

110TH CONGRESS
1ST SESSION

S. 2389

To amend the Internal Revenue Code of 1986 to increase the alternative minimum tax credit amount for individuals with long-term unused credits for prior year minimum tax liability, and for other purposes.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 16, 2007

Mr. KERRY (for himself, Ms. CANTWELL, and Mr. LIEBERMAN) 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 alternative minimum tax credit amount for individuals with long-term unused credits for prior year minimum tax liability, 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,*

1 **SECTION 1. INCREASE OF AMT REFUNDABLE CREDIT**
2 **AMOUNT FOR INDIVIDUALS WITH LONG-**
3 **TERM UNUSED CREDITS FOR PRIOR YEAR**
4 **MINIMUM TAX LIABILITY, ETC.**

5 (a) IN GENERAL.—Paragraph (2) of section 53(e) of
6 the Internal Revenue Code of 1986 is amended to read
7 as follows:

8 “(2) AMT REFUNDABLE CREDIT AMOUNT.—
9 For purposes of paragraph (1), the term ‘AMT re-
10 fundable credit amount’ means, with respect to any
11 taxable year, the amount (not in excess of the long-
12 term unused minimum tax credit for such taxable
13 year) equal to the greater of—

14 “(A) 50 percent of the long-term unused
15 minimum tax credit for such taxable year, or

16 “(B) the amount (if any) of the AMT re-
17 fundable credit amount determined under this
18 paragraph for the taxpayer’s preceding taxable
19 year.”.

20 (b) TREATMENT OF CERTAIN UNDERPAYMENTS, IN-
21 TEREST, AND PENALTIES ATTRIBUTABLE TO THE TREAT-
22 MENT OF INCENTIVE STOCK OPTIONS.—Section 53 of the
23 Internal Revenue Code of 1986 is amended by adding at
24 the end the following new subsection:

1 “(f) TREATMENT OF CERTAIN UNDERPAYMENTS, IN-
2 TEREST, AND PENALTIES ATTRIBUTABLE TO THE TREAT-
3 MENT OF INCENTIVE STOCK OPTIONS.—

4 “(1) ABATEMENT.—Any underpayment of tax
5 outstanding on the date of the enactment of this
6 subsection which is attributable to the application of
7 section 56(b)(3) for any taxable year ending before
8 January 1, 2007 (and any interest or penalty with
9 respect to such underpayment which is outstanding
10 on such date of enactment), is hereby abated. No
11 credit shall be allowed under this section with re-
12 spect to any amount abated under this paragraph.

13 “(2) INCREASE IN CREDIT FOR CERTAIN INTER-
14 EST AND PENALTIES ALREADY PAID.—Any interest
15 or penalty paid before the date of the enactment of
16 this subsection which would (but for such payment)
17 have been abated under paragraph (1) shall be treat-
18 ed for purposes of this section as an amount of ad-
19 justed net minimum tax imposed for the taxable
20 year of the underpayment to which such interest or
21 penalty relates.”.

22 “(c) EFFECTIVE DATE.—

23 “(1) IN GENERAL.—Except as provided in para-
24 graph (2), the amendment made by this section shall

1 apply to taxable years beginning after December 31,
2 2006.

3 (2) ABATEMENT.—Section 53(f)(1) of the In-
4 ternal Revenue Code of 1986, as added by sub-
5 section (b), shall take effect on the date of the en-
6 actment of this Act.

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