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(Original Signature of Member)

111TH CONGRESS  
2D SESSION

# H. R.

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To amend the Internal Revenue Code of 1986 to provide middle class tax relief, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

Mr. LEVIN introduced the following bill; which was referred to the Committee on \_\_\_\_\_

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# A BILL

To amend the Internal Revenue Code of 1986 to provide middle class tax relief, and for other purposes.

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 Tax Relief Act of 2010”.

6 (b) AMENDMENT OF 1986 CODE.—Except as other-  
7 wise expressly provided, whenever in this Act an amend-  
8 ment or repeal is expressed in terms of an amendment  
9 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 for  
4 this Act is as follows:

Sec. 1. Short title; etc.

TITLE I—MIDDLE CLASS TAX RELIEF MADE PERMANENT

Sec. 101. Middle class tax relief made permanent.

Sec. 102. Certain provisions not applicable to high income individuals.

Sec. 103. Related amendments.

TITLE II—EXPENSING BY SMALL BUSINESSES OF CERTAIN  
DEPRECIABLE ASSETS

Sec. 201. Increased limitations on expensing by small businesses of certain de-  
preciable assets.

TITLE III—EXTENSION OF ALTERNATIVE MINIMUM TAX RELIEF

Sec. 301. Extension of alternative minimum tax relief for nonrefundable per-  
sonal credits.

Sec. 302. Extension of increased alternative minimum tax exemption amount.

TITLE IV—BUDGETARY PROVISION

Sec. 401. Paygo compliance.

5 **TITLE I—MIDDLE CLASS TAX**  
6 **RELIEF MADE PERMANENT**

7 **SEC. 101. MIDDLE CLASS TAX RELIEF MADE PERMANENT.**

8 (a) IN GENERAL.—Section 901 of the Economic  
9 Growth and Tax Relief Reconciliation Act of 2001 shall  
10 not apply to the following provisions of such Act (and to  
11 the amendments made by such provisions):

12 (1) Title I (relating to individual income tax  
13 rate reductions).

14 (2) Title II (relating to tax benefits related to  
15 children).



1           “(i) the rate of tax under subsections  
2           (a), (b), (c), and (d) on a taxpayer’s tax-  
3           able income in the fourth rate bracket shall  
4           be 33 percent to the extent such income  
5           does not exceed an amount equal to the ex-  
6           cess of—

7                       “(I) the applicable amount, over

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

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

15           “(B) APPLICABLE AMOUNT.—For purposes  
16           of this paragraph, the term ‘applicable amount’  
17           means the excess of—

18                       “(i) the applicable threshold, over

19                       “(ii) the sum of the following amounts  
20           in effect for the taxable year:

21                       “(I) the basic standard deduction  
22                       (within the meaning of section  
23                       63(c)(2)), and

24                       “(II) the exemption amount  
25                       (within the meaning of section

1                   151(d)(1)) (or, in the case of sub-  
2                   section (a), 2 such exemption  
3                   amounts).

4                   “(C) APPLICABLE THRESHOLD.—For pur-  
5                   poses of this paragraph, the term ‘applicable  
6                   threshold’ means—

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

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

11                  “(iii) ½ the amount applicable under  
12                  clause (i) (after adjustment, if any, under  
13                  subparagraph (E)) in the case of sub-  
14                  section (d).

15                  “(D) FOURTH RATE BRACKET.—For pur-  
16                  poses of this paragraph, the term ‘fourth rate  
17                  bracket’ means the bracket which would (deter-  
18                  mined without regard to this paragraph) be the  
19                  36-percent rate bracket.

20                  “(E) INFLATION ADJUSTMENT.—For pur-  
21                  poses of this paragraph, a rule similar to the  
22                  rule of paragraph (1)(C) shall apply with re-  
23                  spect to taxable years beginning in calendar  
24                  years after 2010, applied by substituting ‘2008’  
25                  for ‘1992’ in subsection (f)(3)(B).”.

1 (b) PHASEOUT OF PERSONAL EXEMPTIONS AND  
2 ITEMIZED DEDUCTIONS.—

3 (1) OVERALL LIMITATION ON ITEMIZED DEDUC-  
4 TIONS.—Section 68 is amended—

5 (A) by striking “the applicable amount”  
6 the first place it appears in subsection (a) and  
7 inserting “the applicable threshold in effect  
8 under section 1(i)(3)”,

9 (B) by striking “the applicable amount” in  
10 subsection (a)(1) and inserting “such applicable  
11 threshold”,

12 (C) by striking subsection (b) and redesignig-  
13 nating subsections (c), (d), and (e) as sub-  
14 sections (b), (c), and (d), respectively, and

15 (D) by striking subsections (f) and (g).

16 (2) PHASEOUT OF DEDUCTIONS FOR PERSONAL  
17 EXEMPTIONS.—

18 (A) IN GENERAL.—Paragraph (3) of sec-  
19 tion 151(d) is amended—

20 (i) by striking “the threshold amount”  
21 in subparagraphs (A) and (B) and insert-  
22 ing “the applicable threshold in effect  
23 under section 1(i)(3)”,

1 (ii) by striking subparagraph (C) and  
2 redesignating subparagraph (D) as sub-  
3 paragraph (C), and

4 (iii) by striking subparagraphs (E)  
5 and (F).

6 (B) CONFORMING AMENDMENT.—Para-  
7 graph (4) of section 151(d) is amended—

8 (i) by striking subparagraph (B),

9 (ii) by redesignating clauses (i) and  
10 (ii) of subparagraph (A) as subparagraphs  
11 (A) and (B), respectively, and by indenting  
12 such subparagraphs (as so redesignated)  
13 accordingly, and

14 (iii) by striking all that precedes “in  
15 a calendar year after 1989,” and inserting  
16 the following:

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

19 (c) REDUCED RATE ON CAPITAL GAINS AND DIVI-  
20 DENDS.—

21 (1) IN GENERAL.—Paragraph (1) of section  
22 (1)(h) is amended by striking subparagraph (C), by  
23 redesignating subparagraphs (D) and (E) as sub-  
24 paragraphs (E) and (F) and by inserting after sub-  
25 paragraph (B) the following new subparagraphs:

1 “(C) 15 percent of the lesser of—

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

6 “(ii) the excess (if any) of—

7 “(I) the amount of taxable in-  
8 come which would (without regard to  
9 this subsection) be taxed at a rate  
10 below 36 percent, over

11 “(II) the sum of the amounts on  
12 which tax is determined under sub-  
13 paragraphs (A) and (B),

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

18 (2) DIVIDENDS.—Subparagraph (A) of section  
19 1(h)(11) is amended by striking “qualified dividend  
20 income” and inserting “so much of the qualified div-  
21 idend income as does not exceed the excess (if any)  
22 of—

23 “(i) the amount of taxable income  
24 which would (without regard to this sub-



1 section) be taxed at a rate below 36 per-  
2 cent, over

3 “(ii) taxable income reduced by quali-  
4 fied dividend income.”.

5 (3) MINIMUM TAX.—Section 55 is amended by  
6 adding at the end the following new subsection:

7 “(f) APPLICATION OF MAXIMUM RATE OF TAX ON  
8 NET CAPITAL GAIN OF NONCORPORATE TAXPAYERS.—In  
9 the case of taxable years beginning after December 31,  
10 2010, the amount determined under subparagraph (C) of  
11 subsection (b)(3) shall be the sum of—

12 “(1) 15 percent of the lesser of—

13 “(A) so much of the adjusted net capital  
14 gain (or, if less, taxable excess) as exceeds the  
15 amount on which tax is determined under sub-  
16 paragraph (B) of subsection (b)(3), or

17 “(B) the excess described in section  
18 1(h)(1)(C)(ii), plus

19 “(2) 20 percent of the adjusted net capital gain  
20 (or, if less, taxable excess) in excess of the sum of  
21 the amounts on which tax is determined under sub-  
22 section (b)(3)(B) and paragraph (1).”.

23 (4) CONFORMING AMENDMENTS.—

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

4 (i) Section 1445(e)(1).

5 (ii) The second sentence of section  
6 7518(g)(6)(A).

7 (iii) Section 53511(f)(2) of title 46,  
8 United States Code.

9 (B) Sections 531 and 541 are each amend-  
10 ed by striking “15 percent of” and inserting  
11 “the product of the highest rate of tax under  
12 section 1(c) and”.

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

17 (d) EFFECTIVE DATES.—

18 (1) IN GENERAL.—Except as provided in para-  
19 graph (2), the amendments made by this section  
20 shall apply to taxable years beginning after Decem-  
21 ber 31, 2010.

22 (2) WITHHOLDING.—The amendments made by  
23 subparagraphs (A)(i) and (C) of subsection (e)(4)  
24 shall apply to amounts paid on or after January 1,  
25 2011.

1 **SEC. 103. RELATED AMENDMENTS.**

2 (a) APPLICATION OF INCREASE IN REFUNDABLE  
3 PORTION OF CHILD TAX CREDIT.—

4 (1) IN GENERAL.—Subsection (d) of section 24  
5 is amended—

6 (A) by striking “\$10,000” in paragraph  
7 (1)(B)(i) and inserting “\$3,000”, and

8 (B) by striking paragraphs (3) and (4).

9 (2) EFFECTIVE DATE.—The amendments made  
10 by this subsection shall apply to taxable years begin-  
11 ning after December 31, 2010.

12 (b) APPLICATION OF INCREASE IN EARNED INCOME  
13 TAX CREDIT.—

14 (1) IN GENERAL.—Subparagraph (B) of section  
15 32(b)(2) is amended to read as follows:

16 “(B) JOINT RETURNS.—

17 “(i) IN GENERAL.—In the case of a  
18 joint return filed by an eligible individual  
19 and such individual’s spouse, the phaseout  
20 amount determined under subparagraph  
21 (A) shall be increased by \$5,000.

22 “(ii) INFLATION ADJUSTMENT.—In  
23 the case of any taxable year beginning  
24 after 2010, the \$5,000 amount in clause  
25 (i) shall be increased by an amount equal  
26 to—

1                   “(I) such dollar amount, multi-  
2                   plied by

3                   “(II) the cost of living adjust-  
4                   ment determined under section 1(f)(3)  
5                   for the calendar year in which the tax-  
6                   able year begins determined by sub-  
7                   stituting ‘calendar year 2008’ for ‘cal-  
8                   endar year 1992’ in subparagraph (B)  
9                   thereof.

10                   Subparagraph (A) of subsection (j)(2)  
11                   shall apply after taking into account any  
12                   increase under the preceding sentence.”.

13                   (2) CONFORMING AMENDMENT.—Subsection (b)  
14                   of section 32 is amended by striking paragraph (3).

15                   (3) EFFECTIVE DATE.—The amendments made  
16                   by this subsection shall apply to taxable years begin-  
17                   ning after December 31, 2010.

18                   (c) APPLICATION TO ADOPTION CREDIT AND ADOP-  
19                   TION ASSISTANCE PROGRAMS.—Subsection (c) of section  
20                   10909 of the Patient Protection and Affordable Care Act  
21                   is amended to read as follows:

22                   “(c) The amendments made by this section shall not  
23                   apply to taxable years beginning after December 31,  
24                   2011.”.

1 **TITLE II—EXPENSING BY SMALL**  
2 **BUSINESSES OF CERTAIN DE-**  
3 **PRECIABLE ASSETS**

4 **SEC. 201. INCREASED LIMITATIONS ON EXPENSING BY**  
5 **SMALL BUSINESSES OF CERTAIN DEPRE-**  
6 **CIABLE ASSETS.**

7 (a) DOLLAR LIMITATION.—Subparagraph (C) of sec-  
8 tion 179(b)(1) is amended by striking “\$25,000” and in-  
9 serting “\$125,000”.

10 (b) THRESHOLD AT WHICH PHASEOUT BEGINS.—  
11 Subparagraph (C) of section 179(b)(2) is amended by  
12 striking “\$200,000” and inserting “\$500,000”.

13 (c) INFLATION ADJUSTMENT.—Subsection (b) of sec-  
14 tion 179 is amended by adding at the end the following  
15 new paragraph:

16 “(6) INFLATION ADJUSTMENTS.—

17 “(A) IN GENERAL.—In the case of any  
18 taxable beginning in a calendar year after 2011,  
19 the \$125,000 and \$500,000 amounts in para-  
20 graphs (1)(C) and (2)(C) shall each be in-  
21 creased by an amount equal to—

22 “(i) such dollar amount, multiplied by

23 “(ii) the cost-of-living adjustment de-  
24 termined under section 1(f)(3) for the cal-  
25 endar year in which the taxable year be-

1 gins determined by substituting ‘calendar  
2 year 2006’ for ‘calendar year 1992’ in sub-  
3 paragraph (B) thereof.

4 “(B) ROUNDING.—

5 “(i) DOLLAR LIMITATION.—If the  
6 amount in paragraph (1) as increased  
7 under subparagraph (A) is not a multiple  
8 of \$1,000, such amount shall be rounded  
9 to the nearest multiple of \$1,000.

10 “(ii) PHASEOUT AMOUNT.—If the  
11 amount in paragraph (2) as increased  
12 under subparagraph (A) is not a multiple  
13 of \$10,000, such amount shall be rounded  
14 to the nearest multiple of \$10,000.”.

15 (d) AUTHORITY TO REVOKE ELECTION MADE PER-  
16 MANENT.—Paragraph (2) of section 179(c) is amended by  
17 striking “and before 2012”.

18 (e) TREATMENT OF CERTAIN COMPUTER SOFTWARE  
19 AS SECTION 179 PROPERTY MADE PERMANENT.—Clause  
20 (ii) of section 179(d)(1)(A) is amended by striking “and  
21 before 2012”.

22 (f) EFFECTIVE DATE.—The amendments made by  
23 this section shall apply to taxable years beginning after  
24 December 31, 2011.

1 **TITLE III—EXTENSION OF AL-**  
2 **TERNATIVE MINIMUM TAX**  
3 **RELIEF**

4 **SEC. 301. EXTENSION OF ALTERNATIVE MINIMUM TAX RE-**  
5 **LIEF FOR NONREFUNDABLE PERSONAL**  
6 **CREDITS.**

7 (a) IN GENERAL.—Paragraph (2) of section 26(a) is  
8 amended—

9 (1) by striking “2000, 2001, 2002, 2003, 2004,  
10 2005, 2006, 2007, 2008, or 2009” and inserting  
11 “the period beginning with calendar year 2000 and  
12 ending with calendar year 2011”, and

13 (2) by striking “2009” in the heading thereof  
14 and inserting “2011”.

15 (b) EFFECTIVE DATE.—The amendments made by  
16 this section shall apply to taxable years beginning after  
17 December 31, 2009.

18 **SEC. 302. EXTENSION OF INCREASED ALTERNATIVE MIN-**  
19 **IMUM TAX EXEMPTION AMOUNT.**

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

22 (1) by striking “(\$70,950 in the case of taxable  
23 years beginning in 2009)” in subparagraph (A) and  
24 inserting “(\$72,450 in the case of taxable years be-  
25 ginning in 2010 or 2011)”, and

1           (2) by striking “(\$46,700 in the case of taxable  
2           years beginning in 2009)” in subparagraph (B) and  
3           inserting “(\$47,450 in the case of taxable years be-  
4           ginning in 2010 or 2011)”.

5           (b) NONAPPLICATION OF EGTRRA SUNSET.—Sec-  
6           tion 901 of the Economic Growth and Tax Relief Rec-  
7           onciliation Act of 2001 shall not apply to the amendments  
8           made by section 701 of such Act.

9           (c) EFFECTIVE DATE.—The amendments made by  
10          this section shall apply to taxable years beginning after  
11          December 31, 2009.

## 12                           **TITLE IV—BUDGETARY** 13                           **PROVISION**

### 14   **SEC. 401. PAYGO COMPLIANCE.**

15          The budgetary effects of this Act, for the purpose of  
16          complying with the Statutory Pay-As-You-Go-Act of 2010,  
17          shall be determined by reference to the latest statement  
18          titled “Budgetary Effects of PAYGO Legislation” for this  
19          Act, submitted for printing in the Congressional Record  
20          by the Chairman of the House Budget Committee, pro-  
21          vided that such statement has been submitted prior to the  
22          vote on passage.