

116TH CONGRESS
1ST SESSION

H. R. 5377

To amend the Internal Revenue Code of 1986 to modify the limitation on deduction of State and local taxes, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 10, 2019

Mr. SUOZZI (for himself, Mr. THOMPSON of California, Mr. PASCRELL, Mr. KING of New York, Mr. BEYER, Mr. BRENDAN F. BOYLE of Pennsylvania, Ms. JUDY CHU of California, Mr. DANNY K. DAVIS of Illinois, Mr. HIGGINS of New York, Mr. LARSON of Connecticut, Mr. PANETTA, Ms. SÁNCHEZ, Mr. SCHNEIDER, Mr. CASTEN of Illinois, Mr. CISNEROS, Mr. CORREA, Ms. CRAIG, Mr. ENGEL, Ms. ESHOO, Mr. KIM, Mr. LEVIN of California, Mrs. LOWEY, Mr. MALINOWSKI, Mr. MEEKS, Ms. MENG, Mr. MORELLE, Mr. NADLER, Mr. PHILLIPS, Ms. PORTER, Mr. RASKIN, Miss RICE of New York, Mr. ROSE of New York, Ms. SHERRILL, Mr. SIRES, Mr. TRONE, Ms. UNDERWOOD, Mrs. WATSON COLEMAN, Mr. COURTNEY, Mr. ESPAILLAT, and Mr. HARDER of California) 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 modify the limitation on deduction of State and local taxes, 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 “Restoring Tax Fair-
5 ness for States and Localities Act”.

1 **SEC. 2. ELIMINATION FOR 2019 OF MARRIAGE PENALTY IN**
2 **LIMITATION ON DEDUCTION OF STATE AND**
3 **LOCAL TAXES.**

4 (a) IN GENERAL.—Section 164(b) of the Internal
5 Revenue Code of 1986 is amended by adding at the end
6 the following new paragraph:

7 “(7) SPECIAL RULE FOR LIMITATION ON INDIVIDUAL DEDUCTIONS FOR 2019.—In the case of a
8 taxable year beginning after December 31, 2018,
9 and before January 1, 2020, paragraph (6) shall be
10 applied by substituting ‘(\$20,000 in the case of a
11 joint return)’ for ‘(\$5,000 in the case of a married
12 individual filing a separate return)’.”.

13 (b) EFFECTIVE DATE.—The amendment made by
14 this section shall apply to taxable years beginning after
15 December 31, 2018.

16 **SEC. 3. ELIMINATION FOR 2020 AND 2021 OF LIMITATION ON**
17 **DEDUCTION OF STATE AND LOCAL TAXES.**

18 (a) IN GENERAL.—Section 164(b)(6)(B) of the Internal
19 Revenue Code of 1986 is amended by inserting “in
20 the case of a taxable year beginning before January 1,
21 2020, or after December 31, 2021,” before “the aggregate
22 amount of taxes”.

23 (b) CONFORMING AMENDMENTS.—Section 164(b)(6)
24 of the Internal Revenue Code of 1986 is amended—
25

1 (1) by striking “For purposes of subparagraph
2 (B)” and inserting “For purposes of this section”;

3 (2) by striking “January 1, 2018” and insert-
4 ing “January 1, 2022”;

5 (3) by striking “December 31, 2017, shall” and
6 inserting “December 31, 2021, shall”; and

7 (4) by adding at the end the following: “For
8 purposes of this section, in the case of State or local
9 taxes with respect to any real or personal property
10 paid during a taxable year beginning in 2020 or
11 2021, the Secretary shall prescribe rules which treat
12 all or a portion of such taxes as paid in a taxable
13 year or years other than the taxable year in which
14 actually paid as necessary or appropriate to prevent
15 the avoidance of the limitations of this subsection.”.

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to taxable years beginning after
18 December 31, 2019.

19 **SEC. 4. INCREASE OF TOP MARGINAL INDIVIDUAL INCOME**
20 **TAX RATE UNDER TEMPORARY RULES.**

21 (a) IN GENERAL.—The tables contained in subpara-
22 graphs (A), (B), (C), (D), and (E) of section 1(j)(2) of
23 the Internal Revenue Code of 1986 are each amended by
24 striking “37%” and inserting “39.6%” and—

25 (1) in subparagraph (A)—

1 (A) by striking “\$600,00” each place such
2 term appears and inserting “\$479,000”; and

3 (B) by striking “\$161,379” and inserting
4 “\$119,029”;

5 (2) in subparagraph (B)—

6 (A) by striking “\$500,000” each place
7 such term appears and inserting “\$452,400”;
8 and

9 (B) by striking “\$149,298” and inserting
10 “\$132,638”;

11 (3) in subparagraph (C)—

12 (A) by striking “\$500,000” each place
13 such term appears and inserting “\$425,800”;
14 and

15 (B) by striking “\$150,689.50” and insert-
16 ing “\$124,719.50”; and

17 (4) in subparagraph (D)—

18 (A) by striking “\$300,000” each place
19 such term appears and inserting “\$239,500”;
20 and

21 (B) by striking “\$80,689.50” and insert-
22 ing “\$59,514.50”.

23 (b) CONFORMING AMENDMENTS.—

24 (1) Section 1(j)(4)(B)(iii) of the Internal Rev-
25 enue Code of 1986 is amended—

1 (A) in the matter preceding subclause (I),
 2 by striking “37 percent” and inserting “39.6
 3 percent”;

4 (B) in subclause (II), by striking “37-per-
 5 cent bracket” and inserting “39.6-percent
 6 bracket”; and

7 (C) in the heading, by striking “37-PER-
 8 CENT BRACKET” and inserting “39.6-PERCENT
 9 BRACKET”.

10 (2) Section 1(j)(4)(C) of such Code is amend-
 11 ed—

12 (A) in clause (i)(II), by striking “para-
 13 graph (5)(B)(i)(IV)” and inserting “paragraph
 14 (5)(B)(iv)”;

15 (B) by amending clause (ii) to read as fol-
 16 lows:

17 “(ii) the amount which would (without
 18 regard to this paragraph) be taxed at a
 19 rate below 39.6 percent shall not be more
 20 than the sum of—

21 “(I) the earned taxable income of
 22 such child, plus

23 “(II) the maximum dollar
 24 amount for the 35-percent rate brack-
 25 et for estates and trusts.”.

1 (3) The heading of section 1(j)(5) of such Code
 2 is amended to read as follows: “APPLICATION OF
 3 ZERO PERCENT CAPITAL GAIN RATE BRACKETS”.

4 (4) Subparagraphs (A) and (B) of section
 5 1(j)(5) of such Code are amended to read as follows:

6 “(A) IN GENERAL.—Subsection
 7 (h)(1)(B)(i) shall be applied by substituting
 8 ‘below the maximum zero rate amount’ for
 9 ‘which would (without regard to this paragraph)
 10 be taxed at a rate below 25 percent’.

11 “(B) MAXIMUM ZERO RATE AMOUNT DE-
 12 FINED.—For purposes of subparagraph (A), the
 13 term ‘maximum zero rate amount’ means—

14 “(i) in the case of a joint return or
 15 surviving spouse, \$77,200,

16 “(ii) in the case of an individual who
 17 is a head of household (as defined in sec-
 18 tion 2(b)), \$51,700,

19 “(iii) in the case of any other indi-
 20 vidual (other than an estate or trust), an
 21 amount equal to $\frac{1}{2}$ of the amount in effect
 22 for the taxable year under clause (i), and

23 “(iv) in the case of an estate or trust,
 24 \$2,600.”.

1 (5) Section 1(j)(5)(C) of such Code is amended
2 by striking “clauses (i) and (ii) of”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this subsection shall apply to taxable years beginning after
5 December 31, 2019.

6 (d) SECTION 15 NOT TO APPLY.—Section 15 of the
7 Internal Revenue Code of 1986 shall not apply to any
8 change in a rate of tax by reason of any amendment made
9 by this section.

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