

**Calendar No. 339**112<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION**S. 2230**

To reduce the deficit by imposing a minimum effective tax rate for high-income taxpayers.

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## IN THE SENATE OF THE UNITED STATES

MARCH 22, 2012

Mr. WHITEHOUSE (for himself, Mr. AKAKA, Mr. BEGICH, Mr. LEAHY, Mr. HARKIN, Mr. BLUMENTHAL, Mr. SANDERS, Mr. SCHUMER, Mr. REED, Mr. ROCKEFELLER, Mr. FRANKEN, Mrs. BOXER, Mr. DURBIN, and Mr. LEVIN) introduced the following bill; which was read the first time

MARCH 26, 2012

Read the second time and placed on the calendar

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**A BILL**

To reduce the deficit by imposing a minimum effective tax rate for high-income taxpayers.

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 “Paying a Fair Share  
5 Act of 2012”.

1 **SEC. 2. FAIR SHARE TAX ON HIGH-INCOME TAXPAYERS.**

2 (a) IN GENERAL.—Subchapter A of chapter 1 of the  
3 Internal Revenue Code of 1986 is amended by adding at  
4 the end the following new part:

5 **“PART VII—FAIR SHARE TAX ON HIGH-INCOME**  
6 **TAXPAYERS**

“Sec. 59B. Fair share tax.

7 **“SEC. 59B. FAIR SHARE TAX.**

8 “(a) GENERAL RULE.—

9 “(1) PHASE-IN OF TAX.—In the case of any  
10 high-income taxpayer, there is hereby imposed for a  
11 taxable year (in addition to any other tax imposed  
12 by this subtitle) a tax equal to the product of—

13 “(A) the amount determined under para-  
14 graph (2), and

15 “(B) a fraction (not to exceed 1)—

16 “(i) the numerator of which is the ex-  
17 cess of—

18 “(I) the taxpayer’s adjusted  
19 gross income, over

20 “(II) the dollar amount in effect  
21 under subsection (c)(1), and

22 “(ii) the denominator of which is the  
23 dollar amount in effect under subsection  
24 (c)(1).

1           “(2) AMOUNT OF TAX.—The amount of tax de-  
2           termined under this paragraph is an amount equal  
3           to the excess (if any) of—

4                   “(A) the tentative fair share tax for the  
5           taxable year, over

6                   “(B) the excess of—

7                           “(i) the sum of—

8                                   “(I) the regular tax liability (as  
9                                   defined in section 26(b)) for the tax-  
10                                  able year,

11                                 “(II) the tax imposed by section  
12                                 55 for the taxable year, plus

13                                 “(III) the payroll tax for the tax-  
14                                 able year, over

15                                 “(ii) the credits allowable under part  
16                                 IV of subchapter A (other than sections  
17                                 27(a), 31, and 34).

18           “(b) TENTATIVE FAIR SHARE TAX.—For purposes  
19           of this section—

20                   “(1) IN GENERAL.—The tentative fair share tax  
21           for the taxable year is 30 percent of the excess of—

22                           “(A) the adjusted gross income of the tax-  
23           payer, over

24                           “(B) the modified charitable contribution  
25           deduction for the taxable year.

1           “(2) MODIFIED CHARITABLE CONTRIBUTION  
2 DEDUCTION.—For purposes of paragraph (1)—

3           “(A) IN GENERAL.—The modified chari-  
4 table contribution deduction for any taxable  
5 year is an amount equal to the amount which  
6 bears the same ratio to the deduction allowable  
7 under section 170 (section 642(c) in the case of  
8 a trust or estate) for such taxable year as—

9           “(i) the amount of itemized deduc-  
10 tions allowable under the regular tax (as  
11 defined in section 55) for such taxable  
12 year, determined after the application of  
13 section 68, bears to

14           “(ii) such amount, determined before  
15 the application of section 68.

16           “(B) TAXPAYER MUST ITEMIZE.—In the  
17 case of any individual who does not elect to  
18 itemize deductions for the taxable year, the  
19 modified charitable contribution deduction shall  
20 be zero.

21           “(c) HIGH-INCOME TAXPAYER.—For purposes of this  
22 section—

23           “(1) IN GENERAL.—The term ‘high-income tax-  
24 payer’ means, with respect to any taxable year, any  
25 taxpayer (other than a corporation) with an adjusted

1 gross income for such taxable year in excess of  
2 \$1,000,000 (50 percent of such amount in the case  
3 of a married individual who files a separate return).

4 “(2) INFLATION ADJUSTMENT.—

5 “(A) IN GENERAL.—In the case of a tax-  
6 able year beginning after 2013, the \$1,000,000  
7 amount under paragraph (1) shall be increased  
8 by an amount equal to—

9 “(i) such dollar amount, multiplied by

10 “(ii) the cost-of-living adjustment de-  
11 termined under section 1(f)(3) for the cal-  
12 endar year in which the taxable year be-  
13 gins, determined by substituting ‘calendar  
14 year 2012’ for ‘calendar year 1992’ in sub-  
15 paragraph (B) thereof.

16 “(B) ROUNDING.—If any amount as ad-  
17 justed under subparagraph (A) is not a multiple  
18 of \$10,000, such amount shall be rounded to  
19 the next lowest multiple of \$10,000.

20 “(d) PAYROLL TAX.—For purposes of this section,  
21 the payroll tax for any taxable year is an amount equal  
22 to the excess of—

23 “(1) the taxes imposed on the taxpayer under  
24 sections 1401, 1411, 3101, 3201, and 3211(a) (to  
25 the extent such taxes are attributable to the rate of

1 tax in effect under section 3101) with respect to  
2 such taxable year or wages or compensation received  
3 during the taxable year, over

4 “(2) the deduction allowable under section  
5 164(f) for such taxable year.

6 “(e) SPECIAL RULE FOR ESTATES AND TRUSTS.—  
7 For purposes of this section, in the case of an estate or  
8 trust, adjusted gross income shall be computed in the  
9 manner described in section 67(e).

10 “(f) NOT TREATED AS TAX IMPOSED BY THIS CHAP-  
11 TER FOR CERTAIN PURPOSES.—The tax imposed under  
12 this section shall not be treated as tax imposed by this  
13 chapter for purposes of determining the amount of any  
14 credit under this chapter (other than the credit allowed  
15 under section 27(a)) or for purposes of section 55.”.

16 (b) CONFORMING AMENDMENT.—Section 26(b)(2) of  
17 the Internal Revenue Code of 1986 is amended by redesignig-  
18 nating subparagraphs (C) through (X) as subparagraphs  
19 (D) through (Y), respectively, and by inserting after sub-  
20 paragraph (B) the following new subparagraph:

21 “(C) section 59B (relating to fair share  
22 tax),”.

23 (c) CLERICAL AMENDMENT.—The table of parts for  
24 subchapter A of chapter 1 of the Internal Revenue Code

1 of 1986 is amended by adding at the end the following  
2 new item:

“PART VII—FAIR SHARE TAX ON HIGH-INCOME TAXPAYERS”.

3 (d) **EFFECTIVE DATE.**—The amendments made by  
4 this section shall apply to taxable years beginning after  
5 December 31, 2012.

6 **SEC. 3. SENSE OF THE SENATE REGARDING TAX REFORM.**

7 It is the sense of the Senate that—

8 (1) Congress should enact tax reform that re-  
9 peals unfair and unnecessary tax loopholes and ex-  
10 penditures, simplifies the system for millions of tax-  
11 payers and businesses (including by eliminating the  
12 alternative minimum tax for middle-class Ameri-  
13 cans), and makes sure that the wealthiest taxpayers  
14 pay a fair share; and

15 (2) this Act is an interim step that can be done  
16 quickly and serve as a floor on taxes for the highest-  
17 income taxpayers, cut the deficit by billions of dol-  
18 lars a year, and help encourage more fundamental  
19 reform of the tax system.

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