

[DISCUSSION DRAFT]

DECEMBER 8, 2005

109TH CONGRESS
1ST SESSION**H. R.** _____

To amend the Internal Revenue Code of 1986 to provide a basic income guarantee in the form of a refundable tax credit for taxpayers who do not itemize deductions.

IN THE HOUSE OF REPRESENTATIVES

Mr. FILNER introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to provide a basic income guarantee in the form of a refundable tax credit for taxpayers who do not itemize deductions.

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. BASIC INCOME GUARANTEE FOR TAXPAYERS**
4 **WHO DO NOT ITEMIZE DEDUCTIONS.**

5 (a) IN GENERAL.—Subpart C of part IV of sub-
6 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 (relating to refundable credits) is amended by redes-
2 ignating section 36 as section 37 and inserting after sec-
3 tion 35 the following new section:

4 **“SEC. 36. BASIC INCOME GUARANTEE FOR TAXPAYERS WHO**
5 **DO NOT ITEMIZE DEDUCTIONS.**

6 “(a) IN GENERAL.—In the case of an individual,
7 there shall be allowed as a credit against the tax imposed
8 by this subtitle for the taxable year an amount equal to
9 the basic income guarantee amount.

10 “(b) BASIC GUARANTEE AMOUNT.—For purposes of
11 this section, the term ‘basic guarantee amount’ means the
12 sum of—

13 “(1) \$2,000 for the taxpayer,

14 “(2) \$2,000 for the spouse of the taxpayer, and

15 “(3) \$1,000 for each qualified dependent of the
16 taxpayer.

17 “(c) CREDIT ONLY ALLOWED TO TAXPAYERS WHO
18 DO NOT ITEMIZE DEDUCTIONS FOR TAXABLE YEAR.—

19 A credit shall be allowed under subsection (a) for a taxable
20 year only if the taxpayer does not claim itemized deduc-
21 tions (as defined by section 63(d)) on his return of tax
22 for the taxable year.

23 “(d) DEFINITIONS.—For purposes of this section, the
24 term ‘qualified dependent’ means a dependent of the tax-
25 payer who has not attained the age of 19 as of the close

1 of the taxable year in which the taxable year of the tax-
2 payer begins. [Note: I followed the age requirements for
3 qualifying child (section 152(c)(3)(A), but did not include
4 the student exception and the disabled exception.]

5 “(e) SPECIAL RULES.—For purposes of this
6 section—

7 “(1) BASIC STANDARD DEDUCTION DIS-
8 ALLOWED.—If a credit is allowed to the taxpayer
9 under subsection (a) for the taxable year, the basic
10 standard deduction (as defined by section 63(c)(2)
11 for such taxable year is zero.

12 “(2) DEDUCTION FOR PERSONAL EXEMPTION
13 AMOUNT DISALLOWED.—If a credit is allowed to the
14 taxpayer under subsection (a) for the taxable year,
15 the exemption amount (as determined under section
16 151) for each exemption of the taxpayer shall be
17 zero.

18 “(3) TREATMENT IF DEPENDENT OF ANOTHER
19 TAXPAYER.—If a deduction under section 151 with
20 respect to an individual is allowed to another tax-
21 payer for a taxable year beginning in the calendar
22 year in which such individual’s taxable year begins,
23 no credit shall be allowed under subsection (a) to
24 such individual for such individual’s taxable year.

1 “(f) ADJUSTMENTS FOR INFLATION.—In the case of
2 any taxable year beginning after December 31, 2006, each
3 dollar amount in subsection (b) shall be increased by an
4 amount equal to—

5 “(2) such dollar amount, multiplied by

6 “(3) the cost-of-living adjustment determined
7 under section 1(f)(3) for such calendar year by sub-
8 stituting ‘calendar year 2005’ for ‘calendar year
9 1992’ in subparagraph (B) thereof.

10 If any increase determined under paragraph (2) is not a
11 multiple of \$50, such increase shall be rounded to the next
12 lowest multiple of \$50.

13 “(g) ELECTION NOT TO TAKE CREDIT.—No credit
14 shall be allowed under subsection (a) for a taxable year
15 if the taxpayer elects not to have this section apply for
16 such taxable year.”.

17 (b) CONFORMING AND CLERICAL AMENDMENTS.—

18 (1) Paragraph (2) of section 1324(b) of title
19 31, United States Code, is amended by inserting be-
20 fore the period “, or from section 36 of such Code”.

21 (2) The table of sections for subpart C of part
22 IV of chapter 1 of the Internal Revenue Code of
23 1986 is amended by redesignating the item relating
24 to section 36 as an item relating to section 37 and

1 by inserting after the item relating to section 35 the
2 following new item:

“Sec. 36. Basic income guarantee for taxpayers who do not itemize deductions.”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to taxable years beginning after
5 December 31, 2005.