

108TH CONGRESS
1ST SESSION

S. 126

To amend the Internal Revenue Code of 1986 to suspend future reductions of the highest income tax rate if there exists a Federal on-budget deficit.

IN THE SENATE OF THE UNITED STATES

JANUARY 9, 2003

Mrs. FEINSTEIN (for herself and Mr. CHAFEE) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to suspend future reductions of the highest income tax rate if there exists a Federal on-budget deficit.

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. SUSPENSION OF CERTAIN INCOME TAX RATE**
4 **REDUCTIONS IN CASE OF FEDERAL ON-BUDG-**
5 **ET DEFICIT.**

6 Section 1(i) of the Internal Revenue Code of 1986
7 (relating to rate reductions after 2000) is amended by re-
8 designating paragraph (3) as paragraph (4) and by insert-
9 ing after paragraph (2) the following new paragraph:

1 “(3) SUSPENSION OF HIGHEST RATE REDUC-
2 TIONS IN CASE OF FEDERAL ON-BUDGET DEFICIT.—
3 Notwithstanding the table contained in paragraph
4 (2)—

5 “(A) INITIAL DETERMINATION.—If the
6 Secretary determines on October 1, 2003, that
7 there exists a Federal on-budget deficit for the
8 fiscal year beginning on such date, the reduc-
9 tion in the highest rate under such table to
10 37.6 percent shall be suspended until the begin-
11 ning of the first calendar year following the
12 first succeeding October 1 on which it is deter-
13 mined that such a deficit does not exist.

14 “(B) SUBSEQUENT DETERMINATION.—On
15 October 1 of the year following the first cal-
16 endar year described in subparagraph (A), if
17 the Secretary determines that a Federal on-
18 budget deficit exists for the fiscal year begin-
19 ning on such date, the reduction in the highest
20 rate under such table to 35.0 percent shall be
21 suspended until the beginning of the first cal-
22 endar year following the first succeeding Octo-
23 ber 1 on which it is determined that such a def-
24 icit does not exist.

1 “(C) DATA FOR DETERMINATION.—Any
2 determination by the Secretary under this para-
3 graph with respect to any fiscal year shall be
4 based on the most recent budgetary data for
5 such fiscal year submitted to Congress under
6 section 1106 of title 31, United States Code.”.

○