

115TH CONGRESS
1ST SESSION

H. R. 636

To amend the Internal Revenue Code of 1986 to impose increased rates of tax with respect to taxpayers with more than \$1,000,000 taxable income, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 24, 2017

Ms. SCHAKOWSKY (for herself, Mr. NADLER, Mr. GRIJALVA, Ms. NORTON, Ms. DELAURO, Ms. LEE, Mr. CUMMINGS, Mr. ELLISON, Mr. SERRANO, Mr. POCAN, Mr. COHEN, and Mr. CONYERS) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to impose increased rates of tax with respect to taxpayers with more than \$1,000,000 taxable income, 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.**

4 This Act may be cited as the “Fairness in Taxation
5 Act of 2017”.

1 **SEC. 2. INCREASED TAX RATES FOR TAXPAYERS WITH**
 2 **MORE THAN \$1,000,000 TAXABLE INCOME.**

3 (a) IN GENERAL.—

4 (1) MARRIED INDIVIDUALS FILING JOINT RE-
 5 TURNS AND SURVIVING SPOUSES.—The table con-
 6 tained in subsection (a) of section 1 of the Internal
 7 Revenue Code of 1986 is amended to read as fol-
 8 lows:

If taxable income is:	The tax is:
Not over \$18,650	10% of taxable income.
Over \$18,650 but not over \$75,900.	\$1,865, plus 15% of the excess over \$18,650.
Over \$75,900 but not over \$153,100.	\$10,452.50, plus 25% of the excess over \$75,900.
Over \$153,100 but not over \$233,350.	\$29,752.50, plus 28% of the excess over \$153,100.
Over \$233,350 but not over \$416,700.	\$52,222.50, plus 33% of the excess over \$233,350.
Over \$416,700 but not over \$470,700.	\$112,728, plus 35% of the excess over \$416,700.
Over \$470,700 but not over \$1,000,000.	\$131,628, plus 39.6% of the excess over \$470,700.
Over \$1,000,000 but not over \$10,000,000.	\$341,231, plus 45% of the excess over \$1,000,000.
Over \$10,000,000 but not over \$20,000,000.	\$4,391,231, plus 46% of the excess over \$10,000,000.
Over \$20,000,000 but not over \$100,000,000.	\$8,991,231, plus 47% of the excess over \$20,000,000.
Over \$100,000,000 but not over \$1,000,000,000.	\$46,591,231, plus 48% of the excess over \$100,000,000.
Over \$1,000,000,000	\$478,391,231, plus 49% over the excess over \$1,000,000,000.

9 (2) HEADS OF HOUSEHOLD.—The table con-
 10 tained in subsection (b) of section 1 of such Code is
 11 amended to read as follows:

If taxable income is:	The tax is:
Not over \$13,350	10% of taxable income.
Over \$13,350 but not over \$50,800.	\$1,335, plus 15% of the excess over \$13,350.
Over \$50,800 but not over \$131,200.	\$6,952.50, plus 25% of the excess over \$50,800.

If taxable income is:

Over \$131,200 but not over \$212,500.
 Over \$212,500 but not over \$416,700.
 Over \$416,700 but not over \$444,550.
 Over \$444,550 but not over \$1,000,000.
 Over \$1,000,000 but not over \$10,000,000.
 Over \$10,000,000 but not over \$20,000,000.
 Over \$20,000,000 but not over \$100,000,000.
 Over \$100,000,000 but not over \$1,000,000,000.
 Over \$1,000,000,000

The tax is:

\$27,052.50, plus 28% of the excess over \$131,200.
 \$49,816.50, plus 33% of the excess over \$212,500.
 \$117,202.50, plus 35% of the excess over \$416,700.
 \$126,950, plus 39.6% of the excess over \$444,550.
 \$346,908, plus 45% of the excess over \$1,000,000.
 \$4,396,908, plus 46% of the excess over \$10,000,000.
 \$8,996,908, plus 47% of the excess over \$20,000,000.
 \$46,596,908, plus 48% of the excess over \$100,000,000.
 \$478,596,908, plus 49% of the excess over \$1,000,000,000.

1 (3) UNMARRIED INDIVIDUALS (OTHER THAN
 2 SURVIVING SPOUSES AND HEADS OF HOUSE-
 3 HOLDS).—The table contained in subsection (c) of
 4 section 1 of such Code is amended to read as fol-
 5 lows:

If taxable income is:

Not over \$9,325

Over \$9,325 but not over \$37,950

Over \$37,950 but not over \$91,900.
 Over \$91,900 but not over \$191,650.
 Over \$191,650 but not over \$416,700.
 Over \$416,700 but not over \$418,400.
 Over \$418,400 but not over \$1,000,000.
 Over \$1,000,000 but not over \$10,000,000.
 Over \$10,000,000 but not over \$20,000,000.
 Over \$20,000,000 but not over \$100,000,000.
 Over \$100,000,000 but not over \$1,000,000,000.
 Over \$1,000,000,000

The tax is:

10% of taxable income.
 \$932.50, plus 15% of the excess over \$9,325.
 \$5,226.25, plus 25% of the excess over \$37,950.
 \$18,713.75, plus 28% of the excess over \$91,900.
 \$46,643.75, plus 33% of the excess over \$191,650.
 \$120,910.25, plus 35% of the excess over \$416,700.
 \$121,505.25, plus 39.6% of the excess over \$418,400.
 \$351,819, plus 45% of the excess over \$1,000,000.
 \$4,401,819, plus 46% of the excess over \$10,000,000.
 \$9,001,819, plus 47% of the excess over \$20,000,000.
 \$46,601,819, plus 48% of the excess over \$100,000,000.
 \$478,601,819, plus 49% of the excess over \$1,000,000,000.

1 (4) MARRIED INDIVIDUALS FILING SEPARATE
 2 RETURNS.—The table contained in subsection (d) of
 3 section 1 of such Code is amended to read as fol-
 4 lows:

If taxable income is:	The tax is:
Not over \$9,325	10% of taxable income.
Over \$9,325 but not over \$37,950	\$932.50, plus 15% of the excess over \$9,325.
Over \$37,950 but not over \$76,550.	\$5,226.25, plus 25% of the excess over \$37,950.
Over \$76,550 but not over \$116,675.	\$14,876.75, plus 28% of the excess over \$76,550.
Over \$116,675 but not over \$208,350.	\$26,111.25, plus 33% of the excess over \$116,675.
Over \$208,350 but not over \$235,350.	\$56,364, plus 35% of the excess over \$208,350.
Over \$235,350 but not over \$500,000.	\$65,814, plus 39.6% of the excess over \$235,350.
Over \$500,000 but not over \$5,000,000.	\$170,615, plus 45% of the excess over \$500,000.
Over \$5,000,000 but not over \$10,000,000.	\$2,195,615, plus 46% of the excess over \$5,000,000.
Over \$10,000,000 but not over \$50,000,000.	\$4,495,615, plus 47% of the excess over \$10,000,000.
Over \$50,000,000 but not over \$500,000,000.	\$23,295,615, plus 48% of the excess over \$50,000,000.
Over \$500,000,000	\$239,295,615, plus 49% of the excess over \$500,000,000.

5 (5) INFLATION ADJUSTMENT.—Subsection (f)
 6 of section 1 of such Code is amended by adding at
 7 the end the following new paragraph:
 8 “(9) SPECIAL RULE FOR TAXABLE YEARS BE-
 9 GINNING AFTER 2017.—In prescribing the tables
 10 under paragraph (1) which apply with respect to
 11 taxable years beginning in a calendar year after
 12 2017, the cost-of-living adjustment under paragraph
 13 (3) shall be determined by substituting ‘2016’ for
 14 ‘1992’ in subparagraph (B) thereof.”.

1 (6) CONFORMING AMENDMENT.—Section 1 of
2 such Code is amended by striking subsection (i).

3 (b) RECAPTURE OF LOWER CAPITAL GAINS RATES
4 FOR INDIVIDUALS SUBJECT TO ADDED RATE BRACK-
5 ETS.—

6 (1) IN GENERAL.—Section 1 of such Code is
7 amended by adding at the end the following new
8 subsection:

9 “(j) SPECIAL RULE FOR CAPITAL GAINS IN CASE OF
10 TAXABLE INCOME SUBJECT TO AT LEAST 45-PERCENT
11 RATE BRACKET.—If for the taxable year a taxpayer has
12 taxable income in excess of the minimum dollar amount
13 for the 45-percent rate bracket and has a net capital gain,
14 then—

15 “(1) the tax imposed by this section for the tax-
16 able year with respect to such excess shall be deter-
17 mined without regard to subsection (h), and

18 “(2) the amount of net capital gain of the tax-
19 payer taken into account for the taxable year under
20 subsection (h) shall be reduced by the lesser of—

21 “(A) such excess, or

22 “(B) the net capital gain for the taxable
23 year.

24 Any reduction in net capital gain under the pre-
25 ceding sentence shall be allocated between adjusted

1 net capital gain, unrecaptured 1250 gain, and sec-
2 tion 1202 gain in amounts proportionate to the
3 amounts of each such gain. Any term used in this
4 subsection which is also used in subsection (h) shall
5 have the meaning given such term in subsection
6 (h).”.

7 (2) CONFORMING AMENDMENT.—Paragraph (1)
8 of section 1(h) of such Code is amended by striking
9 “If a taxpayer has” and inserting “Except to the ex-
10 tent provided in subsection (j), if a taxpayer has”.

11 (c) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to taxable years beginning after
13 December 31, 2016.

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