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(Original Signature of Member)

113TH CONGRESS
1ST SESSION

H. R.

To amend the Balanced Budget and Emergency Deficit Control Act of 1985
to repeal and replace the fiscal year 2013 sequestration.

IN THE HOUSE OF REPRESENTATIVES

Mr. VAN HOLLEN introduced the following bill; which was referred to the
Committee on _____

A BILL

To amend the Balanced Budget and Emergency Deficit Control Act of 1985 to repeal and replace the fiscal year 2013 sequestration.

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 “Stop the Sequester
5 Job Loss Now Act”.

6 **SEC. 2. TABLE OF CONTENTS.**

Sec. 1. Short title.
Sec. 2. Table of contents.

TITLE I—BUDGET PROCESS AMENDMENTS TO REPLACE FISCAL YEAR 2013 SEQUESTRATION

- Sec. 101. Repeal and replace the 2013 sequester.
- Sec. 102. Protecting veterans programs from sequester.

TITLE II—AGRICULTURAL SAVINGS

- Sec. 201. One-year extension of agricultural commodity programs, except direct payment programs.

TITLE III—OIL AND GAS SUBSIDIES

- Sec. 301. Limitation on section 199 deduction attributable to oil, natural gas, or primary products thereof.
- Sec. 302. Prohibition on using last-in, first-out accounting for major integrated oil companies.
- Sec. 303. Modifications of foreign tax credit rules applicable to major integrated oil companies which are dual capacity taxpayers.

TITLE IV—THE BUFFETT RULE

- Sec. 401. Fair share tax on high-income taxpayers.

TITLE V—SENSE OF THE HOUSE

- Sec. 501. Sense of the House on the need for a fair, balanced and bipartisan approach to long-term deficit reduction.

1 **TITLE I—BUDGET PROCESS**
 2 **AMENDMENTS TO REPLACE**
 3 **FISCAL YEAR 2013 SEQUES-**
 4 **TRATION**

5 **SEC. 101. REPEAL THE 2013 SEQUESTER AND DELAY THE**
 6 **2014 SEQUESTER.**

7 (a) CALCULATION OF TOTAL DEFICIT REDUCTION
 8 AND ALLOCATION TO FUNCTIONS.—(1) Subparagraph
 9 (E) of section 251A(3) is amended to read as follows:

10 “(E) For fiscal year 2014, reducing the amount
 11 calculated under subparagraphs (A) through (D) by
 12 \$27,500,000,000.”.

1 (2) Paragraph (4) of section 251A of the Balanced
2 Budget and Emergency Deficit Control Act of 1985 (2
3 U.S.C. 901a) is amended by striking “On March 1, 2013,
4 for fiscal year 2013, and in its sequestration preview re-
5 port for fiscal years 2014 through 2021” and inserting
6 “On January 2, 2014, for fiscal year 2014, and in its se-
7 questration preview report for fiscal years 2015 through
8 2021”.

9 (b) DEFENSE AND NONDEFENSE FUNCTION REDUC-
10 TIONS.—Paragraphs (5) and (6) of section 251A of the
11 Balanced Budget and Emergency Deficit Control Act of
12 1985 are amended by striking “2013” and inserting
13 “2014” each place it appears.

14 (c) IMPLEMENTING DISCRETIONARY REDUCTIONS.—
15 (1) Section 251A(7)(A) of the Balanced Budget and
16 Emergency Deficit Control Act of 1985 is amended by
17 striking “2013.—On January 2, 2013, for fiscal year
18 2013” and inserting “2014.—On January 2, 2014, for fis-
19 cal year 2014”.

20 (2) Section 251A(7)(B) of such Act is amended by
21 striking “2014” and inserting “2015” each place it ap-
22 pears.

23 (d) SAVINGS.—The savings set forth by the enact-
24 ment of title II shall achieve the savings that would other-
25 wise have occurred as a result of the sequestration under

1 section 251A of the Balanced Budget and Emergency Def-
2 icit Control Act of 1985.

3 **SEC. 102. PROTECTING VETERANS PROGRAMS FROM SE-**
4 **QUESTER.**

5 Section 256(e)(2)(E) of the Balanced Budget and
6 Emergency Deficit Control Act of 1985 is repealed.

7 **TITLE II—AGRICULTURAL**
8 **SAVINGS**

9 **SEC. 201. ONE-YEAR EXTENSION OF AGRICULTURAL COM-**
10 **MODITY PROGRAMS, EXCEPT DIRECT PAY-**
11 **MENT PROGRAMS.**

12 (a) EXTENSION.—Except as provided in subsection
13 (b) and notwithstanding any other provision of law, the
14 authorities provided by each provision of title I of the
15 Food, Conservation, and Energy Act of 2008 (Public Law
16 110–246; 122 Stat. 1651) and each amendment made by
17 that title (and for mandatory programs at such funding
18 levels), as in effect on September 30, 2013, shall continue,
19 and the Secretary of Agriculture shall carry out the au-
20 thorities, until September 30, 2014.

21 (b) TERMINATION OF DIRECT PAYMENT PRO-
22 GRAMS.—

23 (1) COVERED COMMODITIES.—The extension
24 provided by subsection (a) shall not apply with re-
25 spect to the direct payment program under section

1 1103 of the Food, Conservation, and Energy Act of
2 2008 (7 U.S.C. 8713).

3 (2) PEANUTS.—The extension provided by sub-
4 section (a) shall not apply with respect to the direct
5 payment program under section 1303 of the Food,
6 Conservation, and Energy Act of 2008 (7 U.S.C.
7 7953).

8 (c) EFFECTIVE DATE.—This section shall take effect
9 on the earlier of—

10 (1) the date of the enactment of this Act; and

11 (2) September 30, 2013.

12 **TITLE III—OIL AND GAS**

13 **SUBSIDIES**

14 **SEC. 301. LIMITATION ON SECTION 199 DEDUCTION ATTRIB-**
15 **UTABLE TO OIL, NATURAL GAS, OR PRIMARY**
16 **PRODUCTS THEREOF.**

17 (a) DENIAL OF DEDUCTION.—Paragraph (4) of sec-
18 tion 199(c) of the Internal Revenue Code of 1986 is
19 amended by adding at the end the following new subpara-
20 graph:

21 “(E) SPECIAL RULE FOR CERTAIN OIL
22 AND GAS INCOME.—In the case of any taxpayer
23 who is a major integrated oil company (as de-
24 fined in section 167(h)(5)(B)) for the taxable
25 year, the term ‘domestic production gross re-

1 receipts' shall not include gross receipts from the
2 production, transportation, or distribution of
3 oil, natural gas, or any primary product (within
4 the meaning of subsection (d)(9)) thereof.”.

5 (b) EFFECTIVE DATE.—The amendment made by
6 this section shall apply to taxable years ending after De-
7 cember 31, 2013.

8 **SEC. 302. PROHIBITION ON USING LAST-IN, FIRST-OUT AC-**
9 **COUNTING FOR MAJOR INTEGRATED OIL**
10 **COMPANIES.**

11 (a) IN GENERAL.—Section 472 of the Internal Rev-
12 enue Code of 1986 is amended by adding at the end the
13 following new subsection:

14 “(h) MAJOR INTEGRATED OIL COMPANIES.—Not-
15 withstanding any other provision of this section, a major
16 integrated oil company (as defined in section
17 167(h)(5)(B)) may not use the method provided in sub-
18 section (b) in inventorying of any goods.”.

19 (b) EFFECTIVE DATE AND SPECIAL RULE.—

20 (1) IN GENERAL.—The amendment made by
21 subsection (a) shall apply to taxable years ending
22 after December 31, 2013.

23 (2) CHANGE IN METHOD OF ACCOUNTING.—In
24 the case of any taxpayer required by the amendment
25 made by this section to change its method of ac-

1 counting for its first taxable year ending after De-
2 cember 31, 2013—

3 (A) such change shall be treated as initi-
4 ated by the taxpayer,

5 (B) such change shall be treated as made
6 with the consent of the Secretary of the Treas-
7 ury, and

8 (C) the net amount of the adjustments re-
9 quired to be taken into account by the taxpayer
10 under section 481 of the Internal Revenue Code
11 of 1986 shall be taken into account ratably over
12 a period (not greater than 8 taxable years) be-
13 ginning with such first taxable year.

14 **SEC. 303. MODIFICATIONS OF FOREIGN TAX CREDIT RULES**
15 **APPLICABLE TO MAJOR INTEGRATED OIL**
16 **COMPANIES WHICH ARE DUAL CAPACITY**
17 **TAXPAYERS.**

18 (a) IN GENERAL.—Section 901 of the Internal Rev-
19 enue Code of 1986 is amended by redesignating subsection
20 (n) as subsection (o) and by inserting after subsection (m)
21 the following new subsection:

22 “(n) SPECIAL RULES RELATING TO MAJOR INTE-
23 GRATED OIL COMPANIES WHICH ARE DUAL CAPACITY
24 TAXPAYERS.—

1 “(1) GENERAL RULE.—Notwithstanding any
2 other provision of this chapter, any amount paid or
3 accrued by a dual capacity taxpayer which is a
4 major integrated oil company (as defined in section
5 167(h)(5)(B)) to a foreign country or possession of
6 the United States for any period shall not be consid-
7 ered a tax—

8 “(A) if, for such period, the foreign coun-
9 try or possession does not impose a generally
10 applicable income tax, or

11 “(B) to the extent such amount exceeds
12 the amount (determined in accordance with reg-
13 ulations) which—

14 “(i) is paid by such dual capacity tax-
15 payer pursuant to the generally applicable
16 income tax imposed by the country or pos-
17 session, or

18 “(ii) would be paid if the generally ap-
19 plicable income tax imposed by the country
20 or possession were applicable to such dual
21 capacity taxpayer.

22 Nothing in this paragraph shall be construed to
23 imply the proper treatment of any such amount
24 not in excess of the amount determined under
25 subparagraph (B).

1 “(2) DUAL CAPACITY TAXPAYER.—For pur-
2 poses of this subsection, the term ‘dual capacity tax-
3 payer’ means, with respect to any foreign country or
4 possession of the United States, a person who—

5 “(A) is subject to a levy of such country or
6 possession, and

7 “(B) receives (or will receive) directly or
8 indirectly a specific economic benefit (as deter-
9 mined in accordance with regulations) from
10 such country or possession.

11 “(3) GENERALLY APPLICABLE INCOME TAX.—
12 For purposes of this subsection—

13 “(A) IN GENERAL.—The term ‘generally
14 applicable income tax’ means an income tax (or
15 a series of income taxes) which is generally im-
16 posed under the laws of a foreign country or
17 possession on income derived from the conduct
18 of a trade or business within such country or
19 possession.

20 “(B) EXCEPTIONS.—Such term shall not
21 include a tax unless it has substantial applica-
22 tion, by its terms and in practice, to—

23 “(i) persons who are not dual capacity
24 taxpayers, and

1 “(ii) persons who are citizens or resi-
2 dents of the foreign country or posses-
3 sion.”.

4 (b) EFFECTIVE DATE.—

5 (1) IN GENERAL.—The amendments made by
6 this section shall apply to taxes paid or accrued in
7 taxable years beginning after the date of the enact-
8 ment of this Act.

9 (2) CONTRARY TREATY OBLIGATIONS
10 UPHELD.—The amendments made by this section
11 shall not apply to the extent contrary to any treaty
12 obligation of the United States.

13 **TITLE IV—THE BUFFETT RULE**

14 **SEC. 401. FAIR SHARE TAX ON HIGH-INCOME TAXPAYERS.**

15 (a) IN GENERAL.—Subchapter A of chapter 1 of the
16 Internal Revenue Code of 1986 is amended by adding at
17 the end the following new part:

18 **“PART VII—FAIR SHARE TAX ON HIGH-INCOME**

19 **TAXPAYERS**

20 **“SEC. 59B. FAIR SHARE TAX.**

21 “(a) GENERAL RULE.—

22 “(1) PHASE-IN OF TAX.—In the case of any
23 high-income taxpayer, there is hereby imposed for a
24 taxable year (in addition to any other tax imposed
25 by this subtitle) a tax equal to the product of—

1 “(A) the amount determined under para-
2 graph (2), and

3 “(B) a fraction (not to exceed 1)—

4 “(i) the numerator of which is the ex-
5 cess of—

6 “(I) the taxpayer’s adjusted
7 gross income, over

8 “(II) the dollar amount in effect
9 under subsection (c)(1), and

10 “(ii) the denominator of which is the
11 dollar amount in effect under subsection
12 (c)(1).

13 “(2) AMOUNT OF TAX.—The amount of tax de-
14 termined under this paragraph is an amount equal
15 to the excess (if any) of—

16 “(A) the tentative fair share tax for the
17 taxable year, over

18 “(B) the excess of—

19 “(i) the sum of—

20 “(I) the regular tax liability (as
21 defined in section 26(b)) for the tax-
22 able year,

23 “(II) the tax imposed by section
24 55 for the taxable year, plus

1 “(III) the payroll tax for the tax-
2 able year, over

3 “(ii) the credits allowable under part
4 IV of subchapter A (other than sections
5 27(a), 31, and 34).

6 “(b) TENTATIVE FAIR SHARE TAX.—For purposes
7 of this section—

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

10 “(A) the adjusted gross income of the tax-
11 payer, over

12 “(B) the modified charitable contribution
13 deduction for the taxable year.

14 “(2) MODIFIED CHARITABLE CONTRIBUTION
15 DEDUCTION.—For purposes of paragraph (1)—

16 “(A) IN GENERAL.—The modified chari-
17 table contribution deduction for any taxable
18 year is an amount equal to the amount which
19 bears the same ratio to the deduction allowable
20 under section 170 (section 642(c) in the case of
21 a trust or estate) for such taxable year as—

22 “(i) the amount of itemized deduc-
23 tions allowable under the regular tax (as
24 defined in section 55) for such taxable

1 year, determined after the application of
2 section 68, bears to

3 “(ii) such amount, determined before
4 the application of section 68.

5 “(B) TAXPAYER MUST ITEMIZE.—In the
6 case of any individual who does not elect to
7 itemize deductions for the taxable year, the
8 modified charitable contribution deduction shall
9 be zero.

10 “(c) HIGH-INCOME TAXPAYER.—For purposes of this
11 section—

12 “(1) IN GENERAL.—The term ‘high-income tax-
13 payer’ means, with respect to any taxable year, any
14 taxpayer (other than a corporation) with an adjusted
15 gross income for such taxable year in excess of
16 \$1,000,000 (50 percent of such amount in the case
17 of a married individual who files a separate return).

18 “(2) INFLATION ADJUSTMENT.—

19 “(A) IN GENERAL.—In the case of a tax-
20 able year beginning after 2014, the \$1,000,000
21 amount under paragraph (1) shall be increased
22 by an amount equal to—

23 “(i) such dollar amount, multiplied by

24 “(ii) the cost-of-living adjustment de-
25 termined under section 1(f)(3) for the cal-

1 endar year in which the taxable year be-
2 gins, determined by substituting ‘calendar
3 year 2013’ for ‘calendar year 1992’ in sub-
4 paragraph (B) thereof.

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

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

12 “(1) the taxes imposed on the taxpayer under
13 sections 1401, 1411, 3101, 3201, and 3211(a) (to
14 the extent such taxes are attributable to the rate of
15 tax in effect under section 3101) with respect to
16 such taxable year or wages or compensation received
17 during the taxable year, over

18 “(2) the deduction allowable under section
19 164(f) for such taxable year.

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

24 “(f) NOT TREATED AS TAX IMPOSED BY THIS CHAP-
25 TER FOR CERTAIN PURPOSES.—The tax imposed under

1 this section shall not be treated as tax imposed by this
2 chapter for purposes of determining the amount of any
3 credit under this chapter (other than the credit allowed
4 under section 27(a)) or for purposes of section 55.”.

5 (b) CONFORMING AMENDMENT.—Section 26(b)(2) of
6 such Code is amended by redesignating subparagraphs (C)
7 through (X) as subparagraphs (D) through (Y), respec-
8 tively, and by inserting after subparagraph (B) the fol-
9 lowing new subparagraph:

10 “(C) section 59B (relating to fair share
11 tax),”.

12 (c) CLERICAL AMENDMENT.—The table of parts for
13 subchapter A of chapter 1 of such Code is amended by
14 adding at the end the following new item:

“Part VII—Fair Share Tax on High-Income Taxpayers”.

15 (d) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to taxable years beginning after
17 December 31, 2013.

18 **TITLE V—SENSE OF THE HOUSE**

19 **SEC. 501. SENSE OF THE HOUSE ON THE NEED FOR A FAIR, 20 **BALANCED AND BIPARTISAN APPROACH TO 21 **LONG-TERM DEFICIT REDUCTION.******

22 (a) The House finds that—

23 (1) every bipartisan commission has rec-
24 ommended – and the majority of Americans agree –
25 that we should take a balanced, bipartisan approach

1 to reducing the deficit that addresses both revenue
2 and spending; and

3 (2) sequestration is a meat-ax approach to def-
4 icit reduction that imposes deep and mindless cuts,
5 regardless of their impact on vital services and in-
6 vestments.

7 (b) It is the sense of the House that the Congress
8 should replace the entire 10-year sequester established by
9 the Budget Control Act of 2011 with a balanced approach
10 that would increase revenues without increasing the tax
11 burden on middle-income Americans, and decrease long-
12 term spending while maintaining the Medicare guarantee,
13 protecting Social Security and a strong social safety net,
14 and making strategic investments in education, science,
15 research, and critical infrastructure necessary to compete
16 in the global economy.