

112TH CONGRESS
1ST SESSION

H. R. 1125

To establish a fee on transactions which would eliminate the national debt
and replace the income tax on individuals.

IN THE HOUSE OF REPRESENTATIVES

MARCH 16, 2011

Mr. FATTAH introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on the Budget, Rules, and Appropriations, 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

A BILL

To establish a fee on transactions which would eliminate
the national debt and replace the income tax on individuals.

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 “Debt Free America
5 Act”.

6 **SEC. 2. FINDINGS; PURPOSES.**

7 (a) FINDINGS.—The Congress finds the following:

8 (1) The current tax structure creates economic
9 distortions that limit growth and job creation.

1 (2) The estimated cost of compliance to tax-
2 payers is five billion hours and approximately \$200
3 billion.

4 (3) Restructuring the tax code will promote eco-
5 nomic prosperity.

6 (4) Replacing existing Federal taxes with a fee
7 on transactions eliminates systemic inefficiency that
8 plagues the current tax code.

9 (5) The United States, from its beginning in
10 1790 to the present, has been free of a national debt
11 for only two years, 1834 and 1835.

12 (6) The national debt has grown from \$75.5
13 million in 1790 to \$9.4 trillion as of December
14 2010.

15 (7) Expressed as a percentage of gross domestic
16 product (GDP), the national debt reached a high of
17 108.6 percent of GDP in 1946.

18 (8) After 1946, the national debt as a percent-
19 age of GDP declined, reaching a low of 32.5 percent
20 in 1981.

21 (9) The large budget deficits of the 1980s and
22 1990s reversed this trend and pushed the percentage
23 to another high of 49.5 percent in 1993.

1 (10) The Federal budget surpluses from fiscal
2 year 1998 to fiscal year 2001 were used to retire a
3 portion of the publicly held national debt.

4 (11) Between fiscal year 1997 and fiscal year
5 2001, the publicly held portion of the national debt
6 declined by more than \$400 billion.

7 (12) Since fiscal year 2002, a return to budget
8 deficits has caused the debt to grow again.

9 (b) PURPOSES.—The purpose of section 3 of this Act
10 is to establish a fee on most transactions. Such fee—

11 (1) is different than a sales tax in that a sales
12 tax is charged only on sales to the final consumer
13 and the transaction fee would apply to intermediate
14 users as well as end users,

15 (2) is different than a value added tax (VAT),
16 commonly used in European and other countries, in
17 that a VAT is imposed only on a portion of a trans-
18 action's value (roughly the difference between an
19 item's selling price and its cost) and the transaction
20 fee would apply to the entire amount of the trans-
21 action, and

22 (3) is intended to raise sufficient revenue to—

23 (A) eliminate the national debt, which was
24 \$6.3 trillion in January 2009, during a period
25 of 10 years and to phase out the income tax on

1 individuals, including interest payments on the
2 national debt, which will total \$1 trillion annu-
3 ally by 2020 under current fiscal policy, and
4 will account for 17 percent of all Federal spend-
5 ing, and

6 (B) provide incentives for private sector in-
7 vestment in capital goods such as manufac-
8 turing plants and facilities, clean energy gen-
9 eration, and infrastructure development, cre-
10 ating the economic conditions for increased cap-
11 ital stocks and greater economic output, leading
12 to job growth and economic expansion.

13 **SEC. 3. IMPLEMENTATION OF A TRANSACTION FEE.**

14 (a) IN GENERAL.—Subtitle D of the Internal Rev-
15 enue Code of 1986 is amended by inserting after chapter
16 36 the following new chapter:

17 **“CHAPTER 37—TRANSACTION FEE**

“Sec. 4501. Imposition of transaction fee.

18 **“SEC. 4501. IMPOSITION OF TRANSACTION FEE.**

19 “(a) IN GENERAL.—There is hereby imposed on
20 every specified transaction a fee in an amount equal to
21 1 percent of the amount of such transaction.

22 “(b) SPECIFIED TRANSACTION.—For purposes of
23 this chapter—

1 “(1) IN GENERAL.—The term ‘specified trans-
2 action’ means any transaction that uses a payment
3 instrument, including any check, cash, credit card,
4 transfer of stock, bonds, or other financial instru-
5 ment.

6 “(2) EXCEPTIONS.—The term ‘specified trans-
7 action’ shall not include—

8 “(A) any transfer between accounts of the
9 taxpayer, and

10 “(B) any deposit into a personal account
11 of an individual.

12 “(3) TRANSACTION.—The term ‘transaction’ in-
13 cludes retail and wholesale sales, purchases of inter-
14 mediate goods, and financial and intangible trans-
15 actions.

16 “(c) LIABILITY FOR FEE.—Persons become liable for
17 the fee at the moment the person exercises control over
18 a piece of property or service, regardless of the payment
19 method.

20 “(d) COLLECTION.—The fees will be collected by the
21 seller or financial institution servicing the transaction and
22 shall be paid over to the Secretary. In the case of a person
23 who fails to collect and pay over the fee as required under
24 this subsection, such person shall become liable for the fee
25 not so collected and paid over.

1 “(e) POTENTIAL EXCLUSIONS.—Subsection (a) shall
2 not apply to transactions involving stock (and any options
3 or derivatives with respect to stock) until—

4 “(1) such time as the United States enters into
5 an international agreement that regulates domestic
6 and international stock exchanges, or

7 “(2) the Secretary issues recommendations re-
8 garding the application of the fee as it applies to
9 stock.

10 “(f) REGULATIONS.—The Secretary shall issue such
11 regulations or other guidance as may be necessary or ap-
12 propriate to carry out the purposes of this section, includ-
13 ing regulations or other guidance which require reporting
14 of such information as the Secretary determines appro-
15 priate to prevent under reporting of the amounts on which
16 a fee is imposed by this section.”.

17 (b) CLERICAL AMENDMENT.—The table of chapters
18 for the Internal Revenue Code of 1986 is amended by in-
19 serting after the item relating to section 36 the following
20 new item:

“CHAPTER 37. TRANSACTION FEE”.

21 (c) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to transactions in calendar years
23 beginning after the date of the enactment of this Act.

1 **SEC. 4. INCOME TAX CREDIT DURING PERIOD THAT TRANS-**
2 **ACTION FEE AND INDIVIDUAL INCOME TAX**
3 **ARE IN EFFECT.**

4 (a) IN GENERAL.—Subpart A of part IV of sub-
5 chapter A of chapter 1 of the Internal Revenue Code of
6 1986 is amended by inserting after section 25D the fol-
7 lowing new section:

8 **“SEC. 25E. CREDIT DURING PERIOD OF TRANSACTION FEE**
9 **AND INDIVIDUAL INCOME TAX.**

10 “(a) IN GENERAL.—In the case of an individual,
11 there shall be allowed as a credit against the tax imposed
12 by this chapter for the taxable year an amount equal to
13 1 percent of the taxpayer’s adjusted gross income.

14 “(b) PHASEOUT BASED ON ADJUSTED GROSS IN-
15 COME.—The credit allowed under subsection (a) for any
16 taxable year shall be reduced (but not below zero) by an
17 amount which bears the same ratio to the amount of such
18 credit (determined without regard to this subsection) as—

19 “(1) the excess (if any) of the taxpayer’s ad-
20 justed gross income for such taxable year over
21 \$100,000 (\$250,000 in the case of a joint return),
22 bears to

23 “(2) \$10,000 (\$20,000 in the case of a joint re-
24 turn).”.

25 (b) CLERICAL AMENDMENT.—The table of sections
26 for subpart A of part IV of subchapter A of chapter 1

1 of such Code is amended by inserting after the item relat-
 2 ing to section 25D the following new item:

“Sec. 25E. Credit during period of transaction fee and individual income tax.”.

3 (c) EFFECTIVE DATE.—The amendments made by
 4 this section shall apply to taxable years beginning during
 5 calendar years beginning after the date of the enactment
 6 of this Act.

7 **SEC. 5. ESTABLISHMENT OF TASK FORCE.**

8 (a) IN GENERAL.—Title III of the Congressional
 9 Budget Act of 1974 (2 U.S.C. 631 et seq.) is amended
 10 by adding at the end the following new section:

11 “ESTABLISHMENT OF TASK FORCE FOR RESPONSIBLE
 12 FISCAL ACTION

13 “SEC. 316. (a) DEFINITIONS.—In this section:

14 “(1) TASK FORCE.—The term ‘Task Force’
 15 means the Bipartisan Task Force for Responsible
 16 Fiscal Action established under subsection (b)(1).

17 “(2) TASK FORCE BILL.—The term ‘Task
 18 Force bill’ means a bill consisting of the proposed
 19 legislative language of the Task Force recommended
 20 under subsection (b)(3)(B) and introduced under
 21 subsection (e)(1).

22 “(3) FISCAL IMBALANCE.—The term ‘fiscal im-
 23 balance’ means the gap between the projected reve-
 24 nues and expenditures of the Federal Government.

25 “(b) ESTABLISHMENT OF TASK FORCE.—

1 “(1) ESTABLISHMENT.—There is established in
2 the legislative branch a task force to be known as
3 the ‘Bipartisan Task Force for Responsible Fiscal
4 Action’.

5 “(2) PURPOSES.—

6 “(A) REVIEW.—The Task Force shall re-
7 view the fiscal imbalance of the Federal Govern-
8 ment, including—

9 “(i) analyses of projected Federal ex-
10 penditures;

11 “(ii) analyses of projected Federal
12 revenues; and

13 “(iii) analyses of the current and
14 long-term actuarial financial condition of
15 the Federal Government.

16 “(B) IDENTIFY FACTORS.—The Task
17 Force shall identify factors that affect the long-
18 term fiscal imbalance of the Federal Govern-
19 ment.

20 “(C) ANALYZE POTENTIAL COURSES OF
21 ACTION.—The Task Force shall analyze poten-
22 tial courses of action to address factors that af-
23 fect the long-term fiscal imbalance of the Fed-
24 eral Government.

1 “(D) PROVIDE RECOMMENDATIONS AND
2 LEGISLATIVE LANGUAGE.—The Task Force
3 shall provide recommendations and legislative
4 language that will significantly improve the
5 long-term fiscal imbalance of the Federal Gov-
6 ernment, including recommendations address-
7 ing—

8 “(i) Federal expenditures;

9 “(ii) Federal revenues; and

10 “(iii) the current and long-term actu-
11 arial financial condition of the Federal
12 Government.

13 “(3) DUTIES.—

14 “(A) IN GENERAL.—The Task Force shall
15 address the Nation’s long-term fiscal imbal-
16 ances, consistent with the purposes described in
17 paragraph (2), and shall submit the report and
18 recommendations required under subparagraph
19 (B).

20 “(B) REPORT, RECOMMENDATIONS, AND
21 LEGISLATIVE LANGUAGE.—

22 “(i) IN GENERAL.—Not earlier than
23 November 1, 2011, and not later than No-
24 vember 18, 2011, the Task Force shall
25 vote on a report that contains—

1 “(I) a detailed statement of the
2 findings, conclusions, and recommen-
3 dations of the Task Force;

4 “(II) the assumptions, scenarios,
5 and alternatives considered in reach-
6 ing such findings, conclusions, and
7 recommendations; and

8 “(III) proposed legislative lan-
9 guage to carry out such recommenda-
10 tions as described in paragraph
11 (2)(D).

12 “(ii) APPROVAL OF REPORT.—The re-
13 port of the Task Force submitted under
14 clause (i) shall require the approval of not
15 fewer than 14 of the 18 members of the
16 Task Force.

17 “(iii) ADDITIONAL VIEWS.—A member
18 of the Task Force who gives notice of an
19 intention to file supplemental, minority, or
20 additional views at the time of final Task
21 Force approval of the report under clause
22 (ii), shall be entitled to not less than 3 cal-
23 endar days in which to file such views in
24 writing with the staff director of the Task
25 Force. Such views shall then be included in

1 the Task Force report and printed in the
2 same volume, or part thereof, and their in-
3 clusion shall be noted on the cover of the
4 report. In the absence of timely notice, the
5 Task Force report may be printed and
6 transmitted immediately without such
7 views.

8 “(iv) TRANSMISSION OF REPORT.—No
9 later than November 30, 2011, the Task
10 Force shall submit the Task Force bill and
11 final report to the President, the Vice
12 President, the Speaker of the House, and
13 the majority and minority leaders of both
14 Houses.

15 “(v) REPORT TO BE MADE PUBLIC.—
16 Upon the approval or disapproval of the
17 Task Force report pursuant to clause (ii),
18 the Task Force shall promptly make the
19 full report, and a record of the vote, avail-
20 able to the public.

21 “(4) MEMBERSHIP.—

22 “(A) IN GENERAL.—The Task Force shall
23 be composed of 18 members designated pursu-
24 ant to subparagraph (B).

1 “(B) DESIGNATION.—Members of the
2 Task Force shall be designated as follows:

3 “(i) The President shall designate 2
4 members, one of whom shall be the Sec-
5 retary of the Treasury, and the other of
6 whom shall be an officer of the executive
7 branch.

8 “(ii) The majority leader of the Sen-
9 ate shall designate 4 members from among
10 Members of the Senate.

11 “(iii) The minority leader of the Sen-
12 ate shall designate 4 members from among
13 Members of the Senate.

14 “(iv) The Speaker of the House of
15 Representatives shall designate 4 members
16 from among Members of the House of
17 Representatives.

18 “(v) The minority leader of the House
19 of Representatives shall designate 4 mem-
20 bers from among Members of the House of
21 Representatives.

22 “(C) CO-CHAIRS.—

23 “(i) IN GENERAL.—There shall be 2
24 Co-Chairs of the Task Force. The Presi-
25 dent, majority leader of the Senate, and

1 Speaker of the House shall designate one
2 Co-Chair among the members of the Task
3 Force. The minority leader of the Senate
4 and minority leader of the House shall des-
5 ignate the second Co-Chair among the
6 members of the Task Force. The Co-
7 Chairs shall be appointed not later than 14
8 days after the date of enactment of this
9 section.

10 “(ii) STAFF DIRECTOR.—The Co-
11 Chairs, acting jointly, shall hire the staff
12 director of the Task Force.

13 “(D) DATE.—Members of the Task Force
14 shall be designated by not later than 14 days
15 after the date of enactment of this section.

16 “(E) PERIOD OF DESIGNATION.—Members
17 shall be designated for the life of the Task
18 Force. Any vacancy in the Task Force shall not
19 affect its powers, but shall be filled not later
20 than 14 days after the date on which the va-
21 cancy occurs in the same manner as the origi-
22 nal designation.

23 “(F) COMPENSATION.—Members of the
24 Task Force shall serve without any additional
25 compensation for their work on the Task Force.

1 However, members may be allowed travel ex-
2 penses, including per diem in lieu of subsist-
3 ence, in accordance with sections 5702 and
4 5703 of title 5, United States Code, while away
5 from their homes or regular places of business
6 in performance of services for the Task Force.

7 “(5) ADMINISTRATION.—

8 “(A) AUTHORITY TO ESTABLISH RULES
9 AND REGULATIONS.—The Co-Chairs, in con-
10 sultation with the other members of the Task
11 Force, may establish rules and regulations for
12 the conduct of Task Force business, if such
13 rules and regulations are not inconsistent with
14 this section or other applicable law.

15 “(B) QUORUM.—Fourteen members of the
16 Task Force shall constitute a quorum for pur-
17 poses of voting, meeting, and holding hearings.

18 “(C) VOTING.—

19 “(i) PROXY VOTING.—No proxy voting
20 shall be allowed on behalf of the members
21 of the Task Force.

22 “(ii) REPORT, RECOMMENDATIONS
23 AND LEGISLATIVE LANGUAGE.—

24 “(I) DATES.—The Task Force
25 may not vote on any version of the re-

1 port, recommendations, or legislative
2 language before the timing provided
3 for in paragraph (3)(B)(i).

4 “(II) CONGRESSIONAL BUDGET
5 OFFICE AND JOINT COMMITTEE ON
6 TAXATION ESTIMATES.—The Congres-
7 sional Budget Office and Joint Com-
8 mittee on Taxation shall provide esti-
9 mates of the Task Force report and
10 recommendations (as described in
11 subsection (b)(2)(D)) in accordance
12 with section 308(a) and 201(f) of the
13 Congressional Budget Act of 1974.
14 The Task Force may not vote on any
15 version of the report, recommenda-
16 tions, or legislative language unless a
17 final estimate is available for consider-
18 ation by all the members at least 72
19 hours prior to the vote.

20 “(D) HEARINGS.—The Task Force may,
21 for the purpose of carrying out this section,
22 hold such hearings, sit and act at such times
23 and places, take such testimony, receive such
24 evidence, and administer such oaths the Task
25 Force considers advisable.

1 “(c) EXPEDITED CONSIDERATION OF TASK FORCE
2 RECOMMENDATIONS.—

3 “(1) INTRODUCTION.—

4 “(A) RECONVENING.—

5 “(i) IN THE HOUSE OF REPRESENTA-
6 TIVES.—Upon receipt of a report under
7 subsection (b)(3)(B), the Speaker, if the
8 House would otherwise be adjourned, shall
9 notify the Members of the House that,
10 pursuant to this section, the House shall
11 convene not later than December 7, 2011.

12 “(ii) IN THE SENATE.—

13 “(I) CONVENING.—Upon receipt
14 of a report under subsection
15 (b)(3)(B), if the Senate has adjourned
16 or recessed for more than 2 days, the
17 majority leader of the Senate, after
18 consultation with the minority leader
19 of the Senate, shall notify the Mem-
20 bers of the Senate that, pursuant to
21 this section, the Senate shall convene
22 not later than December 7, 2011.

23 “(II) ADJOURNING.—No concur-
24 rent resolution adjourning the Senate
25 for more than 3 days shall be in order

1 until the Senate votes on passage of
2 the Task Force bill under paragraph
3 (2)(B)(iv).

4 “(B) INTRODUCTION OF TASK FORCE
5 BILL.—The proposed legislative language con-
6 tained in the report submitted pursuant to sub-
7 section (b)(3)(B), upon receipt by the Congress,
8 shall be introduced not later than December 7,
9 2011, in the Senate and in the House of Rep-
10 resentatives by the majority leader of each
11 House of Congress, for himself, the minority
12 leader of each House of Congress, for himself,
13 or any member of the House designated by the
14 majority leader or minority leader. If the Task
15 Force bill is not introduced in accordance with
16 the preceding sentence in either House of Con-
17 gress, then any Member of that House may in-
18 troduce the Task Force bill on any day there-
19 after. Upon introduction, the Task Force bill
20 shall be referred to the appropriate committees
21 under subparagraph (C).

22 “(C) COMMITTEE CONSIDERATION.—A
23 Task Force bill introduced in either House of
24 Congress shall be jointly referred to the com-
25 mittee or committees of jurisdiction and the

1 Committee on the Budget of that House, which
2 committees shall report the bill without any re-
3 vision and with a favorable recommendation, an
4 unfavorable recommendation, or without rec-
5 ommendation, not later than 7 calendar days
6 after the date of introduction of the bill in that
7 House, or the first day thereafter on which that
8 House is in session. If any committee fails to
9 report the bill within that period, that com-
10 mittee shall be automatically discharged from
11 consideration of the bill, and the bill shall be
12 placed on the appropriate calendar.

13 “(2) EXPEDITED PROCEDURES.—

14 “(A) FAST TRACK CONSIDERATION IN
15 HOUSE OF REPRESENTATIVES.—

16 “(i) PROCEEDING TO CONSIDER-
17 ATION.—It shall be in order, not later than
18 2 days of session after the date on which
19 a Task Force bill is reported or discharged
20 from all committees to which it was re-
21 ferred, for the majority leader of the
22 House of Representatives or the majority
23 leader’s designee, to move to proceed to
24 the consideration of the Task Force bill. It
25 shall also be in order for any Member of

1 the House of Representatives to move to
2 proceed to the consideration of the Task
3 Force bill at any time after the conclusion
4 of such 2-day period. All points of order
5 against the motion are waived. Such a mo-
6 tion shall not be in order after the House
7 has disposed of a motion to proceed on the
8 Task Force bill. The previous question
9 shall be considered as ordered on the mo-
10 tion to its adoption without intervening
11 motion. The motion shall not be debatable.
12 A motion to reconsider the vote by which
13 the motion is disposed of shall not be in
14 order.

15 “(ii) CONSIDERATION.—The Task
16 Force bill shall be considered as read. All
17 points of order against the Task Force bill
18 and against its consideration are waived.
19 The previous question shall be considered
20 as ordered on the Task Force bill to its
21 passage without intervening motion except
22 100 hours of debate equally divided and
23 controlled by the proponent and an oppo-
24 nent, and any motion to limit debate. A

1 motion to reconsider the vote on passage of
2 the Task Force bill shall not be in order.

3 “(iii) APPEALS.—Appeals from deci-
4 sions of the chair relating to the applica-
5 tion of the Rules of the House of Rep-
6 resentatives to the procedure relating to a
7 Task Force bill shall be decided without
8 debate.

9 “(iv) APPLICATION OF HOUSE
10 RULES.—Except to the extent specifically
11 provided in paragraph (2)(A), consider-
12 ation of a Task Force bill shall be gov-
13 erned by the Rules of the House of Rep-
14 resentatives. It shall not be in order in the
15 House of Representatives to consider any
16 Task Force bill introduced pursuant to the
17 provisions of this subsection under a sus-
18 pension of the rules pursuant to Clause 1
19 of House Rule XV, or under a special rule
20 reported by the House Committee on
21 Rules.

22 “(v) NO AMENDMENTS.—No amend-
23 ment to the Task Force bill shall be in
24 order in the House of Representatives.

1 “(vi) VOTE ON PASSAGE.—Imme-
2 diately following the conclusion of consider-
3 ation of the Task Force bill, the vote on
4 passage of the Task Force bill shall occur
5 without any intervening action or motion,
6 requiring an affirmative vote of three-fifths
7 of the Members, duly chosen and sworn. If
8 the Task Force bill is passed, the Clerk of
9 the House of Representatives shall cause
10 the bill to be transmitted to the Senate be-
11 fore the close of the next day of session of
12 the House. The vote on passage shall occur
13 not later than December 23, 2011.

14 “(vii) VOTE.—The House Committee
15 on Rules may not report a rule or order
16 that would have the effect of causing the
17 Task Force bill to be approved by a vote
18 of less than three-fifths of the Members,
19 duly chosen and sworn.

20 “(B) FAST TRACK CONSIDERATION IN SEN-
21 ATE.—

22 “(i) IN GENERAL.—Notwithstanding
23 Rule XXII of the Standing Rules of the
24 Senate, it is in order, not later than 2 days
25 of session after the date on which a Task

1 Force bill is reported or discharged from
2 all committees to which it was referred, for
3 the majority leader of the Senate or the
4 majority leader's designee to move to pro-
5 ceed to the consideration of the Task
6 Force bill. It shall also be in order for any
7 Member of the Senate to move to proceed
8 to the consideration of the Task Force bill
9 at any time after the conclusion of such 2-
10 day period. A motion to proceed is in order
11 even though a previous motion to the same
12 effect has been disagreed to. All points of
13 order against the motion to proceed to the
14 Task Force bill are waived. The motion to
15 proceed is not debatable. The motion is not
16 subject to a motion to postpone. A motion
17 to reconsider the vote by which the motion
18 is agreed to or disagreed to shall not be in
19 order. If a motion to proceed to the consid-
20 eration of the Task Force bill is agreed to,
21 the Task Force bill shall remain the unfin-
22 ished business until disposed of.

23 “(ii) DEBATE.—All points of order
24 against the Task Force bill and against
25 consideration of the Task Force bill are

1 waived. Consideration of the Task Force
2 bill and of all debatable motions and ap-
3 peals in connection therewith shall not ex-
4 ceed a total of 100 hours. Debate shall be
5 divided equally between the majority and
6 minority leaders or their designees. A mo-
7 tion further to limit debate on the Task
8 Force bill is in order, shall require an af-
9 firmative vote of three-fifths of the Mem-
10 bers duly chosen and sworn, and is not de-
11 batable. Any debatable motion or appeal is
12 debatable for not to exceed 1 hour, to be
13 divided equally between those favoring and
14 those opposing the motion or appeal. All
15 time used for consideration of the Task
16 Force bill, including time used for quorum
17 calls and voting, shall be counted against
18 the total 100 hours of consideration.

19 “(iii) NO AMENDMENTS.—An amend-
20 ment to the Task Force bill, or a motion
21 to postpone, or a motion to proceed to the
22 consideration of other business, or a mo-
23 tion to recommit the Task Force bill, is
24 not in order.

1 “(iv) VOTE ON PASSAGE.—The vote
2 on passage shall occur immediately fol-
3 lowing the conclusion of the debate on a
4 Task Force bill, and a single quorum call
5 at the conclusion of the debate if re-
6 quested. Passage shall require an affirma-
7 tive vote of three-fifths of the Members,
8 duly chosen and sworn. The vote on pas-
9 sage shall occur not later than December
10 23, 2011.

11 “(v) ADJOURNMENT.—If, by Decem-
12 ber 23, 2011, either House has failed to
13 adopt a motion to proceed to the Task
14 Force bill, paragraph (1)(A)(ii)(II) shall
15 not apply.

16 “(vi) RULINGS OF THE CHAIR ON
17 PROCEDURE.—Appeals from the decisions
18 of the Chair relating to the application of
19 the rules of the Senate, as the case may
20 be, to the procedure relating to a Task
21 Force bill shall be decided without debate.

22 “(C) RULES TO COORDINATE ACTION WITH
23 OTHER HOUSE.—

24 “(i) REFERRAL.—If, before the pas-
25 sage by 1 House of a Task Force bill of

1 that House, that House receives from the
2 other House a Task Force bill, then the
3 Task Force bill of the other House shall
4 not be referred to a committee and shall
5 immediately be placed on the calendar.

6 “(ii) PROCEDURE.—If the Senate re-
7 ceives the Task Force bill passed by the
8 House of Representatives before the Sen-
9 ate has voted on passage of the Task
10 Force bill—

11 “(I) the procedure in the Senate
12 shall be the same as if no Task Force
13 bill had been received from House of
14 Representatives; and

15 “(II) the vote on passage in the
16 Senate shall be on the Task Force bill
17 of the House of Representatives.

18 “(iii) TREATMENT OF TASK FORCE
19 BILL OF OTHER HOUSE.—If 1 House fails
20 to introduce or consider a Task Force bill
21 under this section, the Task Force bill of
22 the other House shall be entitled to expe-
23 dited floor procedures under this section.

24 “(iv) TREATMENT OF COMPANION
25 MEASURES IN THE SENATE.—If following

1 passage of the Task Force bill in the Sen-
2 ate, the Senate then receives the Task
3 Force bill from the House of Representa-
4 tives, the House-passed Task Force bill
5 shall not be debatable. The vote on passage
6 of the Task Force bill in the Senate shall
7 be considered to be the vote on passage of
8 the Task Force bill received from the
9 House of Representatives.

10 “(v) VETOES.—If the President vetoes
11 the Task Force bill, debate on a veto mes-
12 sage in the Senate under this section shall
13 be 1 hour equally divided between the ma-
14 jority and minority leaders or their des-
15 ignees.

16 “(3) SUSPENSION.—No motion to suspend the
17 application of this subsection shall be in order in the
18 Senate or in the House of Representatives.”.

19 (b) FUNDING.—From the amounts appropriated or
20 made available and remaining unobligated under division
21 A (other than under title X of division A) of the American
22 Recovery and Reinvestment Act of 2009 (Public Law 111–
23 5), there is rescinded pro rata an aggregate amount equal
24 to \$9,000,000, which amount shall be made available with-
25 out need for further appropriation to the Bipartisan Task

1 Force for Responsible Fiscal Action to carry out the pur-
2 poses of the Bipartisan Task Force for Responsible Fiscal
3 Action, and which shall remain available through fiscal
4 year 2013. Not later than 14 days after the date of enact-
5 ment of this section, the Director of the Office of Manage-
6 ment and Budget shall administer the rescission and make
7 available such amount to the Bipartisan Task Force for
8 Responsible Fiscal Action.

9 **SEC. 6. REPEAL OF INCOME TAX ON INDIVIDUALS.**

10 (a) **IN GENERAL.**—Chapter 1 of the Internal Rev-
11 enue Code of 1986 is amended by striking the following
12 provisions:

- 13 (1) Part I of subchapter A.
- 14 (2) Subpart A of part IV of subchapter A.
- 15 (3) Sections 31, 32, 35, 36, and 36A.

16 (b) **REPEAL OF ALTERNATIVE MINIMUM TAX FOR**
17 **INDIVIDUALS.**—Section 55 of the Internal Revenue Code
18 of 1986 is amended by adding at the end the following
19 new subsection:

20 “(f) **EXEMPTION FOR NONCORPORATE TAX-**
21 **PAYERS.**—The tentative minimum tax for any taxpayer
22 other than a corporation shall be zero.”.

23 (c) **EFFECTIVE DATE.**—The amendments made by
24 this section shall apply to taxable years beginning after
25 December 31, 2021.

1 **SEC. 7. PRIORITIZATION FOR REPAYMENT OF NATIONAL**
2 **DEBT.**

3 To take into account the national security concerns
4 of the United States, the Secretary of the Treasury, in
5 consultation with the Secretary of State, shall prioritize
6 the repayment of the national debt and shall take into ac-
7 count circumstances in which the Secretary of the Treas-
8 ury determines the early repayment of outstanding debt
9 is detrimental to the fiscal stability of the United States.

10 **SEC. 8. STUDY AND REPORT.**

11 (a) **STUDY.**—The Secretary of the Treasury, in con-
12 sultation with the Chairman of the Federal Reserve,
13 shall—

14 (1) analyze methods to prevent and relieve any
15 distortions among economic sectors created by the
16 implementation of this Act,

17 (2) make recommendations regarding the appli-
18 cation of the transaction fee established under this
19 Act to barter transactions which do not involve a
20 payment instrument,

21 (3) assess the transaction fee established under
22 this Act as a tool of Federal fiscal policy, including
23 an impact analysis on the elimination or retention of
24 existing tax expenditures, incentives, penalties, and
25 credits, including—

26 (A) the earned income credit,

1 (B) the alternative minimum tax,

2 (C) the child tax credit, and

3 (D) the deduction for mortgage interest,

4 (4) analyze the extent to which the transaction
5 fee could offset the cost to the Federal Government
6 of increasing discretionary and mandatory spending,
7 particularly expenditures related to education, de-
8 fense, Social Security, Medicare, and Medicaid,

9 (5) make recommendations with respect to the
10 Internal Revenue Service, which—

11 (A) assume the transition and grandfather-
12 ing of all existing personnel of the Internal Rev-
13 enue Service,

14 (B) identify the elements of the current In-
15 ternal Revenue Service needed to administer the
16 transaction fee, and

17 (C) examine the feasibility of modifying
18 the overall mission and jurisdiction of the Inter-
19 nal Revenue Service from one focused on tax
20 law application to one focused on uncovering
21 waste, fraud, and abuse throughout the Federal
22 Government, and

23 (6) make determinations and recommendations
24 for methods of phasing out the income tax on indi-
25 viduals before its repeal under section 4 in a manner

1 which is consistent with the purposes described in
2 section 2(b)(3).

3 (b) REPORT.—The Secretary of the Treasury shall,
4 not later than 1 year after the date of the enactment of
5 this Act, submit to Congress a written report containing
6 the results, determinations, and recommendations of the
7 Secretary under subsection (a).

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