

114TH CONGRESS  
1ST SESSION

# H. R. 362

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

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 14, 2015

Mr. CICILLINE (for himself, Mr. CARTWRIGHT, Mr. POCAN, Mr. ELLISON, Mr. LANGEVIN, Ms. SCHAKOWSKY, Ms. WILSON of Florida, Ms. LEE, Mr. DELANEY, Mr. HASTINGS, Ms. MCCOLLUM, Mr. LARSEN of Washington, Ms. CHU of California, Mr. CONYERS, Ms. CLARK of Massachusetts, Mr. TONKO, Mr. KENNEDY, and Ms. HAHN) introduced the following bill; which was referred to the Committee on Ways and Means

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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 2015”.

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 VIII—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, determined without regard  
11                                  to any tax liability determined under  
12                                  this section,

13                                  “(II) the tax imposed by section  
14                                  55 for the taxable year, plus

15                                  “(III) the payroll tax for the tax-  
16                                  able year, over

17                                  “(ii) the credits allowable under part  
18                                  IV of subchapter A (other than sections  
19                                  27(a), 31, and 34).

20           “(b) TENTATIVE FAIR SHARE TAX.—For purposes  
21           of this section—

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

24                           “(A) the adjusted gross income of the tax-  
25           payer, over

1           “(B) the modified charitable contribution  
2           deduction for the taxable year.

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

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

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

16           “(ii) such amount, determined before  
17          the application of section 68.

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

23           “(c) HIGH-INCOME TAXPAYER.—For purposes of this  
24          section—

1           “(1) IN GENERAL.—The term ‘high-income tax-  
2           payer’ means, with respect to any taxable year, any  
3           taxpayer (other than a corporation) with an adjusted  
4           gross income for such taxable year in excess of  
5           \$1,000,000 (50 percent of such amount in the case  
6           of a married individual who files a separate return).

7           “(2) INFLATION ADJUSTMENT.—

8                   “(A) IN GENERAL.—In the case of a tax-  
9                   able year beginning after 2016, the \$1,000,000  
10                  amount under paragraph (1) shall be increased  
11                  by an amount equal to—

12                           “(i) such dollar amount, multiplied by

13                                   “(ii) the cost-of-living adjustment de-  
14                                   termined under section 1(f)(3) for the cal-  
15                                   endar year in which the taxable year be-  
16                                   gins, determined by substituting ‘calendar  
17                                   year 2015’ for ‘calendar year 1992’ in sub-  
18                                   paragraph (B) thereof.

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

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

1           “(1) the taxes imposed on the taxpayer under  
2           sections 1401, 1411, 3101, 3201, and 3211(a) (to  
3           the extent such tax is attributable to the rate of tax  
4           in effect under section 3101) with respect to such  
5           taxable year or wages or compensation received dur-  
6           ing such taxable year, over

7           “(2) the deduction allowable under section  
8           164(f) for such taxable year.

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

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

19          (b) CLERICAL AMENDMENT.—The table of parts for  
20          subchapter A of chapter 1 of the Internal Revenue Code  
21          of 1986 is amended by adding at the end the following  
22          new item:

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

23          (c) EFFECTIVE DATE.—The amendments made by  
24          this section shall apply to taxable years beginning after  
25          December 31, 2015.

1 **SEC. 3. SENSE OF THE HOUSE OF REPRESENTATIVES RE-**  
2 **GARDING TAX REFORM.**

3 It is the sense of the House of Representatives that—

4 (1) Congress should enact tax reform that re-  
5 peals unfair and unnecessary tax loopholes and ex-  
6 penditures, simplifies the system for millions of tax-  
7 payers and businesses, and makes sure that the  
8 wealthiest taxpayers pay a fair share; and

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

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