112th CONGRESS
2d Session

HOUSE OF REPRESENTATIVES

REPORT
112–

PROVIDING FOR CONSIDERATION OF THE SENATE AMENDMENT TO THE JOINT RESOLUTION (H.J. RES. 66) APPROVING THE RENEWAL OF IMPORT RESTRICTIONS CONTAINED IN THE BURMESE FREEDOM AND DEMOCRACY ACT OF 2003, AND PROVIDING FOR CONSIDERATION OF THE BILL (H.R. 6684) TO PROVIDE FOR SPENDING REDUCTION

December 19, 2012.—Referred to the House Calendar and ordered to be printed.

MR. DREIER, from the Committee on Rules, submitted the following

REPORT

[To accompany H. Res.__]

The Committee on Rules, having had under consideration House Resolution____, by a nonrecord vote, report the same to the House with the recommendation that the resolution be adopted.

SUMMARY OF PROVISIONS OF THE RESOLUTION

The resolution provides for the consideration of the Senate amendment to H.J. Res. 66, approving the renewal of import restrictions contained in the Burmese Freedom and Democracy Act of 2003. The resolution makes in order a motion offered by the chair of the Committee on Ways and Means that the House concur in the Senate amendment to the bill with the amendment printed in this report. The resolution waives all points of order against consideration of the motion. The resolution provides that the Senate amendment and the motion shall be considered as read. The resolution provides for one hour of debate on the motion equally divided and controlled by the chair and ranking minority member of the Committee on Ways and Means.

The resolution also provides for consideration of H.R. 6684, the Spending Reduction Act of 2012, under a closed rule. The resolution provides one hour of debate equally divided and controlled by the Majority Leader and Minority Leader or their respective designees. The resolution waives all points of order against consideration of the bill. The resolution

provides that the bill shall be considered as read. The resolution waives all points of order against provisions in the bill. Finally, the resolution provides one motion to recommit.

EXPLANATION OF WAIVERS

The waiver of all points of order against consideration of the motion and the Senate amendment to H.J. Res. 66 includes the following waivers:

- Clause 7 of rule XVI, requiring that no motion or proposition on a subject different from that under consideration shall be admitted under color of amendment;
- Section 306 of the Congressional Budget Act, prohibiting consideration of legislation within the jurisdiction of the Committee on the Budget unless reported by the Budget Committee; and
- Section 311(a) of the Congressional Budget Act, prohibiting consideration of legislation that would cause the level of total new budget authority for the first fiscal year to be exceeded, or would cause revenues to be less than the level of total revenues for the first fiscal year or for the total of that first fiscal year and the ensuing fiscal years for which allocations are provided, except when a declaration of war by the Congress is in effect.

The waiver of all points of order against consideration of H.R. 6684, may include a waiver of clause 11 of rule XXI, prohibiting the consideration of a bill or joint resolution which has not been reported by a committee until the third calendar day (excluding Saturdays, Sundays, or legal holidays except when the House is in session on such a day) on which such measure has been available to Members, Delegates, and the Resident Commissioner. If the bill is considered before Friday, December 21, 2012, then the waiver clause 11 of rule XXI would be applicable.

The waiver of all points of order against consideration of the bill also includes a waiver of clause 9(a)(2) of rule XXI which prohibits consideration of a bill or joint resolution not reported by a committee, unless the chair of each committee of initial referral has caused a list of congressional earmarks, limited tax benefits, and limited tariff benefits in the bill or a statement that the proposition contains no congressional earmarks, limited tax benefits, or limited tariff benefits to be printed in the Congressional Record prior to its consideration. The Committee would note that H. Rept. 112-470, the report to accompany H.R. 5652, a similar bill containing all provision included in H.R. 6684 contained the following earmark statement from the Committee on Budget: "In compliance with clause 9(e), 9(f), and 9(g) of rule XXI, the Committee finds that the Committee Prints contain no earmarks, limited tax benefits, or limited tariff benefits."

Although the resolution waives all points of order against provisions in H.R. 6684, the Committee is not aware of any points of order. The waiver is prophylactic in nature.

SUMMARY OF THE HOUSE AMENDMENT TO THE SENATE AMENDMENT TO H.J. RES. 66

SUBSTITUTE AMENDMENT. The amendment would permanently extend current income tax rates, permanently establish parity between capital gains and dividends rates for individuals, families, and small businesses with incomes up to $1 million. The amendment also makes permanent the Marriage Penalty Relief, the Child Tax Credit, repeal of the Personal Exemption Phase-out (PEP) and Pease limitation, Estate Tax Relief, and Education-related and other tax benefits. The amendment also makes permanent higher Section 179 Small Business Expensing and the Alternative Minimum Tax (AMT) Patch.

TEXT OF THE HOUSE AMENDMENT TO THE SENATE AMENDMENT
TO H.J. RES 66

AMENDMENT TO THE SENATE AMENDMENT TO

H.J. RES. 66

OFFERED BY M_____

The House concurs in the Senate Amendment to H.J. Res. 66 with the following amendment:

In lieu of the matter proposed to be inserted by the Senate amendment to the text of the resolution, insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Permanent Tax Relief for Families and Small Businesses Act of 2012".

SEC. 2. PREVENTION OF INDIVIDUAL INCOME TAX RATE INCREASES.

(a) IN GENERAL.—Section 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

"(j) RATE REDUCTIONS AFTER 2012.—

"(1) 10-PERCENT RATE BRACKET.—

"(A) IN GENERAL.—In the case of taxable years beginning after December 31, 2012, the rate of tax under subsections (a), (b), (c), and

1 (d) on taxable income not over the initial brack-
2 et amount shall be 10 percent.
3 "(B) INITIAL BRACKET AMOUNT.—For
4 purposes of this paragraph, the initial bracket
5 amount is—
6 "(i) $14,000 in the case of subsection
7 (a),
8 "(ii) $10,000 in the case of subsection
9 (b), and
10 "(iii) ½ the amount applicable under
11 clause (i) (after adjustment, if any, under
12 paragraph (4)) in the case of subsections
13 (c) and (d).
14 "(2) REDUCTIONS IN 28-, 31-, AND 36-PERCENT
15 RATES.—In the case of taxable years beginning after
16 December 31, 2012, the tables contained in sub-
17 sections (a), (b), (c), (d), and (e) shall be applied—
18 "(A) by substituting '25%' for '28%' each
19 place it appears (before the application of sub-
20 paragraph (B)),
21 "(B) by substituting '28%' for '31%' each
22 place it appears, and
23 "(C) by substituting '33%' for '36%' each
24 place it appears.
25 "(3) 35-PERCENT RATE BRACKET.—

1 "(A) IN GENERAL.—In the case of taxable
2 years beginning after December 31, 2012, the
3 rate of tax under subsections (a), (b), (c), and
4 (d) on a taxpayer's taxable income in the high-
5 est rate bracket shall be 35 percent to the ex-
6 tent such income does not exceed an amount
7 equal to the excess of—
8 "(i) the applicable amount, over
9 "(ii) the dollar amount at which such
10 bracket begins.
11 "(B) APPLICABLE AMOUNT.—For purposes
12 of this paragraph, the term 'applicable amount'
13 means—
14 "(i) except as provided in clause (ii),
15 $1,000,000, and
16 "(ii) ½ the amount applicable under
17 clause (i) (after adjustment, if any, under
18 paragraph (4)) in the case of subsection
19 (d).
20 "(4) INFLATION ADJUSTMENT.—In prescribing
21 the tables under subsection (f) which apply with re-
22 spect to taxable years beginning in calendar years
23 after 2012 (2013 in the case of the dollar amount
24 contained in paragraph (3)(B)(i))—

1 "(A) with respect to each of the dollar
2 amounts contained in clauses (i) and (ii) of
3 paragraph (1)(B), the cost-of-living adjustment
4 shall be determined under subsection (f)(3) by
5 substituting '2002' for '1992' in subparagraph
6 (B) thereof, and
7 "(B) with respect to the dollar amount
8 contained in paragraph (3)(B)(i), the cost-of-
9 living adjustment shall be determined under
10 subsection (f)(3) by substituting '2012' for
11 '1992' in subparagraph (B) thereof.
12 If any amount after adjustment under the preceding
13 sentence is not a multiple of $50, such amount shall
14 be rounded to the next lowest multiple of $50.
15 "(5) ADJUSTMENT OF TABLES.—The Secretary
16 shall adjust the tables prescribed under subsection
17 (f) to carry out this subsection.".
18 (b) TREATMENT OF CHANGE IN RATES.—Section 15
19 of such Code is amended by adding at the end the fol-
20 lowing new subsection:
21 "(g) RATE REDUCTIONS AFTER 2012.—This section
22 shall not apply to any change in rates under section 1(j).".
23 (c) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to taxable years beginning after
25 December 31, 2012.

1 **SEC. 3. PREVENTION OF INCREASES IN CAPITAL GAINS**
2 **AND DIVIDENDS RATES.**

3 (a) IN GENERAL.—Paragraph (1) of section 1(h) of
4 the Internal Revenue Code of 1986 is amended—

5 (1) by redesignating subparagraphs (C), (D),
6 and (E) as subparagraphs (D), (E), and (F), respec-
7 tively,

8 (2) by inserting after subparagraph (B) the fol-
9 lowing new subparagraph:

10 "(C) 15 percent of the lesser of—

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

15 "(ii) the excess (if any) of—

16 "(I) the amount of taxable in-
17 come which would (without regard to
18 this paragraph) be taxed at a rate
19 below 36 percent, over

20 "(II) the sum of the amounts on
21 which a tax is determined under sub-
22 paragraphs (A) and (B),", and

23 (3) in subparagraph (D) (as redesignated by
24 paragraph (1)), by striking "of the adjusted net cap-
25 ital gain" and all that follows through the end of
26 such subparagraph and inserting "(as applied pursu-

1 ant to section 303 of the Jobs and Growth Tax Re-
2 lief Reconciliation Act of 2003) of the adjusted net
3 capital gain (or, if less, taxable income) in excess of
4 the sum of the amounts on which tax is determined
5 under subparagraphs (B) and (C),".
6 (b) MINIMUM TAX.—Paragraph (3) of section 55(b)
7 of such Code is amended—
8 (1) by redesignating subparagraphs (C) and
9 (D) as subparagraph (D) and (E), respectively,
10 (2) by inserting after subparagraph (B) the fol-
11 lowing new subparagraph:
12 "(C) 15 percent of the lesser of—
13 "(i) so much of the adjusted net cap-
14 ital gain (or, if less, taxable excess) as ex-
15 ceeds the amount on which tax is deter-
16 mined under subparagraph (B), or
17 "(ii) the excess described in section
18 1(h)(1)(C)(ii), plus", and
19 (3) in subparagraph (D) (as redesignated by
20 paragraph (1)), by striking "of the adjusted net cap-
21 ital gain" and all that follows through the end of
22 such subparagraph and inserting "(as applied pursu-
23 ant to section 303 of the Jobs and Growth Tax Re-
24 lief Reconciliation Act of 2003) of the adjusted net
25 capital gain (or, if less, taxable excess) in excess of

1 the sum of the amounts on which tax is determined
2 under subparagraphs (B) and (C), plus".
3 (c) CONFORMING AMENDMENTS.—
4 (1) Sections 1(h)(1)(B) and 55(b)(3)(B) of
5 such Code are each amended by striking "5 percent
6 (0 percent in the case of taxable years beginning
7 after 2007)" and inserting "0 percent".
8 (2) Section 1445(e)(1) of such Code is amended
9 by striking "percent)" and inserting "percent (as
10 applied pursuant to section 303 of the Jobs and
11 Growth Tax Relief Reconciliation Act of 2003))".
12 (3) Section 7518(g)(6)(A) of such Code is
13 amended by striking "percent (" in the second sen-
14 tence and inserting "percent, as applied pursuant to
15 section 303 of the Jobs and Growth Tax Relief Rec-
16 onciliation Act of 2003 (".
17 (4) Section 53511(f)(2) of title 46, United
18 States Code, is amended by striking "percent (" and
19 inserting "percent, as applied pursuant to section
20 303 of the Jobs and Growth Tax Relief Reconcili-
21 ation Act of 2003 (".
22 (d) COORDINATION WITH JGTRRA SUNSET.—Sec-
23 tion 303 of the Jobs and Growth Tax Relief Reconciliation
24 Act of 2003 shall apply with respect to the amendment
25 made by section 301(a)(2)(A) of such Act before the re-

1 designation of section 1(h)(1)(C) of the Internal Revenue
2 Code of 1986 under subsection (a)(1).
3 (e) EFFECTIVE DATES.—
4 (1) IN GENERAL.—Except as otherwise pro-
5 vided in this subsection, the amendments made by
6 this section shall apply to taxable years beginning
7 after December 31, 2012.
8 (2) WITHHOLDING.—The amendment made by
9 subsection (c)(2) shall apply to amounts paid on or
10 after January 1, 2013.
11 **SEC. 4. REPEAL OF SUNSET WITH RESPECT TO OTHER 2001**
12 **AND 2003 TAX RELIEF.**
13 (a) 2001 TAX RELIEF.—
14 (1) IN GENERAL.—Section 901 of the Economic
15 Growth and Tax Relief Reconciliation Act of 2001
16 shall not apply with respect to the following provi-
17 sions of (and amendments made by) such Act:
18 (A) Subsections (b), (c), and (d) of section
19 101.
20 (B) Section 102.
21 (C) Section 103.
22 (D) Title II.
23 (E) Title III.
24 (F) Title IV.
25 (G) Title V.

1 (H) Subtitle G of title VI.

2 (I) Title VIII.

3 (2) CONFORMING AMENDMENT.—The Tax Re-
4 lief, Unemployment Insurance Reauthorization, and
5 Job Creation Act of 2010 is amended by striking
6 section 304.

7 (3) EFFECTIVE DATES.—

8 (A) IN GENERAL.—Paragraph (1) shall
9 apply as if included in the enactment of the
10 Economic Growth and Tax Relief Reconciliation
11 Act of 2001.

12 (B) CONFORMING AMENDMENT.—The
13 amendment made by paragraph (2) shall take
14 effect as if included in the enactment of the
15 Tax Relief, Unemployment Insurance Reauthor-
16 ization, and Job Creation Act of 2010.

17 (b) 2003 TAX RELIEF.—

18 (1) IN GENERAL.—Section 303 of the Jobs and
19 Growth Tax Relief Reconciliation Act of 2003 shall
20 not apply with respect to the following provisions of
21 (and amendments made by) such Act:

22 (A) Paragraph (1) of section 301(a).

23 (B) Subsections (b), (c), and (d) of section
24 301.

25 (C) Section 302.

1 (2) EFFECTIVE DATE.—Paragraph (1) shall
2 apply as if included in the enactment of the Jobs
3 and Growth Tax Relief Reconciliation Act of 2003.

4 **SEC. 5. PERMANENT INCREASE IN EXPENSING OF CERTAIN**
5 **DEPRECIABLE BUSINESS ASSETS.**

6 (a) IN GENERAL.—
7 (1) DOLLAR LIMITATION.—Section 179(b)(1) of
8 the Internal Revenue Code of 1986 is amended by
9 striking "shall not exceed—" and all that follows
10 and inserting "shall not exceed $250,000.".
11 (2) REDUCTION IN LIMITATION.—Section
12 179(b)(2) of such Code is amended by striking "ex-
13 ceeds—" and all that follows and inserting "exceeds
14 $800,000.".
15 (b) COMPUTER SOFTWARE.—Section
16 179(d)(1)(A)(ii) of such Code is amended by striking "and
17 before 2013".
18 (c) ELECTION.—Section 179(c)(2) of such Code is
19 amended by striking "may not be revoked" and all that
20 follows through "and before 2013".
21 (d) INFLATION ADJUSTMENT.—Section 179(b)(6)(A)
22 of such Code is amended to read as follows:
23 "(A) IN GENERAL.—In the case of any
24 taxable year beginning after 2013, the dollar

1 amounts in paragraphs (1) and (2) shall each
2 be increased by an amount equal to—
3 "(i) such dollar amount, multiplied by
4 "(ii) the cost-of-living adjustment de-
5 termined under section 1(f)(3) for the cal-
6 endar year in which the taxable year be-
7 gins, by substituting '2012' for '1992' in
8 subparagraph (B) thereof.".
9 (e) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to taxable years beginning after
11 December 31, 2012.

12 **SEC. 6. PERMANENT ALTERNATIVE MINIMUM TAX RELIEF**
13 **FOR INDIVIDUALS.**

14 (a) EXTENSION OF INCREASED ALTERNATIVE MIN-
15 IMUM TAX EXEMPTION AMOUNT.—
16 (1) IN GENERAL.—Section 55(d)(1) of the In-
17 ternal Revenue Code of 1986 is amended—
18 (A) by striking "$45,000" and all that fol-
19 lows through "2011)" in subparagraph (A) and
20 inserting "$78,750", and
21 (B) by striking "$33,750" and all that fol-
22 lows through "2011)" in subparagraph (B) and
23 inserting "$50,600".

1 (2) INDEXING OF DOLLAR AMOUNTS.—Section
2 55(d) of such Code is amended by adding at the end
3 the following new paragraph:
4 "(4) INDEXING OF DOLLAR AMOUNTS.—
5 "(A) IN GENERAL.—In the case of any
6 taxable year beginning in a calendar year after
7 2012, each of the dollar amounts contained in
8 subclause (I) and (II) of subsection
9 (b)(1)(A)(i), and paragraphs (1)(A), (1)(B),
10 (3)(A), and (3)(B) of this subsection, shall be
11 increased to the amount equal to such amount
12 as in effect for the calendar year preceding such
13 year, increased by an amount equal to the prod-
14 uct of—
15 "(i) such amount as so in effect, mul-
16 tiplied by
17 "(ii) the cost-of-living adjustment de-
18 termined under section 1(f)(3) for such
19 year (determined by substituting the cal-
20 endar year which is 2 years before such
21 year for '1992' in subparagraph (B) there-
22 of), increased by 0.75 percentage points.
23 "(B) ROUNDING.—Any increase deter-
24 mined under subparagraph (A) shall be rounded
25 to the nearest multiple of $50.".

1 (3) CONFORMING AMENDMENTS.—

2 (A) Section 55(b)(1)(A)(iii) of such Code
3 is amended to read as follows:

4 "(iii) MARRIED INDIVIDUAL FILING
5 SEPARATE RETURN.—In the case of a mar-
6 ried individual filing a separate return, the
7 dollar amount applicable under subclauses
8 (I) and (II) of clause (i) shall be equal to
9 ½ of the dollar amount otherwise in effect
10 under such subclauses. For purposes of the
11 preceding sentence, marital status shall be
12 determined under section 7703.".

13 (B) Section 55(d)(3) of such Code is
14 amended by striking the first sentence and in-
15 serting the following: "The exemption amount
16 of any taxpayer shall be reduced (but not below
17 zero) by an amount equal to 25 percent of the
18 amount by which the alternative minimum tax-
19 able income of the taxpayer exceeds—

20 "(A) $150,000 in the case of a taxpayer
21 described in paragraph (1)(A),

22 "(B) $112,500 in the case of a taxpayer
23 described in paragraph (1)(B),

1 "(C) ½ the amount in effect under sub-
2 paragraph (A) in the case of a taxpayer de-
3 scribed in paragraph (1)(C),
4 "(D) $75,000 in the case of a taxpayer de-
5 scribed in paragraph (1)(D), and
6 "(E) $150,000 in the case of a taxpayer
7 described in paragraph (2).".
8 (b) ALTERNATIVE MINIMUM TAX RELIEF FOR NON-
9 REFUNDABLE CREDITS.—Section 26(a)(2) of such Code
10 is amended by striking all that precedes "the aggregate
11 amount" and inserting the following:
12 "(2) SPECIAL RULE FOR 2000 AND THERE-
13 AFTER.—For purposes of any taxable year beginning
14 after December 31, 1999,".
15 (c) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to taxable years beginning after
17 December 31, 2011.
18 **SEC. 7. TREATMENT FOR PAYGO PURPOSES.**
19 The budgetary effects of this Act shall not be entered
20 on either PAYGO scorecard maintained pursuant to sec-
21 tion 4(d) of the Statutory Pay-As-You-Go Act of 2010.

House Calendar No.

112th CONGRESS
2d Session

H. RES. __

[Report No. 112–]

Providing for consideration of the Senate amendment to the joint resolution (H.J. Res. 66) approving the renewal of import restrictions contained in the Burmese Freedom and Democracy Act of 2003, and providing for consideration of the bill (H.R. 6684) to provide for spending reduction.

IN THE HOUSE OF REPRESENTATIVES

December 19, 2012

Mr. Dreier, from the Committee on Rules, reported the following resolution; which was referred to the House Calendar and ordered to be printed.

RESOLUTION

Providing for consideration of the Senate amendment to the joint resolution (H.J. Res. 66) approving the renewal of import restrictions contained in the Burmese Freedom and Democracy Act of 2003, and providing for consideration of the bill (H.R. 6684) to provide for spending reduction.

Resolved, That upon adoption of this resolution it shall be in order to take from the Speaker's table the joint resolution (H.J. Res. 66) approving the renewal of import restrictions contained in the Burmese Freedom and Democracy Act of 2003, with the Senate amendment thereto, and to consider in the House, without intervention of any point of order, a motion offered by the chair of the Committee on Ways and Means or his designee that the House concur in the Senate amendment with the amendment printed in the report of the Committee on Rules accompanying this resolution. The Senate amendment and the motion shall be considered as read. The motion shall be debatable for one hour

equally divided and controlled by the chair and ranking minority member of the Committee on Ways and Means. The previous question shall be considered as ordered on the motion to its adoption without intervening motion.

Sec. 2. Upon adoption of this resolution it shall be in order to consider in the House the bill (H.R. 6684) to provide for spending reduction. All points of order against consideration of the bill are waived. The bill shall be considered as read. All points of order against provisions in the bill are waived. The previous question shall be considered as ordered on the bill and on any amendment thereto to final passage without intervening motion except: (1) one hour of debate equally divided and controlled by the Majority Leader and Minority Leader or their respective designees; and (2) one motion to recommit.