

112TH CONGRESS
2D SESSION

H. R. 6262

To amend the Internal Revenue Code of 1986 to provide tax relief to middle-class families, small businesses, and family farms.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 1, 2012

Mr. LOEBSACK (for himself, Mr. BOSWELL, and Mr. GARAMENDI) 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 provide tax relief to middle-class families, small businesses, and family farms.

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; ETC.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Middle Class and Small Business Tax Relief Act of
6 2012”.

7 (b) AMENDMENT OF 1986 CODE.—Except as other-
8 wise expressly provided, whenever in this Act an amend-
9 ment or repeal is expressed in terms of an amendment
10 to, or repeal of, a section or other provision, the reference

1 shall be considered to be made to a section or other provi-
 2 sion of the Internal Revenue Code of 1986.

3 (c) TABLE OF CONTENTS.—The table of contents of
 4 this Act is as follows:

Sec. 1. Short title; etc.

Sec. 2. Permanent extension of certain 2001 tax relief for middle-class families,
 small businesses, and family farms.

Sec. 3. Permanent extension of 2003 tax relief for middle-class families, small
 businesses, and family farms.

Sec. 4. Temporary extension of 2009 tax relief.

Sec. 5. Temporary extension of estate tax relief.

Sec. 6. Temporary extension of increased alternative minimum tax exemption
 amount.

Sec. 7. Temporary extension of alternative minimum tax relief for nonrefund-
 able personal credits.

5 **SEC. 2. PERMANENT EXTENSION OF CERTAIN 2001 TAX RE-**
 6 **LIEF FOR MIDDLE-CLASS FAMILIES, SMALL**
 7 **BUSINESSES, AND FAMILY FARMS.**

8 (a) IN GENERAL.—Section 901 of the Economic
 9 Growth and Tax Relief Reconciliation Act of 2001 is
 10 amended—

11 (1) by striking “this Act shall not apply—” and
 12 all that follows through “in the case of title V,” in
 13 subsection (a) and inserting “title V shall not
 14 apply”, and

15 (2) by striking “years,” in subsection (b).

16 (b) APPLICATION TO CERTAIN HIGH-INCOME TAX-
 17 PAYERS.—

18 (1) INCOME TAX RATES.—

1 (A) TREATMENT OF 25- AND 28-PERCENT
2 RATE BRACKETS.—Paragraph (2) of section
3 1(i) is amended to read as follows:

4 “(2) 25- AND 28-PERCENT RATE BRACKETS.—
5 The tables under subsections (a), (b), (c), (d), and
6 (e) shall be applied—

7 “(A) by substituting ‘25%’ for ‘28%’ each
8 place it appears (before the application of sub-
9 paragraph (B)), and

10 “(B) by substituting ‘28%’ for ‘31%’ each
11 place it appears.”.

12 (B) 33- AND 35-PERCENT RATE BRACK-
13 ETS.—Subsection (i) of section 1 is amended by
14 redesignating paragraph (3) as paragraph (6)
15 and by inserting after paragraph (2) the fol-
16 lowing new paragraph:

17 “(3) APPLICABLE AMOUNTS IN THE FOURTH
18 RATE BRACKET.—

19 “(A) IN GENERAL.—In the case of a tax-
20 payer whose applicable amount for the taxable
21 year is in the fourth rate bracket—

22 “(i) the rate of tax under subsections
23 (a), (b), (c), and (d) on a taxpayer’s tax-
24 able income in the fourth rate bracket shall
25 be 33 percent to the extent such income

1 does not exceed an amount equal to the ex-
2 cess of—

3 “(I) the applicable amount, over

4 “(II) the dollar amount at which
5 such bracket begins, and

6 “(ii) the 36 percent rate of tax under
7 such subsections shall apply only to the
8 taxpayer’s taxable income in such bracket
9 in excess of the amount to which clause (i)
10 applies.

11 “(iii) **FOURTH RATE BRACKET.**—For
12 purposes of this paragraph, the term
13 ‘fourth rate bracket’ means the bracket
14 which would (determined without regard to
15 this paragraph) be the 36-percent rate
16 bracket.

17 “(4) **APPLICABLE AMOUNTS IN THE HIGHEST**
18 **RATE BRACKET.**—

19 “(A) **IN GENERAL.**—In the case of a tax-
20 payer whose applicable amount for the taxable
21 year is in the highest rate bracket—

22 “(i) the tables under subsections (a),
23 (b), (c), and (d) shall be applied by sub-
24 stituting ‘33%’ for ‘36%’ each place it ap-
25 pears,

1 “(ii) the rate of tax under subsections
2 (a), (b), (c), and (d) on a taxpayer’s tax-
3 able income in the highest rate bracket
4 shall be 35 percent to the extent such in-
5 come does not exceed an amount equal to
6 the excess of—

7 “(I) the applicable amount, over

8 “(II) the dollar amount at which
9 such bracket begins, and

10 “(iii) the 39.6 percent rate of tax
11 under such subsections shall apply only to
12 the taxpayer’s taxable income in such
13 bracket in excess of the amount to which
14 clause (i) applies.

15 “(B) HIGHEST RATE BRACKET.—For pur-
16 poses of this paragraph, the term ‘highest rate
17 bracket’ means the bracket which would (deter-
18 mined without regard to this paragraph) be the
19 39.6-percent rate bracket.

20 “(5) APPLICABLE AMOUNT.—For purposes of
21 this subsection—

22 “(A) IN GENERAL.—The term ‘applicable
23 amount’ means the excess of—

24 “(i) the applicable threshold, over

1 “(ii) the sum of the following amounts
2 in effect for the taxable year:

3 “(I) the basic standard deduction
4 (within the meaning of section
5 63(c)(2)), and

6 “(II) the exemption amount
7 (within the meaning of section
8 151(d)(1)) (or, in the case of sub-
9 section (a), 2 such exemption
10 amounts).

11 “(B) APPLICABLE THRESHOLD.—The term
12 ‘applicable threshold’ means, in the case of any
13 taxpayer for any taxable year, the sum of—

14 “(i) the base amount, plus

15 “(ii) the small business and family
16 farm income of such taxpayer for such tax-
17 able year.

18 “(C) BASE AMOUNT.—The term ‘base
19 amount’ means—

20 “(i) \$250,000 in the case of sub-
21 section (a),

22 “(ii) \$200,000 in the case of sub-
23 sections (b) and (c), and

24 “(iii) $\frac{1}{2}$ the amount applicable under
25 clause (i) (after adjustment, if any, under

1 subparagraph (G)) in the case of sub-
2 section (d).

3 “(D) SMALL BUSINESS AND FAMILY FARM
4 INCOME.—

5 “(i) IN GENERAL.—The term ‘small
6 business and family farm income’ means,
7 with respect to any taxpayer for any tax-
8 able year, the gross income of the taxpayer
9 for such taxable year which is attributable
10 to—

11 “(I) any small trade or business
12 of the taxpayer (other than the trade
13 or business of being an employee), or

14 “(II) any dividends, distributions,
15 or interest received from any small
16 business.

17 “(ii) DEDUCTIONS TAKEN INTO AC-
18 COUNT.—The amount of gross income
19 taken into account under clause (i) shall be
20 reduced by the amount of any deductions
21 properly allocable thereto.

22 “(iii) SMALL BUSINESS.—The term
23 ‘small business’ means any corporation or
24 partnership which employed an average of
25 less than 500 employees on business days

1 during the taxable year. A trade or busi-
2 ness shall be treated as a small trade or
3 business if such trade or business would be
4 a small business if such trade or business
5 was a corporation. For purposes of this
6 clause, all persons treated as a single em-
7 ployer under subsection (b), (c), (m), or
8 (o) of section 414 shall be treated as a sin-
9 gle entity.

10 “(E) INFLATION ADJUSTMENT.—For pur-
11 poses of this paragraph, with respect to taxable
12 years beginning in calendar years after 2012,
13 each of the dollar amounts under clauses (i)
14 and (ii) of subparagraph (C) shall be adjusted
15 in the same manner as under paragraph (1)(C),
16 except that subsection (f)(3)(B) shall be applied
17 by substituting ‘2011’ for ‘1992’.”.

18 (2) PHASEOUT OF PERSONAL EXEMPTIONS AND
19 ITEMIZED DEDUCTIONS.—

20 (A) OVERALL LIMITATION ON ITEMIZED
21 DEDUCTIONS.—Section 68 is amended—

22 (i) by striking “the applicable
23 amount” the first place it appears in sub-
24 section (a) and inserting “the applicable
25 threshold in effect under section 1(i)(3)”,

1 (ii) by striking “the applicable
2 amount” in subsection (a)(1) and inserting
3 “such applicable threshold”,

4 (iii) by striking subsection (b) and re-
5 designating subsections (c), (d), and (e) as
6 subsections (b), (c), and (d), respectively,
7 and

8 (iv) by striking subsections (f) and
9 (g).

10 (B) PHASEOUT OF DEDUCTIONS FOR PER-
11 SONAL EXEMPTIONS.—

12 (i) IN GENERAL.—Paragraph (3) of
13 section 151(d) is amended—

14 (I) by striking “the threshold
15 amount” in subparagraphs (A) and
16 (B) and inserting “the applicable
17 threshold in effect under section
18 1(i)(3)”,

19 (II) by striking subparagraph (C)
20 and redesignating subparagraph (D)
21 as subparagraph (C), and

22 (III) by striking subparagraphs
23 (E) and (F).

1 (ii) CONFORMING AMENDMENTS.—
2 Paragraph (4) of section 151(d) is amend-
3 ed—

4 (I) by striking subparagraph (B),
5 (II) by redesignating clauses (i)
6 and (ii) of subparagraph (A) as sub-
7 paragraphs (A) and (B), respectively,
8 and by indenting such subparagraphs
9 (as so redesignated) accordingly, and
10 (III) by striking all that precedes
11 “in a calendar year after 1989,” and
12 inserting the following:

13 “(4) INFLATION ADJUSTMENT.—In the case of
14 any taxable year beginning”.

15 (c) EFFECTIVE DATE.—Except as otherwise pro-
16 vided, the amendments made by this section shall apply
17 to taxable years beginning after December 31, 2012.

18 **SEC. 3. PERMANENT EXTENSION OF 2003 TAX RELIEF FOR**
19 **MIDDLE-CLASS FAMILIES, SMALL BUSI-**
20 **NESSES, AND FAMILY FARMS.**

21 (a) PERMANENT EXTENSION.—

22 (1) IN GENERAL.—Section 303 of the Jobs and
23 Growth Tax Relief Reconciliation Act of 2003 is
24 hereby repealed.

1 (2) EFFECTIVE DATE.—The repeal made by
2 this subsection shall take effect as if included in the
3 enactment of the Jobs and Growth Tax Relief Rec-
4 onciliation Act of 2003.

5 (b) 20-PERCENT CAPITAL GAINS RATE FOR CERTAIN
6 HIGH-INCOME INDIVIDUALS.—

7 (1) IN GENERAL.—Paragraph (1) of section
8 1(h) is amended by striking subparagraph (C), by
9 redesignating subparagraphs (D) and (E) as sub-
10 subparagraphs (E) and (F) and by inserting after sub-
11 paragraph (B) the following new subparagraphs:

12 “(C) 15 percent of the lesser of—

13 “(i) so much of the adjusted net cap-
14 ital gain (or, if less, taxable income) as ex-
15 ceeds the amount on which a tax is deter-
16 mined under subparagraph (B), or

17 “(ii) the excess (if any) of—

18 “(I) the amount of taxable in-
19 come which would (without regard to
20 this paragraph) be taxed at a rate
21 below 36 percent (39.6 percent in the
22 case of a taxpayer whose applicable
23 amount (as defined in subsection
24 (i)(3)) is above the dollar amount at

1 which the highest rate bracket (as de-
2 fined in such subsection) begins), over

3 “(II) the sum of the amounts on
4 which a tax is determined under sub-
5 paragraphs (A) and (B),

6 “(D) 20 percent of the adjusted net capital
7 gain (or, if less, taxable income) in excess of the
8 sum of the amounts on which tax is determined
9 under subparagraphs (B) and (C),”.

10 (2) MINIMUM TAX.—Paragraph (3) of section
11 55(b) is amended by striking subparagraph (C), by
12 redesignating subparagraph (D) as subparagraph
13 (E), and by inserting after subparagraph (B) the
14 following new subparagraphs:

15 “(C) 15 percent of the lesser of—

16 “(i) so much of the adjusted net cap-
17 ital gain (or, if less, taxable excess) as ex-
18 ceeds the amount on which tax is deter-
19 mined under subparagraph (B), or

20 “(ii) the excess described in section
21 1(h)(1)(C)(ii), plus

22 “(D) 20 percent of the adjusted net capital
23 gain (or, if less, taxable excess) in excess of the
24 sum of the amounts on which tax is determined
25 under subparagraphs (B) and (C), plus”.

1 (c) CONFORMING AMENDMENTS.—

2 (1) The following provisions are each amended
3 by striking “15 percent” and inserting “20 per-
4 cent”:

5 (A) Section 531.

6 (B) Section 541.

7 (C) Section 1445(e)(1).

8 (D) The second sentence of section
9 7518(g)(6)(A).

10 (E) Section 53511(f)(2) of title 46, United
11 States Code.

12 (2) Sections 1(h)(1)(B) and 55(b)(3)(B) are
13 each amended by striking “5 percent (0 percent in
14 the case of taxable years beginning after 2007)” and
15 inserting “0 percent”.

16 (3) Section 1445(e)(6) is amended by striking
17 “15 percent (20 percent in the case of taxable years
18 beginning after December 31, 2010)” and inserting
19 “20 percent”.

20 (d) EFFECTIVE DATES.—

21 (1) IN GENERAL.—Except as otherwise pro-
22 vided, the amendments made by subsections (b) and
23 (c) shall apply to taxable years beginning after De-
24 cember 31, 2012.

1 (2) WITHHOLDING.—The amendments made by
2 paragraphs (1)(C) and (3) of subsection (c) shall
3 apply to amounts paid on or after January 1, 2013.

4 **SEC. 4. TEMPORARY EXTENSION OF 2009 TAX RELIEF.**

5 (a) AMERICAN OPPORTUNITY TAX CREDIT.—

6 (1) IN GENERAL.—Section 25A(i) is amended
7 by striking “or 2012” and inserting “2012, or
8 2013”.

9 (2) TREATMENT OF POSSESSIONS.—Section
10 1004(e)(1) of division B of the American Recovery
11 and Reinvestment Tax Act of 2009 is amended by
12 striking “and 2012” each place it appears and in-
13 serting “2012, and 2013”.

14 (b) CHILD TAX CREDIT.—Section 24(d)(4) is amend-
15 ed—

16 (1) by striking “AND 2012” in the heading and
17 inserting “2012, AND 2013”, and

18 (2) by striking “or 2012” and inserting “2012,
19 or 2013”.

20 (c) EARNED INCOME TAX CREDIT.—Section 32(b)(3)
21 is amended—

22 (1) by striking “AND 2012” in the heading and
23 inserting “2012, AND 2013”, and

24 (2) by striking “or 2012” and inserting “2012,
25 or 2013”.

1 (d) TEMPORARY EXTENSION OF RULE DIS-
2 REGARDING REFUNDS IN THE ADMINISTRATION OF FED-
3 ERAL PROGRAMS AND FEDERALLY ASSISTED PRO-
4 GRAMS.—Subsection (b) of section 6409 is amended by
5 striking “December 31, 2012” and inserting “December
6 31, 2013”.

7 (e) EFFECTIVE DATES.—The amendments made by
8 this section shall apply to taxable years beginning after
9 December 31, 2012.

10 **SEC. 5. TEMPORARY EXTENSION OF ESTATE TAX RELIEF.**

11 (a) IN GENERAL.—Section 901 of the Economic
12 Growth and Tax Relief Reconciliation Act of 2001, as
13 amended by this Act, is amended by striking “December
14 31, 2012” and inserting “December 31, 2013”.

15 (b) EFFECTIVE DATE.—The amendment made by
16 this section shall take effect as if included in the enact-
17 ment of the Economic Growth and Tax Relief Reconcili-
18 ation Act of 2001.

19 **SEC. 6. TEMPORARY EXTENSION OF INCREASED ALTER-**
20 **NATIVE MINIMUM TAX EXEMPTION AMOUNT.**

21 (a) IN GENERAL.—Paragraph (1) of section 55(d) is
22 amended—

23 (1) by striking “\$72,450” and all that follows
24 through “2011” in subparagraph (A) and inserting

1 “\$78,750 in the case of taxable years beginning in
2 2012”, and

3 (2) by striking “\$47,450” and all that follows
4 through “2011” in subparagraph (B) and inserting
5 “\$50,600 in the case of taxable years beginning in
6 2012”.

7 (b) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to taxable years beginning after
9 December 31, 2011.

10 **SEC. 7. TEMPORARY EXTENSION OF ALTERNATIVE MIN-**
11 **IMUM TAX RELIEF FOR NONREFUNDABLE**
12 **PERSONAL CREDITS.**

13 (a) IN GENERAL.—Paragraph (2) of section 26(a) is
14 amended—

15 (1) by striking “or 2011” and inserting “2011,
16 or 2012”, and

17 (2) by striking “2011” in the heading thereof
18 and inserting “2012”.

19 (b) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to taxable years beginning after
21 December 31, 2011.

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