

103D CONGRESS
1ST SESSION

S. 474

To amend the Internal Revenue Code of 1986 to increase the amount of the exemption for dependent children under age 18 to \$3,500, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 2 (legislative day, JANUARY 5), 1993

Mr. COATS introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to increase the amount of the exemption for dependent children under age 18 to \$3,500, 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. STATEMENT OF CONGRESSIONAL FINDINGS.**

4 The Congress hereby finds that—

5 (1) the erosion of the personal exemption over
6 the past several decades has exacted an inordinate
7 financial penalty on families with children,

1 (2) the simplest and most effective way to rein-
 2 vest and strengthen families is by allowing families
 3 to keep more of their own hard-earned money,

4 (3) an increase in the dependent deduction
 5 would begin to ease the growing financial strain on
 6 families, and mark a return to tax fairness for fami-
 7 lies,

8 (4) if the personal exemption had kept pace
 9 with inflation, increases in per capita income and in-
 10 creases in family costs, it would be approximately
 11 \$8,000 today, and

12 (5) the dependent deduction should be raised to
 13 \$3,500 with a goal to reach the appropriate level by
 14 the year 2000.

15 **SEC. 2. INCREASE IN PERSONAL EXEMPTION FOR CERTAIN**
 16 **DEPENDENT CHILDREN.**

17 (a) GENERAL RULE.—Paragraph (1) of section
 18 151(d) of the Internal Revenue Code of 1986 (defining
 19 exemption amount) is amended to read as follows:

20 “(1) IN GENERAL.—Except as otherwise pro-
 21 vided in this subsection, the term ‘exemption
 22 amount’ means \$2,000 (or, in the case of an exemp-
 23 tion under subsection (c) for a child who has not at-
 24 tained age 18 before the close of the calendar year
 25 in which the taxable year begins, \$3,500).”

1 (b) CONFORMING AMENDMENTS.—

2 (1) Subparagraph (A) of section 151(d)(3) of
3 such Code is amended by striking “the exemption
4 amount” and inserting “each dollar amount in effect
5 under paragraph (1) (after any adjustment under
6 paragraph (4))”.

7 (2) Subparagraph (A) of section 151(d)(4) of
8 such Code is amended—

9 (A) by striking “the dollar amount” and
10 inserting “each dollar amount”, and

11 (B) by adding at the end thereof the fol-
12 lowing new sentence: “In the case of the \$3,500
13 amount contained in paragraph (1), the preced-
14 ing sentence shall be applied by substituting
15 ‘1993’ for ‘1989’ the first place it appears, and
16 by substituting ‘1992’ for ‘1988’.”

17 **SEC. 3. ROUNDING OF INFLATION ADJUSTMENTS.**

18 Paragraph (6) of section 1(f) of the Internal Revenue
19 Code of 1986 (relating to rounding) is amended to read
20 as follows:

21 “(6) ROUNDING.—If any increase determined
22 under paragraph (2)(A), subsection (g)(4), section
23 63(c)(4), section 68(b)(2), or section 151(d)(4) is
24 not a multiple of \$10, such increase shall be rounded
25 to the nearest multiple of \$10.”

1 **SEC. 4. EFFECTIVE DATE.**

2 The amendments made by this Act shall apply to tax-
3 able years beginning after December 31, 1992.

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