

**MOTION TO RECOMMIT H.R. 8, WITH  
INSTRUCTIONS  
OFFERED BY M \_\_\_\_\_**

M \_\_\_\_\_ moves to recommit the bill H.R. 8 to the Committee on Ways and Means with instructions to report the same back to the House forthwith with the following amendment:

Add at the end of the bill the following:

1 **SEC. 6. FINDINGS.**

2 Congress finds the following:

3 (1) Section 2 of this Act (H.R. 8) extends tax  
4 cuts for millionaires instead of helping small busi-  
5 nesses with tax cuts to invest in the future and cre-  
6 ate jobs.

7 (2) Small businesses would be better served by  
8 ending tax breaks for millionaires and instead using  
9 that revenue to expand the small business expensing  
10 provision, which fosters investment in new plants  
11 and equipment.

12 (3) This Act (H.R. 8) fails to extend expansions  
13 to the Child Tax Credit and the Earned Income Tax  
14 Credit, and it fails to extend altogether the Amer-

1        ican Opportunity Tax Credit. This tax relief encour-  
2        ages work, has lifted millions of Americans into the  
3        middle class, and helps middle class families pay for  
4        the costs of higher education.

5        **SEC. 7. APPLICATION OF EXTENSION OF 2001 AND 2003 TAX**  
6                                **RELIEF TO CERTAIN HIGH-INCOME TAX-**  
7                                **PAYERS.**

8        (a) APPLICATION OF EXTENSION OF 2001 TAX RE-  
9        LIEF.—

10                    (1) TREATMENT OF 25-, 28-, AND 33-PERCENT  
11        RATE BRACKETS.—Paragraph (2) of section 1(i) of  
12        the Internal Revenue Code of 1986 is amended to  
13        read as follows:

14                    “(2) 25-, 28-, AND 33-PERCENT RATE BRACK-  
15        ETS.—The tables under subsections (a), (b), (c), (d),  
16        and (e) shall be applied—

17                    “(A) by substituting ‘25%’ for ‘28%’ each  
18        place it appears (before the application of sub-  
19        paragraph (B)),

20                    “(B) by substituting ‘28%’ for ‘31%’ each  
21        place it appears, and

22                    “(C) by substituting ‘33%’ for ‘36%’ each  
23        place it appears.”.

24                    (2) 35-PERCENT RATE BRACKET.—Subsection  
25        (i) of section 1 of such Code is amended by redesi-

1 nating paragraph (3) as paragraph (4) and by in-  
2 sserting after paragraph (2) the following new para-  
3 graph:

4 “(3) 35-PERCENT RATE BRACKET.—

5 “(A) IN GENERAL.—In the case of taxable  
6 years beginning after December 31, 2012—

7 “(i) the rate of tax under subsections  
8 (a), (b), (c), and (d) on a taxpayer’s tax-  
9 able income in the highest rate bracket  
10 shall be 35 percent to the extent such in-  
11 come does not exceed an amount equal to  
12 the excess of—

13 “(I) the applicable amount, over

14 “(II) the dollar amount at which  
15 such bracket begins, and

16 “(ii) the 39.6 percent rate of tax  
17 under such subsections shall apply only to  
18 the taxpayer’s taxable income in such  
19 bracket in excess of the amount to which  
20 clause (i) applies.

21 “(B) APPLICABLE AMOUNT.—For purposes  
22 of this paragraph, the term ‘applicable amount’  
23 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                  “(C) APPLICABLE THRESHOLD.—For pur-  
12                  poses of this paragraph, the term ‘applicable  
13                  threshold’ means—

14                  “(i) \$1,000,000 in the case of sub-  
15                  section (a), (b), and (c), and

16                  “(ii) ½ the amount applicable under  
17                  clause (i) (after adjustment, if any, under  
18                  subparagraph (E)) in the case of sub-  
19                  section (d).

20                  “(D) HIGHEST RATE BRACKET.—For pur-  
21                  poses of this paragraph, the term ‘highest rate  
22                  bracket’ means the bracket which would (deter-  
23                  mined without regard to this paragraph) be the  
24                  39.6-percent rate bracket.

1           “(E) INFLATION ADJUSTMENT.—For pur-  
2           poses of this paragraph, with respect to taxable  
3           years beginning in calendar years after 2012,  
4           the dollar amount in subparagraph (C)(i) shall  
5           be adjusted in the same manner as under para-  
6           graph (1)(C), except that subsection (f)(3)(B)  
7           shall be applied by substituting ‘2008’ for  
8           ‘1992’.”.

9           (3) OVERALL LIMITATION ON ITEMIZED DEDUC-  
10          TIONS.—Section 68 of such Code is amended—

11           (A) by striking “the applicable amount”  
12           the first place it appears in subsection (a) and  
13           inserting “the applicable threshold in effect  
14           under section 1(i)(3)”,

15           (B) by striking “the applicable amount” in  
16           subsection (a)(1) and inserting “such applicable  
17           threshold”,

18           (C) by striking subsection (b) and redesign-  
19           ating subsections (c), (d), and (e) as sub-  
20           sections (b), (c), and (d), respectively, and

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

22          (4) PHASEOUT OF DEDUCTIONS FOR PERSONAL  
23          EXEMPTIONS.—

24           (A) IN GENERAL.—Paragraph (3) of sec-  
25           tion 151(d) of such Code is amended—

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

5 (ii) by striking subparagraph (C) and  
6 redesignating subparagraph (D) as sub-  
7 paragraph (C), and

8 (iii) by striking subparagraphs (E)  
9 and (F).

10 (B) CONFORMING AMENDMENTS.—Para-  
11 graph (4) of section 151(d) of such Code is  
12 amended—

13 (i) by striking subparagraph (B),

14 (ii) by redesignating clauses (i) and  
15 (ii) of subparagraph (A) as subparagraphs  
16 (A) and (B), respectively, and by indenting  
17 such subparagraphs (as so redesignated)  
18 accordingly, and

19 (iii) by striking all that precedes “in  
20 a calendar year after 1989,” and inserting  
21 the following:

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

24 (b) APPLICATION OF EXTENSION OF 2003 TAX RE-  
25 LIEF.—

1           (1) 20-PERCENT CAPITAL GAINS RATE FOR  
2 CERTAIN HIGH INCOME INDIVIDUALS.—Paragraph  
3 (1) of section 1(h) of the Internal Revenue Code of  
4 1986 is amended by striking subparagraph (C), by  
5 redesignating subparagraphs (D) and (E) as sub-  
6 paragraphs (E) and (F) and by inserting after sub-  
7 paragraph (B) the following new subparagraphs:

8           “(C) 15 percent of the lesser of—

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

13           “(ii) the excess (if any) of—

14           “(I) the amount of taxable in-  
15 come which would (without regard to  
16 this paragraph) be taxed at a rate  
17 below 39.6 percent, over

18           “(II) the sum of the amounts on  
19 which a tax is determined under sub-  
20 paragraphs (A) and (B),

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

1           (2) MINIMUM TAX.—Section 55 of such Code is  
2           amended by adding at the end the following new  
3           subsection:

4           “(f) 20-PERCENT CAPITAL GAINS RATE FOR CER-  
5           TAIN HIGH INCOME INDIVIDUALS.—

6           “(1) IN GENERAL.—In the case of any indi-  
7           vidual, if the taxpayer’s taxable income for the tax-  
8           able year exceeds the applicable amount determined  
9           under section 1(i) with respect to such taxpayer for  
10          such taxable year, the amount determined under  
11          paragraph (2) shall be substituted for the amount  
12          determined under subsection (b)(3)(C) for purposes  
13          of determining the taxpayer’s tentative minimum tax  
14          for such taxable year.

15          “(2) DETERMINATION OF 20-PERCENT CAPITAL  
16          GAINS RATE.—The amount determined under this  
17          paragraph is the sum of—

18                 “(A) 15 percent of the lesser of—

19                         “(i) so much of the adjusted net cap-  
20                         ital gain (or, if less, taxable excess) as ex-  
21                         ceeds the amount on which tax is deter-  
22                         mined under subsection (b)(3)(B), or

23                         “(ii) the excess described in section  
24                         1(h)(1)(C)(ii), plus

1           “(B) 20 percent of the adjusted net capital  
2 gain (or, if less, taxable excess) in excess of the  
3 sum of the amounts on which tax is determined  
4 under subparagraph (A) and subsection  
5 (b)(3)(B).”.

6           (3) CONFORMING AMENDMENTS.—

7           (A) The following provisions are each  
8 amended by striking “15 percent” and inserting  
9 “20 percent”:

10           (i) Section 531 of the Internal Rev-  
11 enue Code of 1986.

12           (ii) Section 541 of such Code.

13           (iii) Section 1445(e)(1) of such Code.

14           (iv) The second sentence of section  
15 7518(g)(6)(A) of such Code.

16           (v) Section 53511(f)(2) of title 46,  
17 United States Code.

18           (B) Section 1445(e)(6) of the Internal  
19 Revenue Code of 1986 is amended by striking  
20 “15 percent (20 percent in the case of taxable  
21 years beginning after December 31, 2010)” and  
22 inserting “20 percent”.

23           (c) APPLICATION OF SUNSETS.—

24           (1) APPLICATION OF EGTRRA SUNSET.—Each  
25 amendment made by subsection (a) shall be subject

1 to title IX of the Economic Growth and Tax Relief  
2 Reconciliation Act of 2001 to the same extent and  
3 in the same manner as if such amendment was in-  
4 cluded in title I of such Act.

5 (2) APPLICATION OF JGTRRA SUNSET.—Each  
6 amendment made by subsection (b) shall be subject  
7 to section 303 of the Jobs and Growth Tax Relief  
8 Reconciliation Act of 2003 to the same extent and  
9 in the same manner as if such amendment was in-  
10 cluded in title III of such Act.

11 (d) EFFECTIVE DATES.—

12 (1) IN GENERAL.—Except as otherwise pro-  
13 vided in this subsection, the amendments made by  
14 this section shall apply to taxable years beginning  
15 after December 31, 2012.

16 (2) WITHHOLDING.—The amendments made by  
17 subparagraphs (A)(iii) and (B) of subsection (b)(3)  
18 shall apply to amounts paid on or after January 1,  
19 2013.

20 **SEC. 8. ADDITIONAL INCREASE IN SMALL BUSINESS EX-**  
21 **PENSING.**

22 (a) IN GENERAL.—Section 179(b) of the Internal  
23 Revenue Code of 1986, as amended by section 3, is further  
24 amended—

1           (1) by striking “\$100,000” in paragraph (1)(D)  
2           and inserting “\$1,000,000”,

3           (2) by striking “\$400,000” in paragraph (2)(D)  
4           and inserting “\$5,000,000”, and

5           (3) by striking paragraph (6).

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

