

One Hundred Sixth Congress  
of the  
United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Monday,  
the twenty-fourth day of January, two thousand*

An Act

To provide for reconciliation pursuant to section 103(a)(1) of the concurrent resolution on the budget for fiscal year 2001.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

(a) **SHORT TITLE.**—This Act may be cited as the “Marriage Tax Relief Reconciliation Act of 2000”.

(b) **SECTION 15 NOT TO APPLY.**—No amendment made by this Act shall be treated as a change in a rate of tax for purposes of section 15 of the Internal Revenue Code of 1986.

**SEC. 2. ELIMINATION OF MARRIAGE PENALTY IN STANDARD DEDUCTION.**

(a) **IN GENERAL.**—Paragraph (2) of section 63(c) of the Internal Revenue Code of 1986 (relating to standard deduction) is amended—

(1) by striking “\$5,000” in subparagraph (A) and inserting “200 percent of the dollar amount in effect under subparagraph (C) for the taxable year”;

(2) by adding “or” at the end of subparagraph (B);

(3) by striking “in the case of” and all that follows in subparagraph (C) and inserting “in any other case.”; and

(4) by striking subparagraph (D).

(b) **TECHNICAL AMENDMENTS.**—

(1) Subparagraph (B) of section 1(f)(6) of such Code is amended by striking “other than with” and all that follows through “shall be applied” and inserting “(other than with respect to sections 63(c)(4) and 151(d)(4)(A)) shall be applied”.

(2) Paragraph (4) of section 63(c) of such Code is amended by adding at the end the following flush sentence:

“The preceding sentence shall not apply to the amount referred to in paragraph (2)(A).”

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

**SEC. 3. PHASEOUT OF MARRIAGE PENALTY IN 15-PERCENT BRACKET.**

(a) **IN GENERAL.**—Subsection (f) of section 1 of the Internal Revenue Code of 1986 (relating to adjustments in tax tables so that inflation will not result in tax increases) is amended by adding at the end the following new paragraph:

“(8) **PHASEOUT OF MARRIAGE PENALTY IN 15-PERCENT BRACKET.**—

“(A) IN GENERAL.—With respect to taxable years beginning after December 31, 1999, in prescribing the tables under paragraph (1)—

“(i) the maximum taxable income in the lowest rate bracket in the table contained in subsection (a) (and the minimum taxable income in the next higher taxable income bracket in such table) shall be the applicable percentage of the maximum taxable income in the lowest rate bracket in the table contained in subsection (c) (after any other adjustment under this subsection), and

“(ii) the comparable taxable income amounts in the table contained in subsection (d) shall be ½ of the amounts determined under clause (i).

“(B) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A), the applicable percentage shall be determined in accordance with the following table:

“For taxable years beginning in calendar year—	The applicable percentage is—
2000 .....	170
2001 .....	173
2002 .....	178
2003 .....	183
2004 and thereafter .....	200.

“(C) ROUNDING.—If any amount determined under subparagraph (A)(i) is not a multiple of \$50, such amount shall be rounded to the next lowest multiple of \$50.”.

(b) TECHNICAL AMENDMENTS.—

(1) Subparagraph (A) of section 1(f)(2) of such Code is amended by inserting “except as provided in paragraph (8),” before “by increasing”.

(2) The heading for subsection (f) of section 1 of such Code is amended by inserting “PHASEOUT OF MARRIAGE PENALTY IN 15-PERCENT BRACKET;” before “ADJUSTMENTS”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

**SEC. 4. MARRIAGE PENALTY RELIEF FOR EARNED INCOME CREDIT.**

(a) IN GENERAL.—Paragraph (2) of section 32(b) of the Internal Revenue Code of 1986 (relating to percentages and amounts) is amended—

(1) by striking “AMOUNTS.—The earned” and inserting “AMOUNTS.—

“(A) IN GENERAL.—Subject to subparagraph (B), the earned”; and

(2) by adding at the end the following new subparagraph:

“(B) JOINT RETURNS.—In the case of a joint return, the phaseout amount determined under subparagraph (A) shall be increased by \$2,000.”.

(b) INFLATION ADJUSTMENT.—Paragraph (1)(B) of section 32(j) of such Code (relating to inflation adjustments) is amended to read as follows:

“(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined—

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“(i) in the case of amounts in subsections (b)(2)(A) and (i)(1), by substituting ‘calendar year 1995’ for ‘calendar year 1992’ in subparagraph (B) of section 1(f)(3), and

“(ii) in the case of the \$2,000 amount in subsection (b)(2)(B), by substituting ‘calendar year 1999’ for ‘calendar year 1992’ in subparagraph (B) of section 1(f)(3).”.

(c) ROUNDING.—Section 32(j)(2)(A) of such Code (relating to rounding) is amended by striking “subsection (b)(2)” and inserting “subparagraph (A) of subsection (b)(2) (after being increased under subparagraph (B) thereof)”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

**SEC. 5. ALLOWANCE OF NONREFUNDABLE PERSONAL CREDITS AGAINST REGULAR AND MINIMUM TAX LIABILITY.**

(a) IN GENERAL.—Subsection (a) of section 26 of the Internal Revenue Code of 1986 (relating to limitation based on tax liability; definition of tax liability) is amended to read as follows:

“(a) LIMITATION BASED ON AMOUNT OF TAX.—The aggregate amount of credits allowed by this subpart for the taxable year shall not exceed the sum of—

“(1) the taxpayer’s regular tax liability for the taxable year reduced by the foreign tax credit allowable under section 27(a), and

“(2) the tax imposed for the taxable year by section 55(a).”.

(b) CONFORMING AMENDMENTS.—

(1) Subsection (d) of section 24 of such Code is amended by striking paragraph (2) and by redesignating paragraph (3) as paragraph (2).

(2) Section 32 of such Code is amended by striking subsection (h).

(3) Section 904 of such Code is amended by striking subsection (h) and by redesignating subsections (i), (j), and (k) as subsections (h), (i), and (j), respectively.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

**SEC. 6. ESTIMATED TAX.**

The amendments made by this Act shall not be taken into account under section 6654 of the Internal Revenue Code of 1986 (relating to failure to pay estimated tax) in determining the amount of any installment required to be paid before October 1, 2000.

**SEC. 7. COMPLIANCE WITH BUDGET ACT.**

(a) IN GENERAL.—Except as provided in subsection (b), all amendments made by this Act which are in effect on September 30, 2005, shall cease to apply as of the close of September 30, 2005.

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(b) SUNSET FOR CERTAIN PROVISIONS ABSENT SUBSEQUENT LEGISLATION.—The amendments made by sections 2, 3, 4, and 5 of this Act shall not apply to any taxable year beginning after December 31, 2004.

*Speaker of the House of Representatives.*

*Vice President of the United States and  
President of the Senate.*