income for the taxable year exceeds
16 \$50,000.

17 “(2) TRANSITION RULE FOR 1999 AND 2000.—In
18 the case of taxable years beginning in 1999 or 2000,
19 paragraph (1) shall be applied by substituting ‘10
20 percent’ for ‘20 percent’ and ‘0.5 percentage point’
21 for ‘1 percentage point’.

22 “(3) MODIFIED ADJUSTED GROSS INCOME.—
23 The term ‘modified adjusted gross income’ means
24 adjusted gross income determined—

1 “(A) without regard to this section and
2 sections 911, 931, and 933, and

3 “(B) after application of sections 86, 135,
4 137, 219, 221, and 469.

5 “(c) QUALIFIED EARNED INCOME.—

6 “(1) IN GENERAL.—For purposes of this sec-
7 tion, the term ‘qualified earned income’ means an
8 amount equal to the excess of—

9 “(A) the earned income of the spouse for
10 the taxable year, over

11 “(B) an amount equal to the sum of the
12 deductions described in paragraphs (1), (2),
13 (6), (7), (12), and (16) of section 62(a) to the
14 extent such deductions are properly allocable to
15 or chargeable against earned income described
16 in subparagraph (A).

17 The amount of qualified earned income shall be de-
18 termined without regard to any community property
19 laws.

20 “(2) EARNED INCOME.—For purposes of para-
21 graph (1), the term ‘earned income’ means income
22 which is earned income within the meaning of sec-
23 tion 911(d)(2) or 401(c)(2)(C), except that—

24 “(A) such term shall not include any
25 amount—

1 “(i) not includible in gross income,
2 “(ii) received as a pension or annuity,
3 “(iii) paid or distributed out of an in-
4 dividual retirement plan (within the mean-
5 ing of section 7701(a)(37)),

6 “(iv) received as deferred compensa-
7 tion, or

8 “(v) received for services performed
9 by an individual in the employ of his
10 spouse (within the meaning of section
11 3121(b)(3)(A)), and

12 “(B) section 911(d)(2)(B) shall be applied
13 without regard to the phrase ‘not in excess of
14 30 percent of his share of the net profits of
15 such trade or business’.

16 “(d) DEDUCTION DISALLOWED FOR INDIVIDUAL
17 CLAIMING BENEFITS OF SECTION 911 OR 931.—No de-
18 duction shall be allowed under this section for any taxable
19 year if either spouse claims the benefits of section 911
20 or 931 for such taxable year.

21 “(e) COST-OF-LIVING ADJUSTMENT.—In the case of
22 any taxable year beginning in a calendar year after 1999,
23 the \$50,000 amount contained in subsection (b)(1) shall
24 be increased by an amount equal to the product of—

25 “(1) such dollar amount, and

1 “(2) the cost-of-living adjustment determined
2 under section 1(f)(3) for the calendar year in which
3 the taxable year begins, determined by substituting
4 ‘calendar year 1998’ for ‘calendar year 1992’ in sub-
5 paragraph (B) thereof.

6 If any increase determined under the preceding sentence
7 is not a multiple of \$50, such increase shall be rounded
8 to the next lowest multiple of \$50.”

9 (b) DEDUCTION ALLOWED WHETHER OR NOT TAX-
10 PAYER ITEMIZES OTHER DEDUCTIONS.—Subsection (a)
11 of section 62 of such Code (defining adjusted gross in-
12 come) is amended by inserting after paragraph (17) the
13 following new paragraph:

14 “(18) DEDUCTION FOR 2-EARNER MARRIED
15 COUPLES.—The deduction allowed by section 222.”

16 (c) EARNED INCOME CREDIT PHASEOUT TO RE-
17 FLECT DEDUCTION.—Paragraph (2) of section 32(c) of
18 such Code (defining earned income) is amended by adding
19 at the end the following new subparagraph:

20 “(C) MARRIAGE PENALTY REDUCTION.—
21 Solely for purposes of applying subsection
22 (a)(2)(B), earned income for any taxable year
23 shall be reduced by an amount equal to the
24 amount of the deduction allowed to the tax-
25 payer for such taxable year under section 222.”

1 (d) CONFORMING AMENDMENTS.—

2 (1) Sections 86(b)(2)(A), 135(c)(4)(A),
3 137(b)(3)(A), and 219(g)(3)(A)(ii) of such Code are
4 each amended by inserting “222,” after “221,”.

5 (2) Clause (i) of section 221(b)(2)(C) of such
6 Code is amended by inserting “222,” before “911”.

7 (3) Clause (iii) of section 469(i)(3)(E) of such
8 Code is amended by striking “and 221” and insert-
9 ing “, 221, and 222”.

10 (4) The table of sections for part VII of sub-
11 chapter B of chapter 1 of such Code is amended by
12 striking the item relating to section 222 and insert-
13 ing the following:

“Sec. 222. Deduction for 2-earner married couples.
“Sec. 223. Cross reference.”

14 (e) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to taxable years beginning after
16 December 31, 1998.

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