

118TH CONGRESS  
2D SESSION

# H. R. 9873

To amend the Fair Labor Standards Act of 1938 and the Internal Revenue Code of 1986 to make certain modifications in relation to the minimum wage.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 27, 2024

Ms. LEE of Pennsylvania (for herself, Ms. LEE of California, Mr. JACKSON of Illinois, Ms. TLAIB, Ms. BUSH, Ms. SCHAKOWSKY, Ms. MCCOLLUM, Mrs. RAMIREZ, and Mr. HUFFMAN) introduced the following bill; which was referred to the Committee on Education and the Workforce, and in addition to the Committees on Ways and Means, and Oversight and Accountability, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend the Fair Labor Standards Act of 1938 and the Internal Revenue Code of 1986 to make certain modifications in relation to the minimum wage.

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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “American Stability Act”.

1 (b) TABLE OF CONTENTS.—The table of contents for  
 2 this Act is as follows:

Sec. 1. Short title; table of contents.

#### TITLE I—MINIMUM WAGE

Sec. 101. Minimum wage increases.

Sec. 102. Tipped employees.

Sec. 103. Scheduled repeal of separate minimum wage for newly hired employees who are less than 20 years old.

Sec. 104. Publication of notice.

Sec. 105. Promoting economic self-sufficiency for individuals with disabilities.

#### TITLE II—INCOME TAX MODIFICATIONS

Sec. 201. Modification of income tax brackets based on annualized stability wage.

Sec. 202. Surcharge on high income individuals, estates, and trusts.

Sec. 203. Alternative maximum tax for low-income individuals.

#### TITLE III—EARNED INCOME DISALLOWANCE

Sec. 301. Earned income disallowance.

#### TITLE IV—EFFECTIVE DATE

Sec. 401. Effective date.

## 3 **TITLE I—MINIMUM WAGE**

### 4 **SEC. 101. MINIMUM WAGE INCREASES.**

5 (a) IN GENERAL.—Section 6(a)(1) of the Fair Labor  
 6 Standards Act of 1938 (29 U.S.C. 206(a)(1)) is amended  
 7 to read as follows:

8 “(1) except as otherwise provided in this sec-  
 9 tion, not less than—

10 “(A) \$15.00 an hour for the first calendar  
 11 year beginning after the date of enactment of  
 12 the American Stability Act;

13 “(B) for each calendar year during the in-  
 14 terval period (as defined in subsection (g)), a

1 minimum wage equal to the amount determined  
2 under this paragraph for the preceding year, in-  
3 creased by the lesser of—

4 “(i) 10 percent; or

5 “(ii) the amount necessary for the  
6 minimum wage to equal the stability wage  
7 for such calendar year; and

8 “(C) for each calendar year that begins  
9 after the interval period, the stability wage for  
10 such calendar year.”.

11 (b) STABILITY WAGE.—Section 6 of such Act (29  
12 U.S.C. 206) is further amended by adding at the end the  
13 following:

14 “(h) STABILITY WAGE.—

15 “(1) IN GENERAL.—

16 “(A) DETERMINATION.—The stability  
17 wage determined under this paragraph for a  
18 calendar year shall be an amount equal to the  
19 greater of—

20 “(i) the average hourly earnings wage  
21 determined under paragraph (2) for that  
22 calendar year;

23 “(ii) the cost-of-living wage deter-  
24 mined under paragraph (3) for that cal-  
25 endar year; or

1                   “(iii) the stability wage in effect for  
2                   the preceding year.

3                   “(B) ROUNDING.—If the amount deter-  
4                   mined under subparagraph (A) is not a multiple  
5                   of 5 cents, such amount shall be rounded to the  
6                   next higher multiple of 5 cents.

7                   “(2) AVERAGE HOURLY EARNINGS WAGE.—The  
8                   average hourly earnings wage for any calendar year  
9                   shall be an amount equal to \$20.00, multiplied by  
10                  the ratio of—

11                  “(A) the average hourly earnings for the  
12                  year preceding such calendar year, to

13                  “(B) the average hourly earnings for the  
14                  year preceding the calendar year of the date of  
15                  enactment of the American Stability Act.

16                  “(3) COST-OF-LIVING WAGE.—The cost-of-living  
17                  wage for any calendar year shall be an amount equal  
18                  to \$20.00, multiplied by the ratio of—

19                  “(A) the CPI-U for the year preceding  
20                  such calendar year, to

21                  “(B) the CPI-U for the year preceding the  
22                  calendar year of the date of enactment of the  
23                  American Stability Act.

24                  “(4) DEFINITIONS.—For the purposes of this  
25                  paragraph and subsection (a)(1):

1           “(A) CPI-U.—The term ‘CPI-U’ means,  
2 when used with respect to a calendar year, the  
3 Consumer Price Index for all urban consumers,  
4 as published by the Bureau of Labor Statistics,  
5 for September of such year.

6           “(B) AVERAGE HOURLY EARNINGS.—The  
7 term ‘average hourly earnings’ means, when  
8 used with respect to a calendar year, the total  
9 private average hourly earnings from the data  
10 on average hourly and weekly earnings of pro-  
11 duction and nonsupervisory employees on pri-  
12 vate nonfarm payrolls by industry sector, sea-  
13 sonally adjusted, as published by the Bureau of  
14 Labor Statistics, for September of such year.

15           “(C) INTERVAL PERIOD.—The term ‘inter-  
16 val period’ means the period—

17                   “(i) beginning on the first day of the  
18 1st calendar year beginning after the date  
19 of enactment of the American Stability  
20 Act; and

21                   “(ii) ending at the close of the last  
22 day of the first calendar year for which the  
23 minimum wage under subsection (a)(1)  
24 equals the stability wage determined under

1 paragraph (1) of this subsection for such  
2 calendar year.”.

3 **SEC. 102. TIPPED EMPLOYEES.**

4 (a) **BASE MINIMUM WAGE FOR TIPPED EMPLOYEES**  
5 **AND TIPS RETAINED BY EMPLOYEES.—**

6 (1) **IN GENERAL.—**Section 3(m)(2)(A) of the  
7 Fair Labor Standards Act of 1938 (29 U.S.C.  
8 203(m)(2)(A)) shall be amended to read as follows:

9 “(A) The wage required to be paid to a tipped  
10 employee shall be the wage set forth in section  
11 6(a)(1). Any employee shall have the right to retain  
12 any tips received by such employee, except that this  
13 subsection shall not be construed to prohibit the  
14 pooling of tips among employees who customarily  
15 and regularly receive tips. An employer shall inform  
16 each employee of the right and exception provided  
17 under the preceding sentence.”.

18 (2) **EFFECTIVE DATE.—**The amendment made  
19 by subsection (a) shall take effect on January 1 of  
20 the first calendar year that begins after the date of  
21 enactment of this Act.

22 (b) **PENALTIES.—**Section 16 of the Fair Labor  
23 Standards Act of 1938 (29 U.S.C. 216) is amended—

24 (1) in the third sentence of subsection (b), by  
25 inserting “or used” after “kept”; and

1           (2) in the second sentence of subsection (e)(2),  
2           by inserting “or used” after “kept”.

3 **SEC. 103. SCHEDULED REPEAL OF SEPARATE MINIMUM**  
4                           **WAGE FOR NEWLY HIRED EMPLOYEES WHO**  
5                           **ARE LESS THAN 20 YEARS OLD.**

6           (a) IN GENERAL.—Section 6(g) of the Fair Labor  
7 Standards Act of 1938 (29 U.S.C. 206(g)), as amended  
8 by subsection (a), shall be repealed.

9           (b) EFFECTIVE DATE.—The repeal made by sub-  
10 section (a) shall take effect on January 1 of the first cal-  
11 endar year that begins after the date of enactment of this  
12 Act.

13 **SEC. 104. PUBLICATION OF NOTICE; TECHNICAL ASSIST-**  
14                           **ANCE.**

15           Section 6 of the Fair Labor Standards Act of 1938  
16 (29 U.S.C. 206), as amended by section 2(b), is further  
17 amended by adding at the end the following:

18           “(i) PUBLICATION OF WAGE RATES.—Not later than  
19 60 days prior to the effective date of any increase in the  
20 required wage determined under subsection (a)(1), the  
21 Secretary shall publish in the Federal Register and on the  
22 website of the Department of Labor a notice announcing  
23 each increase in such required wage.

24           “(j) TRANSITION ASSISTANCE.—Upon request, the  
25 Secretary shall provide—

1 “(1) technical assistance and information to  
2 employers for the purposes of—

3 “(A) assisting such employers to comply  
4 with subsection (a), as amended by the Amer-  
5 ican Stability Act; and

6 “(B) ensuring continuing employment op-  
7 portunities for individuals with disabilities who  
8 received a special minimum wage rate under  
9 this section 14(c) (as in effect on the day before  
10 the date of enactment of the American Stability  
11 Act); and

12 “(2) information to individuals who were em-  
13 ployed at a special minimum wage rate under section  
14 14(c) (as in effect on the day before the date of en-  
15 actment of the American Stability Act), which may  
16 include referrals to Federal or State entities with ex-  
17 pertise in competitive integrated employment.”.

18 **SEC. 105. PROMOTING ECONOMIC SELF-SUFFICIENCY FOR**  
19 **INDIVIDUALS WITH DISABILITIES.**

20 (a) **TRANSITION TO FAIR WAGES FOR INDIVIDUALS**  
21 **WITH DISABILITIES.—**

22 (1) **IN GENERAL.—**Subparagraph (A) of section  
23 14(c)(1) of the Fair Labor Standards Act of 1938  
24 (29 U.S.C. 214(c)(1)) shall be amended to read as  
25 follows:



1           “(A) at a rate that equals or exceeds, for each  
2           year, the wage set forth in section 6(a)(1).”.

3           (2) EFFECTIVE DATE.—The amendment made  
4           by paragraph (A) shall take effect on January 1 of  
5           the first calendar year that begins after the date of  
6           enactment of this Act.

7           (b) PROHIBITION ON NEW SPECIAL CERTIFI-  
8           CATES.—

9           (1) IN GENERAL.—Section 14(c) of the Fair  
10          Labor Standards Act of 1938 (29 U.S.C. 214(c)) is  
11          amended by adding at the end the following:

12          “(6) PROHIBITION ON NEW SPECIAL CERTIFI-  
13          CATES.—Notwithstanding paragraph (1), the Secretary  
14          shall not issue a special certificate under this subsection  
15          to an employer that was not issued a special certificate  
16          under this subsection before the date of enactment of the  
17          American Stability Act.”.

18          (2) SUNSET.—Section 14(c) of the Fair Labor  
19          Standards Act of 1938 (29 U.S.C. 214(c)), as  
20          amended by paragraph (2), is further amended by  
21          adding at the end the following:

22          “(7) SUNSET.—On January 1 of the first calendar  
23          year that begins after the date of enactment of the Amer-  
24          ican Stability Act, the authority to issue special certifi-  
25          cates under paragraph (1) shall expire, and no special cer-

1 tificates issued under paragraph (1) shall have any legal  
2 effect.”.

3 (3) EFFECTIVE DATE.—The amendments made  
4 by this paragraph shall take effect on the date of en-  
5 actment of this Act.

## 6 **TITLE I—INCOME TAX** 7 **MODIFICATIONS**

### 8 **SEC. 1. MODIFICATION OF INCOME TAX BRACKETS BASED** 9 **ON ANNUALIZED STABILITY WAGE.**

10 (a) IN GENERAL.—Section 1 of the Internal Revenue  
11 Code of 1986 is amended by striking subsections (a), (b),  
12 (c), (d), and (e) and inserting the following new sub-  
13 sections:

14 “(a) IN GENERAL.—There is hereby imposed on the  
15 taxable income of every individual, every estate, and every  
16 trust a tax determined under this section.

17 “(b) AMOUNT OF TAX.—The tax determined under  
18 this section shall be equal to—

19 “(1) in the case of any taxpayer whose taxable  
20 income does not exceed the maximum bracket  
21 amount for the lowest tax bracket for the taxpayer’s  
22 filing status, the product of the percentage which  
23 constitutes such lowest tax bracket multiplied by  
24 such taxable income, and

1           “(2) in the case of any taxpayer whose taxable  
2 income exceeds the maximum bracket amount for  
3 such lowest tax bracket, the sum of—

4           “(A) the maximum tax amount for each  
5 tax bracket for the taxpayer’s filing status with  
6 respect to which the taxpayer’s taxable income  
7 exceeds the maximum bracket amount for such  
8 tax bracket, plus

9           “(B) the product of—

10           “(i) the percentage which constitutes  
11 the tax bracket for the taxpayer’s filing  
12 status which is next above the highest  
13 bracket amount for which an amount is in-  
14 cluded under subparagraph (A), multiplied  
15 by

16           “(ii) so much of the taxable income of  
17 the taxpayer as exceeds the maximum  
18 bracket amount of such highest tax brack-  
19 et.

20           “(c) DETERMINATION OF MAXIMUM BRACKET  
21 AMOUNTS.—

22           “(1) MARRIED INDIVIDUALS FILING JOINT RE-  
23 TURNS AND SURVIVING SPOUSES.—In the case of  
24 every married individual (as defined in section 7703)  
25 who makes a single return jointly with the individ-

1       ual's spouse under section 6013, and every surviving  
2       spouse—

3               “(A) the maximum bracket amount for the  
4               10 percent bracket is the product of 0.56 multi-  
5               plied by the annualized stability wage for the  
6               taxable year,

7               “(B) the maximum bracket amount for the  
8               12 percent bracket is the product of 2.28 multi-  
9               plied by the annualized stability wage for the  
10              taxable year,

11              “(C) the maximum bracket amount for the  
12              22 percent bracket is the product of 4.8 multi-  
13              plied by the annualized stability wage for the  
14              taxable year,

15              “(D) the maximum bracket amount for the  
16              24 percent bracket is the product of 9.2 multi-  
17              plied by the annualized stability wage for the  
18              taxable year,

19              “(E) the maximum bracket amount for the  
20              32 percent bracket is the product of 11.6 multi-  
21              plied by the annualized stability wage for the  
22              taxable year,

23              “(F) the maximum bracket amount for the  
24              35 percent bracket is the product of 17.6 multi-

1           plied by the annualized stability wage for the  
2           taxable year, and

3                   “(G) the maximum bracket amount for the  
4           37 percent bracket is infinite.

5           “(2) HEADS OF HOUSEHOLDS.—In the case of  
6           every head of household—

7                   “(A) the maximum bracket amount for the  
8           10 percent bracket is the product of 0.42 multi-  
9           plied by the annualized stability wage for the  
10          taxable year,

11                   “(B) the maximum bracket amount for the  
12          12 percent bracket is the product of 1.52 multi-  
13          plied by the annualized stability wage for the  
14          taxable year,

15                   “(C) the maximum bracket amount for the  
16          22 percent bracket is the product of 2.4 multi-  
17          plied by the annualized stability wage for the  
18          taxable year,

19                   “(D) the maximum bracket amount for the  
20          24 percent bracket is the product of 4.6 multi-  
21          plied by the annualized stability wage for the  
22          taxable year,

23                   “(E) the maximum bracket amount for the  
24          32 percent bracket is the product of 5.8 multi-

1           plied by the annualized stability wage for the  
2           taxable year,

3           “(F) the maximum bracket amount for the  
4           35 percent bracket is the product of 14.6 multi-  
5           plied by the annualized stability wage for the  
6           taxable year, and

7           “(G) the maximum bracket amount for the  
8           37 percent bracket is infinite.

9           “(3) UNMARRIED INDIVIDUALS (OTHER THAN  
10          SURVIVING SPOUSES AND HEADS OF HOUSE-  
11          HOLDS).—In the case of every individual (other than  
12          a surviving spouse or a head of household) who is  
13          not a married individual (as defined in section  
14          7703)—

15          “(A) the maximum bracket amount for the  
16          10 percent bracket is the product of 0.28 multi-  
17          plied by the annualized stability wage for the  
18          taxable year,

19          “(B) the maximum bracket amount for the  
20          12 percent bracket is the product of 1.14 multi-  
21          plied by the annualized stability wage for the  
22          taxable year,

23          “(C) the maximum bracket amount for the  
24          22 percent bracket is the product of 2.4 multi-

1           plied by the annualized stability wage for the  
2           taxable year,

3           “(D) the maximum bracket amount for the  
4           24 percent bracket is the product of 4.6 multi-  
5           plied by the annualized stability wage for the  
6           taxable year,

7           “(E) the maximum bracket amount for the  
8           32 percent bracket is the product of 5.8 multi-  
9           plied by the annualized stability wage for the  
10          taxable year,

11          “(F) the maximum bracket amount for the  
12          35 percent bracket is the product of 14.6 multi-  
13          plied by the annualized stability wage for the  
14          taxable year, and

15          “(G) the maximum bracket amount for the  
16          37 percent bracket is infinite.

17          “(4) MARRIED INDIVIDUALS FILING SEPARATE  
18          RETURNS.—In the case of every married individual  
19          (as defined in section 7703) who does not make a  
20          single return jointly with the individual’s spouse  
21          under section 6013—

22          “(A) the maximum bracket amount for the  
23          10 percent bracket is the product of 0.28 multi-  
24          plied by the annualized stability wage for the  
25          taxable year,

1           “(B) the maximum bracket amount for the  
2           12 percent bracket is the product of 1.14 multi-  
3           plied by the annualized stability wage for the  
4           taxable year,

5           “(C) the maximum bracket amount for the  
6           22 percent bracket is the product of 2.4 multi-  
7           plied by the annualized stability wage for the  
8           taxable year,

9           “(D) the maximum bracket amount for the  
10          24 percent bracket is the product of 4.6 multi-  
11          plied by the annualized stability wage for the  
12          taxable year,

13          “(E) the maximum bracket amount for the  
14          32 percent bracket is the product of 5.8 multi-  
15          plied by the annualized stability wage for the  
16          taxable year,

17          “(F) the maximum bracket amount for the  
18          35 percent bracket is the product of 8.8 multi-  
19          plied by the annualized stability wage for the  
20          taxable year, and

21          “(G) the maximum bracket amount for the  
22          37 percent bracket is infinite.

23          “(5) ESTATES AND TRUSTS.—In the case of  
24          every estate and every trust for the taxable year—



1           “(A) the maximum bracket amount for the  
2           10 percent bracket is the product of 0.08 multi-  
3           plied by the annualized stability wage for the  
4           taxable year,

5           “(B) the maximum bracket amount for the  
6           24 percent bracket is the product of 0.27 multi-  
7           plied by the annualized stability wage for the  
8           taxable year,

9           “(C) the maximum bracket amount for the  
10          35 percent bracket is the product of 0.37 multi-  
11          plied by the annualized stability wage for the  
12          taxable year, and

13          “(D) the maximum bracket amount for the  
14          37 percent bracket is infinite.

15          “(d) DEFINITIONS.—For purposes of this section—

16               “(1) ANNUALIZED STABILITY WAGE.—The term  
17               ‘annualized stability wage’ means, with respect to  
18               any taxable year, the product of 2,080 multiplied by  
19               the stability wage (as defined in section 6 of the  
20               Fair Labor Standards Act of 1938) for the calendar  
21               year in which or with which such taxable year be-  
22               gins.

23               “(2) MAXIMUM TAX AMOUNT.—

1           “(A) IN GENERAL.—The term ‘maximum  
2 tax amount’ means, with respect to any tax  
3 bracket, the product of—

4                   “(i) the percentage which constitutes  
5 such tax bracket, multiplied by

6                   “(ii) the excess of—

7                           “(I) the maximum bracket  
8 amount for such tax bracket, over

9                           “(II) the highest maximum  
10 bracket amount for the taxpayer’s fil-  
11 ing status which is less than the max-  
12 imum bracket amount referred to in  
13 subclause (I).

14           “(B) SPECIAL RULE FOR LOWEST TAX  
15 BRACKET.—For purposes of determining the  
16 maximum tax amount with respect to the lowest  
17 tax bracket for a taxpayer’s filing status, the  
18 amount specified in subparagraph (A)(ii)(II)  
19 shall be treated as being zero.

20           “(3) FILING STATUS.—The term ‘filing status’  
21 means, with respect to any taxpayer, the status of  
22 such taxpayer as being described in paragraph (1),  
23 (2), (3), (4), or (5) of subsection (c).

24           “(4) TAX BRACKETS.—The term ‘tax bracket’  
25 means, with respect to the filing status of any tax-

1 payer, each bracket for which a maximum bracket  
2 amount is determined for such filing status.”.

3 (b) CONFORMING AMENDMENTS.—

4 (1) Section 1(f) of such Code is amended by  
5 striking all that precedes paragraph (3) and insert-  
6 ing the following:

7 “(f) PUBLICATION OF TAX TABLES; RETENTION OF  
8 COST-OF-LIVING ADJUSTMENT FOR OTHER PROVI-  
9 SIONS.—

10 “(1) PUBLICATION OF TAX TABLES.—Not later  
11 than December 15 of 2024, and each subsequent  
12 calendar year, the Secretary shall publish tax tables  
13 which state the dollar amounts in effect under sub-  
14 sections (b) and (c) with respect to taxable years be-  
15 ginning in the succeeding calendar year.”.

16 (2) Section 1(f)(3) of such Code is amended by  
17 striking “For purposes of this subsection” and in-  
18 serting “For purposes of any provision of law which  
19 refers to this subsection”.

20 (3) Section 1(f) of such Code is amended by  
21 striking paragraphs (7) and (8) and inserting the  
22 following new paragraph:

23 “(7) ROUNDING.—If any increase determined under  
24 section 63(c)(4), section 68(b)(2), or section 151(d)(4) is

1 not a multiple of \$50, such increase shall be rounded to  
2 the next lowest multiple of \$50.”.

3 (4) Section 1 of such Code is amended by strik-  
4 ing subsections (i) and (j).

5 (c) EFFECTIVE DATE.—The amendments made by  
6 this section shall apply to taxable years beginning after  
7 December 31, 2024.

8 **SEC. 2. SURCHARGE ON HIGH INCOME INDIVIDUALS, ES-**  
9 **TATES, AND TRUSTS.**

10 (a) IN GENERAL.—Part I of subchapter A of chapter  
11 1 of the Internal Revenue Code of 1986 is amended by  
12 inserting after section 1 the following new section:

13 **“SEC. 1A. SURCHARGE ON HIGH INCOME INDIVIDUALS, ES-**  
14 **TATES, AND TRUSTS.**

15 “(a) GENERAL RULE.—In the case of a taxpayer  
16 other than a corporation, there is hereby imposed (in addi-  
17 tion to any other tax imposed by this subtitle) a tax equal  
18 to the sum of—

19 “(1) 3 percent of so much of the modified ad-  
20 justed gross income of the taxpayer as exceeds—

21 “(A) the product of 25 multiplied by the  
22 annualized stability wage for the taxable year,  
23 in the case of any taxpayer not described in  
24 subparagraph (B) or (C),

1           “(B) the product of 12.5 multiplied by the  
2           annualized stability wage for the taxable year,  
3           in the case of a married individual filing a sepa-  
4           rate return, and

5           “(C) the product of 4.8 multiplied by the  
6           annualized stability wage for the taxable year,  
7           in the case of an estate or trust, plus

8           “(2) 5 percent of so much of the modified ad-  
9           justed gross income of the taxpayer as exceeds—

10           “(A) the product of 365 multiplied by the  
11           annualized stability wage for the taxable year,  
12           in the case of any taxpayer not described in  
13           subparagraph (B) or (C),

14           “(B) the product of 182.5 multiplied by  
15           the annualized stability wage for the taxable  
16           year, in the case of a married individual filing  
17           a separate return, and

18           “(C) the product of 12 multiplied by the  
19           annualized stability wage for the taxable year,  
20           in the case of an estate or trust.

21           “(b) MODIFIED ADJUSTED GROSS INCOME.—For  
22           purposes of this section, the term ‘modified adjusted gross  
23           income’ means adjusted gross income reduced by any de-  
24           duction (not taken into account in determining adjusted  
25           gross income) allowed for investment interest (as defined

1 in section 163(d)) or business interest (as defined in sec-  
2 tion 163(j)). In the case of an estate or trust, adjusted  
3 gross income shall be determined as provided in section  
4 67(e), and reduced by the amount allowed as a deduction  
5 under section 642(c).

6 “(c) ANNUALIZED STABILITY WAGE.—For purposes  
7 of this section, the term ‘annualized stability wage’ has  
8 the meaning given such term in section 1(d)(1).

9 “(d) SPECIAL RULES.—

10 “(1) NONRESIDENT ALIEN.—In the case of a  
11 nonresident alien individual (other than an indi-  
12 vidual described in section 876(a) or 877(a)), only  
13 amounts taken into account in connection with the  
14 tax imposed under section 871(b) shall be taken into  
15 account under this section.

16 “(2) CITIZENS AND RESIDENTS LIVING  
17 ABROAD.—Each dollar amount which is applicable to  
18 any taxpayer under subsection (a) shall be decreased  
19 (but not below zero) by the excess (if any) of—

20 “(A) the amounts excluded from the tax-  
21 payer’s gross income under section 911, over

22 “(B) the amounts of any deductions or ex-  
23 clusions disallowed under section 911(d)(6)  
24 with respect to the amounts described in sub-  
25 paragraph (A).

1           “(3) CHARITABLE TRUSTS.—Subsection (a)  
2 shall not apply to a trust all the unexpired interests  
3 in which are devoted to one or more of the purposes  
4 described in section 170(c)(2)(B).

5           “(4) NOT TREATED AS TAX IMPOSED BY THIS  
6 CHAPTER FOR CERTAIN PURPOSES.—The tax im-  
7 posed under this section shall not be treated as tax  
8 imposed by this chapter for purposes of determining  
9 the amount of any credit under this chapter (other  
10 than sections 27 and 901) or for purposes of section  
11 55.

12           “(5) ELECTING SMALL BUSINESS TRUSTS.—For  
13 purposes of the determination of adjusted gross in-  
14 come, section 641(c)(1)(A) shall not apply and all  
15 portions of any electing small business trust shall be  
16 treated as a single trust.

17           “(e) REGULATIONS.—The Secretary shall issue such  
18 regulations or other guidance as may be necessary or ap-  
19 propriate to carry out the purposes of this section, includ-  
20 ing regulations or other guidance to prevent the avoidance  
21 of the purposes of this section.”.

22           (b) COORDINATION WITH CERTAIN PROVISIONS.—

23           (1) INTEREST ON CERTAIN DEFERRED TAX LI-  
24 ABILITY.—Section 453A(c) of such Code is amended  
25 by redesignating paragraph (6) as paragraph (7)

1 and by inserting after paragraph (5) the following  
2 new paragraph:

3 “(6) SURCHARGE ON HIGH INCOME INDIVID-  
4 UALS TAKEN INTO ACCOUNT IN DETERMINING MAX-  
5 IMUM RATE OF TAX.—For purposes of paragraph  
6 (3)(B), the maximum rate of tax in effect under sec-  
7 tion 1 shall be treated as being equal to the sum of  
8 such rate and the rates in effect under paragraphs  
9 (1) and (2) of section 1A(a).”.

10 (2) ALIEN RESIDENTS OF PUERTO RICO, GUAM,  
11 AMERICAN SAMOA, OR THE NORTHERN MARIANA IS-  
12 LANDS.—Section 876(a) of such Code is amended by  
13 striking section 1 and inserting “sections 1 and 1A”.

14 (3) EXPATRIATION TO AVOID TAX.—Section  
15 877(b) of such Code is amended by inserting “and  
16 section 1A” after “section 1 or 55”.

17 (4) LIMITATION ON FOREIGN TAX CREDIT.—

18 (A) Section 904(b)(3)(E)(i)(I) of such  
19 Code is amended by inserting “increased by the  
20 sum of the rates set forth in paragraphs (1)  
21 and (2) of section 1A(a)” after “(whichever ap-  
22 plies)”.

23 (B) Section 904(d)(2)(F) of such Code is  
24 amended by adding at the end the following:

25 “For purposes of the first sentence of this sub-



1 paragraph, the highest rate of tax specified in  
2 section 1 shall be treated as being equal to the  
3 sum of such rate and the rates in effect under  
4 paragraphs (1) and (2) of section 1A(a).”.

5 (5) ELECTION BY INDIVIDUALS TO BE SUBJECT  
6 TO TAX AT CORPORATE RATES.—Section 962(a)(1)  
7 of such Code is amended by inserting “, 1A,” after  
8 “sections 1”.

9 (6) INTEREST ON CERTAIN TAX DEFERRAL.—  
10 Section 1291(c)(2) of such Code is amended by add-  
11 ing at the end the following: “For purposes of the  
12 preceding sentence, the highest rate of tax in effect  
13 under section 1 shall be treated as being equal to  
14 the sum of such rate and the rates in effect under  
15 paragraphs (1) and (2) of section 1A(a).”.

16 (7) AVERAGING OF FARM INCOME.—Section  
17 1301(a) of such Code is amended by striking “sec-  
18 tion 1” both places it appears and inserting “sec-  
19 tions 1 and 1A”.

20 (8) TITLE 11 CASES.—Section 1398(c)(2) of  
21 such Code is amended by inserting “and tax shall be  
22 imposed under section 1A by treating the estate as  
23 a married individual filing a separate return” before  
24 the period at the end.

1           (9) WITHHOLDING OF TAX ON FOREIGN PART-  
2           NERS' SHARE OF EFFECTIVELY CONNECTED IN-  
3           COME.—Section 1446(b)(2) of such Code is amended  
4           by adding at the end the following flush sentence:  
5           “For purposes of subparagraph (A), the highest rate  
6           of tax in effect under section 1 shall be treated as  
7           being equal to the sum of such rate and the rates  
8           in effect under paragraphs (1) and (2) of section  
9           1A(a).”.

10           (10) RELIEF FROM JOINT AND SEVERAL LI-  
11           ABILITY ON JOINT RETURN.—Section 6015(d)(2)(B)  
12           of such Code is amended by inserting “, 1A,” after  
13           “section 1”.

14           (11) PARTNERSHIP ADJUSTMENTS.—

15           (A) Section 6225(b)(1) of such Code is  
16           amended by adding at the end the following  
17           flush sentence:

18           “For purposes of subparagraph (B), the highest rate  
19           of tax in effect under section 1 shall be treated as  
20           being equal to the sum of such rate and the rates  
21           in effect under paragraphs (1) and (2) of section  
22           1A(a).”.

23           (B) Section 6225(c)(4)(A) of such Code is  
24           amended—

1 (i) by striking “subsection (b)(1)(A)”  
2 and inserting “subsection (b)(1)(B)”, and

3 (ii) by striking “or” at the end of  
4 clause (i), by adding “or” at the end of  
5 clause (ii), and by inserting after clause  
6 (ii) the following new clause:

7 “(iii) is not an individual subject to  
8 one or both of the rates of tax in effect  
9 under paragraphs (1) and (2) of section  
10 1A(a).”.

11 (12) REQUIRED PAYMENTS FOR ENTITIES  
12 ELECTING NOT TO HAVE REQUIRED TAXABLE  
13 YEAR.—Section 7519(b) of such Code is amended by  
14 inserting “and increased by the sum of the rates in  
15 effect under paragraphs (1) and (2) of section  
16 1A(a)” before the period at the end.

17 (c) CLERICAL AMENDMENT.—The table of sections  
18 for part I of subchapter A of chapter 1 of such Code is  
19 amended by inserting after the item relating to section 1  
20 the following new item:

“Sec. 1A. Surcharge on high income individuals.”.

21 (d) EFFECTIVE DATE.—The amendments made by  
22 this section shall apply to taxable years beginning after  
23 December 31, 2024.

1 **SEC. 3. ALTERNATIVE MAXIMUM TAX FOR LOW-INCOME IN-**  
2 **DIVIDUALS.**

3 (a) IN GENERAL.—Part I of subchapter A of chapter  
4 1 of the Internal Revenue Code of 1986, as amended by  
5 section 202, is amended by inserting after section 1A the  
6 following new section:

7 **“SEC. 1B. ALTERNATIVE MAXIMUM TAX FOR LOW-INCOME**  
8 **INDIVIDUALS.**

9 “(a) IN GENERAL.—In the case of an qualified low-  
10 income individual, the tax imposed under section 1 for any  
11 taxable year shall not exceed 24.4 percent of the excess  
12 of—

13 “(1) the taxpayer’s modified adjusted gross in-  
14 come for such taxable year, over

15 “(2) the cost-of-living exemption for such tax-  
16 able year.

17 “(b) QUALIFIED LOW-INCOME INDIVIDUAL.—For  
18 purposes of this section, the term ‘qualified low-income in-  
19 dividual’ means, with respect to any taxable year, any indi-  
20 vidual (other than an estate or trust) if the taxpayers  
21 modified adjusted gross income for such taxable year is  
22 less than 200 percent of the cost-of-living exemption for  
23 such taxable year.

24 “(c) COST-OF-LIVING EXEMPTION.—For purposes of  
25 this section—

1           “(1) IN GENERAL.—The term ‘cost-of-living ex-  
2           emption’ means, with respect to any taxable year—

3                   “(A) in the case of a taxpayer not de-  
4                   scribed in subparagraph (B) or (C), 100 per-  
5                   cent of annualized cost-of-living wage,

6                   “(B) in the case of a joint return, 200 per-  
7                   cent of the annualized cost-of-living wage, and

8                   “(C) in the case of a head of household,  
9                   140 percent of the annualized cost-of-living  
10                  wage.

11           “(2) ANNUALIZED COST-OF-LIVING WAGE.—The  
12           term ‘annualized cost-of-living wage’ means, with re-  
13           spect to any taxable year, the product of 2,080 mul-  
14           tplied by the cost-of-living wage (as defined in sec-  
15           tion 6 of the Fair Labor Standards Act of 1938) for  
16           the calendar year in which or with which such tax-  
17           able year begins.

18           “(d) MODIFIED ADJUSTED GROSS INCOME.—For  
19           purposes of this section, the term ‘modified adjusted gross  
20           income’ means adjusted gross income increased by any  
21           amount excluded from gross income under section 911,  
22           931, or 933.”.

23           (b) CLERICAL AMENDMENT.—The table of sections  
24           for part I of subchapter A of chapter 1 of such Code, as

1 amended by section 202, is amended by inserting after the  
2 item relating to section 1A the following new item:

“Sec. 1B. Alternative maximum tax for low-income individuals.”.

3 (c) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to taxable years beginning after  
5 December 31, 2024.

6 **TITLE II—EARNED INCOME**  
7 **DISALLOWANCE**

8 **SEC. 301. EARNED INCOME DISALLOWANCE.**

9 (a) IN GENERAL.—Notwithstanding any other provi-  
10 sion of law, for purposes of determining the eligibility of  
11 a specified individual for benefits or assistance (or the  
12 amount or extent of benefits or assistance) under any  
13 means-tested Federal program, or under any means-tested  
14 State or local program financed in whole or in part with  
15 Federal funds—

16 (1) with respect to the 1-year period beginning  
17 on the effective date described in section 401, if the  
18 earned income of such individual for such 1-year pe-  
19 riod (determined without regard to this section) does  
20 not exceed the product of 2,080 multiplied by the  
21 cost-of-living wage (as defined in section 6 of the  
22 Fair Labor Standards Act of 1938) for the calendar  
23 year in which such 1-year period ends, the earned  
24 income of such individual shall not be treated as ex-

1       ceeding the earned income of such individual for the  
2       1-year period ending on such effective date, and

3               (2) with respect to the 1-year period beginning  
4       1 year after such effective date, if the earned income  
5       of such individual for such 1-year period (deter-  
6       mined without regard to this section) does not ex-  
7       ceed the product of 2,080 multiplied by the cost-of-  
8       living wage (as defined in section 6 of the Fair  
9       Labor Standards Act of 1938) for the calendar year  
10      in which such 1-year period ends, the earned income  
11      of such individual shall not be treated as exceeding  
12      the sum of—

13               (A) the earned income of such individual  
14              for the 1-year period ending on such effective  
15              date, plus

16               (B) 50 percent of the excess (if any) of—

17                       (i) the earned income of such indi-  
18                      vidual for the 1-year period beginning 1  
19                      year after such effective date, over

20                       (ii) the earned income of such indi-  
21                      vidual for the 1-year period ending on such  
22                      effective date.

23       (b) SPECIFIED INDIVIDUAL.—For purposes of this  
24      section, the “specified individual” means any individual if  
25      the earned income of such individual for the 1-year period

1 ending on the effective date described in section 410 ex-  
2 ceeds zero.

3 **TITLE III—EFFECTIVE DATE**

4 **SEC. 401. EFFECTIVE DATE.**

5 Except as otherwise specified in this Act, this Act,  
6 and the amendments made by this Act, shall take effect  
7 on the 1st day of the 3rd month that begins after the  
8 date of enactment of this Act.

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