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Byron Dorgan, Chairman

DEMOCRATIC POLICY COMMITTEE

LEGISLATIVE BULLETIN

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S. 2839, the *Marriage Tax Relief Reconciliation Act of 2000*

Supplement A

Possible Amendments

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Possible Amendments

1. **Motion to Recommit** (**Feingold**). The motion would recommit the bill to the Finance Committee with instructions to report it back along with legislation that would substantially extend the solvency of Social Security and Medicare. (Contact: Bill Dauster, 4-5323)

2. **Eliminate the marriage penalty in the standard deduction** (**Feingold** #3845). The amendment would strike the 15 percent and 28 percent tax bracket increases from the bill and use the savings to increase the standard deduction for all taxpayers. Specifically, the standard deduction would be increased as follows: 1) for heads of household, from the current-law level of $6,450 to $7,500; 2) for single taxpayers and married taxpayers filing separately, from the current-law level of $4,400 to $4,750; and for married taxpayers filing jointly, from the current-law level of $7,350 to $9,500 (twice that of single taxpayers). (Contact: Bill Dauster, 4-5323)

3. **COBRA Coverage** (**Feingold** #3846). The amendment would provide individuals with a nonrefundable tax credit for costs of COBRA continuation insurance and allow extended COBRA coverage for qualified retirees. This same proposal was contained in the President's FY 2000 and 2001 budgets. (Contact: Tim Grace, 4-5323)

4. ***Paycheck Fairness Act*** (**Harkin** #3847). The *Paycheck Fairness Act,* **S. 74**, would help eliminate the wage gap between men and women by enhancing knowledge about the wage gap; strengthening the enforcement and remedial provisions of the *Equal Pay Act;* and providing research, education and recognition to help employers eliminate pay disparities. Specifically, the amendment would: 1) end the "gag rule" many employers place on discussions of salaries by prohibiting employers from penalizing employees who inquire about, discuss or disclose salary information; 2) provide for a study of pay dynamics in the U.S. labor market to better understand the pay equity problem and provide information to employees and employers on available means to correct wage disparity conditions; 3) authorize the Department of Labor to develop voluntary guidelines for employers on how to determine whether jobs are of equal value; 4) toughen the remedy provisions of the *Equal Pay Act* by allowing compensatory and punitive damages, where appropriate, and make it easier for cases to proceed as class actions; and 5) establish an award, to be administered by the Department of Labor, to recognize and promote the achievements of employers who have made strides to eliminate pay disparities. (Contact: Chani Wiggins, 4-3254)

5. **Expand Medicaid coverage** (**Kennedy** #3848). The amendment would amend title XIX and XXI of the *Social Security Act* to permit States to expand coverage under the Medicaid program and SCHIP to parents of enrolled children, and for other purposes. (Contact: Cybele Bjorklund, 4-7675)

6. **Farm, Fishing, and Risk Management Accounts** (Brownback #3849). The amendment would allow persons engaged in an eligible farming business or commercial fishing operation to contribute up to 20 percent of their annual active income to tax-deferred accounts. The amendment is similar to the one offered and approved by voice vote during debate on the estate tax bill on July 13, 2000. (Contact: Rob Wasinger, 4-6521)

7. **100% tax deductibility for the self-employed's health insurance premiums** (**Durbin** #3850). Under current law, the self-employed can deduct only 60 percent of their health insurance premiums. This amendment would allow them to take a full 100 percent deduction, effective in 2001. This would create tax equity between the self-employed and their corporate competitors. The amendment would cost $3 billion over five years. (Contact: Anne Marie Murphy, 4-2152)

8. **Second degree amendment to Durbin** #3850 (Bond #3851). The amendment would allow a tax deduction for 100 percent of a self-employed individual's health insurance costs for himself or herself, spouse, and dependents, unless such individual participates in an employer-maintained health plan. The 100 percent deduction would be available for the 2000 tax year. (Contact: Bill Bohley, 4-5721)

9. **Tax credit for small businesses for the health insurance premiums of low-income workers** (**Durbin** #3852). This amendment would provide small businesses with tax credits to help them afford health insurance for their workers. The amendment allows a small business (defined as 0 to 25 employees) to get a tax credit (up to $1,800 for an individual policy, and $4,000 for a family policy) when it provides insurance to a low-income worker (income less than $16,000). The tax credit is available to all small businesses who provide health insurance to low-income workers, but gives more assistance to those who are offering health insurance for the first time. So a first-time offerer can get a tax credit of 60 percent of the premiums that the employer pays for an individual policy and 70 percent for a family policy. Thereafter, the tax credit is 25 percent for an individual policy and 35 percent for family policies up to the caps. (Contact: Anne Marie Murphy, 4-2152)

10. **Prescription Drugs** (**Robb** #3853). Under the **Robb** amendment, no provisions of the bill would take effect until legislation is passed that provides a voluntary, affordable outpatient Medicare prescription drug benefit to all Medicare beneficiaries that guarantees meaningful, stable coverage, including stop-loss and low-income protections. (Contact: Jeremy Grant 4-4024)

11. **Lead paint testing** (**Torricelli/Reed** #3854). This amendment would make current law more effective by explicitly requiring health care providers to comply with federal childhood lead screening requirements and by requiring states to formally report the number of children on Medicaid that have been tested. (Contact: Kap Sharma/**Torricelli**, 4-3224 and Lisa German/**Reed**, 4-4642)

12. **Eliminate the 24-month waiting period for ALS** (**Torricelli** #3855). The amendment would eliminate the 24-month waiting period for Medicare enrollment for people suffering from Amyotrophic Lateral Sclerosis (ALS), also known as Lou Gehrig's disease. (Contact: Kyle Mulroy, 4-3224)

13. **Casualty loss deduction** (**Torricelli** #3856). The amendment would enable more disaster victims to deduct their casualty losses from their taxable income. The amendment would: 1) lower the current adjusted gross income (AGI) threshold for deducting casualty losses from five percent to ten percent; 2) allow taxpayers who do not itemize their deductions to claim the deduction; 3) allow taxpayers to claim their disaster losses retroactively or defer their losses for the preceding two years; 4) eliminate the marriage penalty in casualty loss deductions by allowing joint filers to elect to claim their disaster losses as single filers if their casualty loss deduction would be greater by filing as a single. (Contact: Kap Sharma, 4-3224)

14. **Marriage penalty in the casualty loss deduction** (**Torricelli** #3857). The amendment includes the fourth provision from **Torricelli** amendment #3856 as a stand-alone amendment. The amendment would eliminate the marriage penalty in casualty loss deductions by allowing joint filers to elect to claim their disaster losses as single filers if their casualty loss deduction would be greater by filing as a single. (Contact: Kap Sharma, 4-3224).

15. **Tax exemption for long-term care** (**Cleland** #3859). This amendment would exclude U.S. savings bond income from gross income if it is used to pay for long-term care expenses. To qualify, an individual receiving care must have at least two limitations in activities of

daily living or a comparable cognitive impairment. Families that claim parents or parents-in-law as dependents on their tax returns can qualify for the exclusion if savings bonds are used to pay for long-term care expenses. “Sandwich generation” families, who pay for both college education for their children and long-term care services for their parents, can use the exclusion for either purpose. (Contact: Tamara Jones, 4-2517)

16. **Community technology assistance** (**Cleland** #3860). This amendment would extend for five years the special enhanced tax deduction for computer donations to elementary and secondary schools (the credit is scheduled to expire this year). The amendment would expand the deduction to include computer donations to libraries and community centers. (Contact: Michael Andel, 4-3521)

17. **Social Security benefits** (Grams #3861). The amendment would repeal a provision in the *Omnibus Budget Reconciliation Act of 1993* making up to 85 percent of Social Security benefits taxable and crediting the revenues to the Medicare HI Trust Fund. The amendment would require a general revenue transfer to the Medicare HI Trust Fund in an amount equal to the decrease in revenues.

    The repeal of this provision is estimated to cost $36 billion over five years and $94 billion over ten years (an amount that would be sufficient to extend the solvency of the Medicare HI Trust Fund by five years). (Contact: Liancho Han, 4-3244)

18. **Sense of the Senate on marriage penalty relief and prescription drug benefit** (Abraham #3862). The sense of the Senate amendment makes a number of findings including: “... (4) The concurrent resolution on the budget for Fiscal Year 2001 provides $40,000,000 for prescription drug coverage in the context of a reform plan that improves the long-term outlook for the medicare program. (5) The Committee on Finance of the Senate currently is working in a bipartisan manner on reporting legislation that will reform the Medicare program and provide a prescription drug benefit.”

    According to the amendment, “... It is the sense of the Senate that ... on-budget surpluses are sufficient to both repeal the marriage penalty and improve coverage of prescription drugs under the Medicare program and Congress should do both this year...” (Contact: Bob Carey: 4-4822)

19. **Democratic alternative** (**Moynihan** #3863). The Democratic plan would give married taxpayers the option of filing single or as a married couple depending on which status would benefit them. The full benefit of this plan would be capped at $100,000 per couple and gradually phase out for couples with an income in excess of $150,000.

    Furthermore, the Democratic alternative would address the marriage penalty in all 65 provisions in the tax code and would eliminate the marriage penalty for all eligible families by 2004. The Democratic alternative would dedicate 100 percent of its benefits to fixing the marriage penalty problem and would not spend resources on expanding marriage bonuses. Moreover, the income limits in the Democratic plan would allow for a more targeted approach that would ensure the benefits go to low- and middle-income families who actually have a marriage penalty. (Contact, Stan Fendley/Senate Finance Committee, 4-5315)

20. **Strike sunset provision** (Roth #3864). The amendment would strike the provision in the *Marriage Penalty Relief Reconciliation Act* that sunsets the tax cuts beginning in 2005. The sunset provision was included in the bill to avoid a violation of the **Byrd** Rule. One part of the **Byrd** Rule creates a point of order against any provision if, in a year beyond the budget resolution window the provision would reduce revenues (or increase spending) and that revenue loss (or spending increase) causes the relevant title of the Reconciliation Bill to increase the net deficit in that out year. Although we no longer have a deficit, the Parliamentarian has interpreted the **Byrd** rule to apply to any provision which causes a net revenue loss in the out year. (Contact: Mark Praeter/Senate Finance Committee, 4-4515)

21. **Second degree strike sunset provision** (Roth #3865). The amendment is a second degree to Roth #3864 and would strike the provision in the Democratic alternative that sunsets the tax cuts beginning in 2005. (Contact: Mark Praeter/Senate Finance Committee, 4-4515)

22. **Sense of Senate on Grams Social Security amendment** (**Reid** #3866). The amendment would express the sense of the Senate that the general fund transfer mechanism included in the Grams Social Security amendment #3861 should be used to extend the life of the Medicare trust fund through 2030, to ensure that Medicare remains a strong health insurance program for our nation's seniors and that its payments to health providers remain adequate. (Contact: Caroline Slutsker, 4-3542)

23. **Social Security benefits** (Grams #3867). The amendment would repeal a provision in the *Omnibus Budget Reconciliation Act of 1993* making up to 85 percent of Social Security benefits taxable and crediting the revenues to the Medicare HI Trust Fund. The amendment would require a general revenue transfer to the Medicare HI Trust Fund in an amount equal to the decrease in revenues.

    Grams #3867 would restore the language of Grams amendment #3861 if the amendment is changed by the **Reid** second degree amendment #3866.

    The repeal of this provision is estimated to cost $36 billion over five years and $94 billion over ten years (an amount that would be sufficient to extend the solvency of the Medicare HI Trust Fund by five years). (Contact: Liancho Han, 4-3244)

24. **Diesel fuel dye** (Stevens #3868). The amendment would maintain Alaska's current exemption from dyeing requirements for diesel fuel and kerosene. (Contact: Justin Steisel, 4-3004)

25. **Section 415 pension plans** (Stevens #3869). The amendment would make changes to section 415 multiemployer defined benefit pension plans. (Contact: Justin Steisel, 4-3004)

26. **Deduction for subsistence whaling** (Stevens #3870). The amendment would provide a charitable deduction for certain expenses incurred in support of Native Alaskan subsistence whaling. (Contact: Justin Steisel, 4-3004)

27. ***Alaska Native Settlement Act*** (Stevens #3871). The amendment deals with the treatment of trusts created to preserve the benefits of *Alaska Native Settlement Act.* Any settlement trust covering the *Alaska Native Settlement Act* would be exempt from taxation, and must distribute at least 55 percent of its income to beneficiaries each year. (Contact: Justin Steisel, 4-3004)

28. **Empty seats on noncommercial aircraft** (Stevens #3872). The amendment would clarify the tax treatment of passengers filling empty seats on noncommercial airplanes. Under current law, the use of an empty seat on a noncommercial aircraft is ruled as a taxable transaction. However, no tax is imposed on commercial airlines when airline employees, airline retirees, or the parents of an airline employee use a vacant seat for travel. The amendment would provide empty seats on noncommercial aircraft with the same tax treatment. (Contact: Justin Steisel, 4-3004)

29. **Fishing tax proposals** (Stevens #3873). The amendment would amend the *Taxpayer Relief Act of 1997* to allow income averaging for fishermen without negative alternative minimum tax treatment, for the creation of risk management accounts for fishermen, and for other purposes. (Contact: Justin Steisel, 4-3004)

30. **Installment method of accounting** (Burns #3874). The amendment would reverse the repeal of the installment method of accounting for accrual method taxpayers that was enacted as part of **H.R. 1180**, the *Ticket to Work and Work Incentives Improvement Act* of 1999. This provision would allow accrual method taxpayers to again use the installment method. A proposal to reinstate the installment method of accounting was included in the House version of the small business/minimum wage bill. The provision was estimated to cost approximately $2.1 billion over ten years. (Contact: Erin Pierce, 4-2644)

31. **Strike all tax cuts and pay down the debt** (**Hollings** #3875). The amendment would strike all the tax cuts proposed by the *Marriage Tax Relief Reconciliation Act of 2000* and devote the funds to debt reduction. (Contact: Ashley Cooper, 4-6121)

32. **Child care** (**Dodd/Wellstone** #3876**)**. This amendment would increase the amount of the Dependent Care Tax Credit that families earning less than $60,000 can claim. For example, a family earning $35,000 would see their benefit more than double from $480 to $1,080. The amendment would also make the credit refundable so that working families with little or no liability can receive assistance with child care expenses.

    Stay-at-home parents with children under the age of one would be able to claim a portion of the Dependent Care Tax Credit. This credit would also be made refundable in order to allow low income families to receive a benefit.

    The amendment also provides a 25 percent tax credit to employers for operating on-site child care centers, contracting for the costs of accreditation, or operating resource and referral systems.

    The amendment also would expand the tax credit that provides assistance to adoptive parents of children with special needs. (Contact: Karin Heikert/**Dodd**, 4-2823)

33. **Farm tax provisions** (**Dorgan** #3877). The amendment has four parts. First, the amendment clarifies that all Conservation Reserve Program (CRP) payments would not be subject to self-employment taxes. Second, the amendment would expand the applicability of section 179 expensing from $20,000 to $25,000. Third, the amendment would expand the current $500,000 capital gains exclusion for sales of principal residences to cover family farmers who sell their farmhouses or farmland, so long as the family farmed the land for three of the previous five years. Fourth, the amendment would allow a deduction for 100 percent of the health insurance costs of self-employed individuals beginning in tax year 2000. (Contact: Allen Huffman 4-2551)

34. **Sense of Senate regarding Medicare payments** (**Wellstone** #3879). The amendment states that, "Since its passage, the *Balanced Budget Act of 1997* ... has drastically cut payments under the Medicare program under title XVII of the *Social Security Act* in the areas of hospital services, home health services, skilled nursing facility services, and other services..."

    "It is the sense of the Senate that ... by the end of the 106th Congress, Congress should revisit and restore a substantial portion of the reductions in payments ... if Congress fails to restore a substantial portion of the reductions in payments ... Congress should pass legislation that directs the Secretary of Health and Human Services to administer title XVIII of the *Social Security Act* as if a one-year moratorium for Fiscal Year 2001 were placed on all reductions in payments to health care providers..." (Contact: John Gilman, 4-5641)

35. **Sense of Senate regarding Medicare payments (Wellstone** #3880**)**. The amendment states that, "Since its passage, the *Balanced Budget Act of 1997* ... has drastically cut payments under the Medicare program under title XVII of the *Social Security Act* in the areas of hospital services, home health services, skilled nursing facility services, and other services..."

    The amendment also states: "It is the sense of the Senate that ... by the end of the 106th Congress, Congress should revisit and restore a substantial portion of the reductions in payments..." (Contact: John Gilman, 4-5641)

36. **Substitute marriage penalty amendment** (Lott #3881). The amendment is identical to the underlying legislation. If the amendment passes, it would have the effect of deleting all amendments from the legislation that had been previously approved. This is similar to the Lott amendment that struck all previous amendments to **H.R. 8**, the estate tax bill that passed the Senate on July 14, 2000. (Contact: Keith Hennessey, 4-3135)

37. **Substitute without Earned Income Tax Credit provisions** (Lott #3882). The amendment is similar to the *Marriage Tax Relief Reconciliation Act of 2000* but does not include the provision to address the marriage penalty in the earned income tax credit. According to the Finance Committee staff, the reason for leaving out the EITC provision is that the provision could be subject to a 60-vote point of order for increasing outlays. (Senator Roth has moved to waive the point of order against the EITC provisions in both the original bill and the Democratic alternative. If Senator Roth's motion fails, Senator Lott will use his second amendment to strike all previous successful amendments and still avoid the EITC point of order.) (Contact: Keith Hennessey, 4 3135)

38. **Waive Points of Order** (Roth). The motion would waive the outlays point of order against the Earned Income Tax Credit provisions in both the GOP bill and the Democratic Alternative to the bill. (Contact: Mark Praeter/Senate Finance Committee, 4-4515)

39. **Adoption Tax Credit** (**Landrieu**). Senator **Landrieu** plans to ask unanimous consent to offer this amendment on Monday, July 17. The **Landrieu** amendment would extend and expand the adoption tax credit. The proposal would increase from $6,000 to $10,000 the credit for special needs adoptions and make permanent the $5,000 credit for non-special needs adoptions, and would adjust and index the income limits that determine who is eligible for the credit. (Contact: Kerry Marks, 4-5824)