

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 4275
OFFERED BY MR. RANGEL OF NEW YORK**

Strike all after the enacting clause and insert the following:

1 **SECTION 1. EXTENSION OF 10-PERCENT INDIVIDUAL IN-**
2 **COME TAX RATE BRACKET.**

3 (a) IN GENERAL.—Clause (i) of section 1(i)(1)(B) of
4 the Internal Revenue Code of 1986 (relating to the initial
5 bracket amount) is amended to read as follows:

6 “(i) \$14,000 in the case of subsection
7 (a),”.

8 (b) INFLATION ADJUSTMENT BEGINNING IN 2004.—
9 Section 1(i)(1)(C) of such Code (relating to inflation ad-
10 justment) is amended to read as follows:

11 “(C) INFLATION ADJUSTMENT.—In pre-
12 scribing the tables under subsection (f) which
13 apply with respect to taxable years beginning in
14 calendar years after 2003—

15 “(i) the cost-of-living adjustment used
16 in making adjustments to the initial brack-
17 et amount shall be determined under sub-
18 section (f)(3) by substituting ‘2002’ for
19 ‘1992’ in subparagraph (B) thereof, and

1 “(ii) such adjustment shall not apply
2 to the amount referred to in subparagraph
3 (B)(iii).

4 If any amount after adjustment under the pre-
5 ceding sentence is not a multiple of \$50, such
6 amount shall be rounded to the next lowest
7 multiple of \$50.”.

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to taxable years beginning after
10 December 31, 2003.

11 (d) REPEAL OF SUNSET.—Title IX of the Economic
12 Growth and Tax Relief Reconciliation Act of 2001 shall
13 not apply to—

14 (1) paragraph (1) of section 1(i) of the In-
15 ternal Revenue Code of 1986, and

16 (2) the amendments made by paragraphs
17 (1) and (7) of section 101(c) of such Act.

18 **SEC. 2. BENEFITS OF ACT NOT DENIED BY REASON OF AL-**
19 **TERNATIVE MINIMUM TAX.**

20 (a) MINIMUM TAX.—The amount of the minimum
21 tax imposed by section 55 of the Internal Revenue Code
22 of 1986 shall be determined as if section 1 of this Act
23 had not been enacted.

24 (b) CREDITS.—In applying section 26(a)(1) of such
25 Code, the amount referred to in subparagraph (B) thereof

1 shall be reduced (but not below zero) by the amount of
2 the reduction in the taxpayer's regular tax liability by rea-
3 son of section 1 of this Act.

4 **SEC. 3. BENEFITS EXTENSION NOT TO INCREASE FEDERAL**
5 **BUDGET DEFICIT.**

6 (a) IN GENERAL.—Section 1 of the Internal Revenue
7 Code of 1986 is amended by adding at the end the fol-
8 lowing new subsection:

9 “(j) ADDITIONAL TAX ON HIGH INCOME TAX-
10 PAYERS.—In the case of taxable years beginning in cal-
11 endar year 2005, 2006, 2007, 2008, 2009, or 2010, the
12 amount determined under subsection (a), (b), (c), or (d),
13 as the case may be, shall be increased by 1.9 percent of
14 so much of adjusted gross income as exceeds \$1,000,000
15 in the case of individuals to whom subsection (a) applies
16 (\$500,000 in any other case).”

17 (b) EFFECTIVE DATE.—The amendment made by
18 this section shall apply to taxable years beginning after
19 December 31, 2004.

20 **SEC. 4. REQUIREMENT THAT CONGRESS BALANCE BUDGET.**

21 (a) IN GENERAL.—Notwithstanding the provisions of
22 section 1 of this Act and any other provision of law, title
23 IX of the Economic Growth and Tax Relief Reconciliation
24 Act of 2001 shall take effect in the form as originally en-

1 acted unless Congress meets the requirements of sub-
2 section (b).

3 (b) REQUIREMENTS.—Congress meets the require-
4 ments of this subsection if—

5 (1) before September 1, 2010, Congress has en-
6 acted comprehensive Federal budget legislation, and

7 (2) the Director of the Office of Management
8 and Budget certifies in September of 2010 that such
9 legislation—

10 (A) will result in a balanced Federal budg-
11 et by fiscal year 2014, determined by taking in
12 to account the costs of the foregoing provisions
13 of this Act and without taking into account the
14 receipts and disbursements of the Social Secu-
15 rity and Medicare Trust Funds, and

16 (B) will permit the general fund of the
17 Treasury to repay amounts previously borrowed
18 from the Social Security and Medicare Trust
19 Funds without requiring large foreign central
20 bank purchases.