

135TH CONGRESS

1ST SESSION

# H.R. 46

To amend the Internal Revenue Code of 1986 responsibly addressing the federal deficit while providing a tax cut for those earning low-incomes.

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## IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 13th, 2020

Mr. JOHNSON of Pennsylvania (for himself, Mr. LIGHTWOOD, Mr. SANDERS, Mr. SOMEONE, Ms. HARRIS, Mr. LONG, on behalf of Ms. KYOUKO of New York, Secretary of the Treasury Graves, and the Halpert Administration) introduced the following bill, which was subsequently referred to the House of Representatives.

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## A BILL

To amend the Internal Revenue Code of 1986 responsibly addressing the federal deficit without harming those earning low-incomes.

*Be it enacted by the Senate and the House of Representatives of the United States in America assembled,*

### SECTION 1. TITLE.

This Act may be cited as the “Fair Taxation Act”.

### SECTION 2. FINDINGS.

Congress finds that—

- (a) The most recent bill passed on significant tax reform was the Tax Reform Act of 2020, sponsored by former President Cade Holbook on February 7th 2020.
- (b) This bill is partially based upon the T.O.G.E.T.H.E.R. Act by Senator Loulou and the Comprehensive Tax Code Reform Act by Senator Walker.
- (c) This bill

- (i) eliminates income taxes paid by those earning lesser than \$12,000,
- (ii) cuts income taxes paid by those earning up to \$55,000 by over 1.5%, fulfilling a campaign promise by President Ian during the November Presidential Election,
- (iii) cuts income taxes for the vast majority of Americans, who are earning under \$227,714,
- (iv) raises income taxes paid by those earning over \$227,214,
- (v) reinstates the corporate income tax at 35% which was the level it was at in 2016, raising around \$270 billion before accounting for losses in economic inefficiency.

### SECTION 3. INCOME TAX REFORM.

- (a) IN GENERAL.— Section 1 of the Internal Revenue Code of 1986 (26 U.S.C. §1) is amended by striking subsection (a) and inserting the following in lieu of subsection (a):

*There is hereby imposed on the taxable income of every eligible individual a tax determined in accordance with the following table:*

<i>If taxable income is:</i>	<i>The tax is:</i>
<i>Not over \$12,000</i>	<i>\$0</i>
<i>Over \$12,000 but not over \$28,000</i>	<i>9% of taxable income over \$12,000</i>
<i>Over \$28,000 but not over \$55,000</i>	<i>\$1440, plus 12% of taxable income over \$28,000</i>
<i>Over \$55,000 but not over \$110,000</i>	<i>\$4680, plus 24% of taxable income over \$55,000</i>
<i>Over \$110,000 but not over \$165,000</i>	<i>\$17,880, plus 28% of taxable income over \$110,000</i>
<i>Over \$165,000 but not over \$220,000</i>	<i>\$33,560, plus 35% of taxable income over \$165,000</i>
<i>Over \$220,000 but not over \$500,000</i>	<i>\$52,810, plus 47% of taxable income over \$220,000</i>
<i>Over \$500,000</i>	<i>\$178,810, plus 55% of taxable income over \$500,000</i>

- (b) INDEXING.— Section 1 of the Internal Revenue Code of 1986 (26 U.S.C. §1) is amended in subsection (f) by striking the term “2020” where it applies and inserting “2021”.

### SECTION 4. REMOVING INVESTMENTS FROM TAX DEDUCTIONS.

- (a) IN GENERAL.— Section 225 of the Internal Revenue Code of 1986 (26 U.S.C. §225) is hereby repealed.

## **SECTION 5. REINSTATING CORPORATE TAX RATES.**

- (a) FINDINGS.— In 2017, President Donald Trump signed the Tax Cut and Jobs Act of 2017, which among other actions, cut the corporate tax rate from 35% to 21%. Following the Tax Cuts and Jobs Act of 2020 which cut corporate income taxes by 40% multiplicatively, revenues from such taxes saw an “almost exactly 40% decline” too, suggesting the claimed intended effects upon the economy did not emerge.
- (b) IN GENERAL.— Section 11 of the Internal Revenue Code of 1986 (26 U.S.C. § 11) is amended by striking subsection (b) and inserting the following in lieu of subsection (b):

*The amount of the tax imposed by subsection (a) shall be—*

- (a) 21 percent of taxable income before July 1st 2021;*
- (b) 24 percent of taxable income beginning July 1st 2021;*
- (c) 27 percent of taxable income beginning July 1st 2022;*
- (d) 31 percent of taxable income beginning July 1st 2023; and*
- (e) 35 percent of taxable income beginning July 1st 2024.*

## **SECTION 6. SEVERABILITY.**

- (a) SEVERABILITY — Should any provision of this Act be deemed invalid or unconstitutional for any reason in a court with relevant jurisdiction, the rest of the Act, and the application of the remaining provisions, shall not be affected.

## **SECTION 7. ENACTMENT.**

EFFECTIVE DATE.—The provisions of this Act shall apply beginning July 1, 2021.