

**AMENDMENT TO STATE AND FOREIGN  
OPERATIONS APPROPRIATIONS BILL  
OFFERED BY MS. LEE OF CALIFORNIA**

At the end of title VIII, insert the following (and re-designate the subsequent title and section accordingly):

1       **TITLE IX—BUDGET PROCESS**  
2       **AMENDMENTS AND SAVINGS**  
3       **Subtitle A—Budget Process**  
4               **Amendments**

5       **SEC. 9001. REPEAL THE 2013 AND 2014 SEQUESTERS.**

6           (a) **CALCULATION OF TOTAL DEFICIT REDUCTION**  
7 **AND ALLOCATION TO FUNCTIONS.**—(1) Section 251A(3)  
8 of the Balanced Budget and Emergency Deficit Control  
9 Act of 1985 (2 U.S.C. 901a) is amended by striking  
10 “2013” and inserting “2015”.

11           (2) Paragraph (4) of such section is amended by  
12 striking “2014” and inserting “2015”.

13           (3) Paragraphs (5) and (6) of such section are  
14 amended by striking “2013” and inserting “2015”.

15           (b) **DEFENSE AND NONDEFENSE FUNCTION REDUC-**  
16 **TIONS.**—Paragraphs (5) and (6) of section 251A of the  
17 Balanced Budget and Emergency Deficit Control Act of

1 1985 are amended by striking “2013” and inserting  
2 “2015” each place it appears.

3 (c) IMPLEMENTING DISCRETIONARY REDUCTIONS.—  
4 Section 251A(7)(B) of such Act is amended by striking  
5 “2014” and inserting “2015” each place it appears.

6 (d) RESTORATION OF SEQUESTERED FUNDS.—Not-  
7 withstanding the Presidential sequestration order for fis-  
8 cal year 2013 issued under section 251A of the Balanced  
9 Budget and Emergency Deficit Control Act of 1985, on  
10 and after the date of the enactment of this Act, the budg-  
11 etary resources sequestered under such order shall be  
12 available for obligation for the same purpose, in the same  
13 amount as otherwise would have been available for the pe-  
14 riod beginning on the date of enactment of this Act and  
15 before October 1, 2013, and in the same manner as if such  
16 order had not been issued.

17 (e) CONFORMING CHANGE.—Upon the date of enact-  
18 ment of this Act, the report entitled “OMB Sequestration  
19 Preview Report to the President and Congress for Fiscal  
20 Year 2014 and OMB Report to the Congress on the Joint  
21 Committee Reductions for Fiscal Year 2014”, issued on  
22 April 10, 2013, and corrected May 20, 2013, shall have  
23 no force or effect.

1 **SEC. 9002. REDUCTION OF DEFENSE DISCRETIONARY LIM-**  
2 **ITS.**

3 The discretionary limits set forth in section 251(c)  
4 of the Balanced Budget and Emergency Deficit Control  
5 Act of 1985 for the security category for fiscal years 2017  
6 through 2021 are replaced with the following limits: for  
7 fiscal year 2017, \$586,000,000,000; for fiscal year 2018,  
8 \$595,000,000,000; for fiscal year 2019,  
9 \$604,000,000,000; for fiscal year 2020,  
10 \$614,000,000,000; and for fiscal year 2021,  
11 \$624,000,000,000.

12 **SEC. 9003. PROTECTING VETERANS PROGRAMS FROM SE-**  
13 **QUESTER.**

14 Section 256(e)(2)(E) of the Balanced Budget and  
15 Emergency Deficit Control Act of 1985 is repealed.

16 **Subtitle B—Agricultural Savings**

17 **SEC. 9011. ONE-YEAR EXTENSION OF AGRICULTURAL COM-**  
18 **MODITY PROGRAMS, EXCEPT DIRECT PAY-**  
19 **MENT PROGRAMS.**

20 (a) EXTENSION.—Except as provided in subsection  
21 (b) and notwithstanding any other provision of law, the  
22 authorities provided by each provision of title I of the  
23 Food, Conservation, and Energy Act of 2008 (Public Law  
24 110–246; 122 Stat. 1651) and each amendment made by  
25 that title (and for mandatory programs at such funding  
26 levels), as in effect on September 30, 2013, shall continue,

1 and the Secretary of Agriculture shall carry out the au-  
2 thorities, until September 30, 2014.

3 (b) TERMINATION OF DIRECT PAYMENT PRO-  
4 GRAMS.—

5 (1) COVERED COMMODITIES.—The extension  
6 provided by subsection (a) shall not apply with re-  
7 spect to the direct payment program under section  
8 1103 of the Food, Conservation, and Energy Act of  
9 2008 (7 U.S.C. 8713).

10 (2) PEANUTS.—The extension provided by sub-  
11 section (a) shall not apply with respect to the direct  
12 payment program under section 1303 of the Food,  
13 Conservation, and Energy Act of 2008 (7 U.S.C.  
14 7953).

15 (c) EFFECTIVE DATE.—This section shall take effect  
16 on the earlier of—

17 (1) the date of the enactment of this Act; and

18 (2) September 30, 2013.

## 19 **Subtitle C—Oil and Gas Subsidies**

### 20 **SEC. 9021. PROHIBITION ON USING LAST-IN, FIRST-OUT AC-** 21 **COUNTING FOR MAJOR INTEGRATED OIL** 22 **COMPANIES.**

23 (a) IN GENERAL.—Section 472 of the Internal Rev-  
24 enue Code of 1986 is amended by adding at the end the  
25 following new subsection:

1       “(h) MAJOR INTEGRATED OIL COMPANIES.—Not-  
2 withstanding any other provision of this section, a major  
3 integrated oil company (as defined in section  
4 167(h)(5)(B)) may not use the method provided in sub-  
5 section (b) in inventorying of any goods.”.

6       (b) EFFECTIVE DATE AND SPECIAL RULE.—

7           (1) IN GENERAL.—The amendment made by  
8 subsection (a) shall apply to taxable years beginning  
9 after the date of the enactment of this Act.

10          (2) CHANGE IN METHOD OF ACCOUNTING.—In  
11 the case of any taxpayer required by the amendment  
12 made by this section to change its method of ac-  
13 counting for its first taxable year beginning after the  
14 date of the enactment of this Act—

15           (A) such change shall be treated as initi-  
16 ated by the taxpayer,

17           (B) such change shall be treated as made  
18 with the consent of the Secretary of the Treas-  
19 ury, and

20           (C) the net amount of the adjustments re-  
21 quired to be taken into account by the taxpayer  
22 under section 481 of the Internal Revenue Code  
23 of 1986 shall be taken into account ratably over  
24 a period (not greater than 8 taxable years) be-  
25 ginning with such first taxable year.

1 **SEC. 9022. DEDUCTION FOR INCOME ATTRIBUTABLE TO DO-**  
2 **MESTIC PRODUCTION ACTIVITIES NOT AL-**  
3 **LOWED WITH RESPECT TO OIL AND GAS AC-**  
4 **TIVITIES OF MAJOR INTEGRATED OIL COM-**  
5 **PANIES.**

6 (a) IN GENERAL.—Subparagraph (A) of section  
7 199(d)(9) of the Internal Revenue Code of 1986 is amend-  
8 ed by inserting “(9 percent in the case of any major inte-  
9 grated oil company (as defined in section 167(h)(5)(B)))”  
10 after “3 percent”.

11 (b) EFFECTIVE DATE.—The amendment made by  
12 subsection (a) shall apply to taxable years beginning after  
13 the date of the enactment of this Act.

14 **SEC. 9023. LIMITATION ON DEDUCTION FOR INTANGIBLE**  
15 **DRILLING AND DEVELOPMENT COSTS OF**  
16 **MAJOR INTEGRATED OIL COMPANIES.**

17 (a) IN GENERAL.—Section 263(c) of the Internal  
18 Revenue Code of 1986 is amended by adding at the end  
19 the following new sentence: “This subsection shall not  
20 apply to amounts paid or incurred by a taxpayer in any  
21 taxable year in which such taxpayer is a major integrated  
22 oil company (as defined in section 167(h)(5)(B)).”.

23 (b) EFFECTIVE DATE.—The amendment made by  
24 this section shall apply to amounts paid or incurred in tax-  
25 able years beginning after the date of the enactment of  
26 this Act.

1           **Subtitle D—The Buffett Rule**

2   **SEC. 9031. FAIR SHARE TAX ON HIGH-INCOME TAXPAYERS.**

3           (a) IN GENERAL.—Subchapter A of chapter 1 of the  
4 Internal Revenue Code of 1986 is amended by adding at  
5 the end the following new part:

6           **“PART VII—FAIR SHARE TAX ON HIGH-INCOME**  
7   **TAXPAYERS**

8   **“SEC. 59B. FAIR SHARE TAX.**

9           “(a) GENERAL RULE.—

10                   “(1) PHASE-IN OF TAX.—In the case of any  
11 high-income taxpayer, there is hereby imposed for a  
12 taxable year (in addition to any other tax imposed  
13 by this subtitle) a tax equal to the product of—

14                                   “(A) the amount determined under para-  
15 graph (2), and

16                                   “(B) a fraction (not to exceed 1)—

17   “(i) the numerator of which is the ex-  
18 cess of—

19   “(I) the taxpayer’s adjusted  
20 gross income, over

21   “(II) the dollar amount in effect  
22 under subsection (c)(1), and

23   “(ii) the denominator of which is the  
24 dollar amount in effect under subsection  
25 (c)(1).

1           “(2) AMOUNT OF TAX.—The amount of tax de-  
2           termined under this paragraph is an amount equal  
3           to the excess (if any) of—

4                   “(A) the tentative fair share tax for the  
5           taxable year, over

6                   “(B) the excess of—

7                           “(i) the sum of—

8                                   “(I) the regular tax liability (as  
9                                   defined in section 26(b)) for the tax-  
10                                  able year,

11                                   “(II) the tax imposed by section  
12                                  55 for the taxable year, plus

13                                   “(III) the payroll tax for the tax-  
14                                  able year, over

15                                   “(ii) the credits allowable under part  
16                                  IV of subchapter A (other than sections  
17                                  27(a), 31, and 34).

18           “(b) TENTATIVE FAIR SHARE TAX.—For purposes  
19           of this section—

20                   “(1) IN GENERAL.—The tentative fair share tax  
21           for the taxable year is 30 percent of the excess of—

22                           “(A) the adjusted gross income of the tax-  
23                           payer, over

24                           “(B) the modified charitable contribution  
25                           deduction for the taxable year.

1           “(2) MODIFIED CHARITABLE CONTRIBUTION  
2 DEDUCTION.—For purposes of paragraph (1)—

3           “(A) IN GENERAL.—The modified chari-  
4 table contribution deduction for any taxable  
5 year is an amount equal to the amount which  
6 bears the same ratio to the deduction allowable  
7 under section 170 (section 642(c) in the case of  
8 a trust or estate) for such taxable year as—

9           “(i) the amount of itemized deduc-  
10 tions allowable under the regular tax (as  
11 defined in section 55) for such taxable  
12 year, determined after the application of  
13 section 68, bears to

14           “(ii) such amount, determined before  
15 the application of section 68.

16           “(B) TAXPAYER MUST ITEMIZE.—In the  
17 case of any individual who does not elect to  
18 itemize deductions for the taxable year, the  
19 modified charitable contribution deduction shall  
20 be zero.

21           “(c) HIGH-INCOME TAXPAYER.—For purposes of this  
22 section—

23           “(1) IN GENERAL.—The term ‘high-income tax-  
24 payer’ means, with respect to any taxable year, any  
25 taxpayer (other than a corporation) with an adjusted

1 gross income for such taxable year in excess of  
2 \$1,000,000 (50 percent of such amount in the case  
3 of a married individual who files a separate return).

4 “(2) INFLATION ADJUSTMENT.—

5 “(A) IN GENERAL.—In the case of a tax-  
6 able year beginning after 2014, the \$1,000,000  
7 amount under paragraph (1) shall be increased  
8 by an amount equal to—

9 “(i) such dollar amount, multiplied by

10 “(ii) the cost-of-living adjustment de-  
11 termined under section 1(f)(3) for the cal-  
12 endar year in which the taxable year be-  
13 gins, determined by substituting ‘calendar  
14 year 2013’ for ‘calendar year 1992’ in sub-  
15 paragraph (B) thereof.

16 “(B) ROUNDING.—If any amount as ad-  
17 justed under subparagraph (A) is not a multiple  
18 of \$10,000, such amount shall be rounded to  
19 the next lowest multiple of \$10,000.

20 “(d) PAYROLL TAX.—For purposes of this section,  
21 the payroll tax for any taxable year is an amount equal  
22 to the excess of—

23 “(1) the taxes imposed on the taxpayer under  
24 sections 1401, 1411, 3101, 3201, and 3211(a) (to  
25 the extent such taxes are attributable to the rate of

1 tax in effect under section 3101) with respect to  
2 such taxable year or wages or compensation received  
3 during the taxable year, over

4 “(2) the deduction allowable under section  
5 164(f) for such taxable year.

6 “(e) SPECIAL RULE FOR ESTATES AND TRUSTS.—  
7 For purposes of this section, in the case of an estate or  
8 trust, adjusted gross income shall be computed in the  
9 manner described in section 67(e).

10 “(f) NOT TREATED AS TAX IMPOSED BY THIS CHAP-  
11 TER FOR CERTAIN PURPOSES.—The tax imposed under  
12 this section shall not be treated as tax imposed by this  
13 chapter for purposes of determining the amount of any  
14 credit under this chapter (other than the credit allowed  
15 under section 27(a)) or for purposes of section 55.”.

16 (b) CONFORMING AMENDMENT.—Section 26(b)(2) of  
17 such Code is amended by redesignating subparagraphs (C)  
18 through (X) as subparagraphs (D) through (Y), respec-  
19 tively, and by inserting after subparagraph (B) the fol-  
20 lowing new subparagraph:

21 “(C) section 59B (relating to fair share  
22 tax),”.

23 (c) CLERICAL AMENDMENT.—The table of parts for  
24 subchapter A of chapter 1 of such Code is amended by  
25 adding at the end the following new item:

“Part VII—Fair Share Tax on High-Income Taxpayers”.

1 (d) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2013.

## 4 **Subtitle E—Sense of the House**

### 5 **SEC. 9041. SENSE OF THE HOUSE ON THE NEED FOR A FAIR,** 6 **BALANCED AND BIPARTISAN APPROACH TO** 7 **LONG-TERM DEFICIT REDUCTION.**

8 (a) The House finds that—

9 (1) every bipartisan commission has rec-  
10 ommended – and the majority of Americans agree –  
11 that we should take a balanced, bipartisan approach  
12 to reducing the deficit that addresses both revenue  
13 and spending; and

14 (2) sequestration is a meat-ax approach to def-  
15 icit reduction that imposes deep and mindless cuts,  
16 regardless of their impact on vital services and in-  
17 vestments.

18 (b) It is the sense of the House that the Congress  
19 should replace the entire 10-year sequester established by  
20 the Budget Control Act of 2011 with a balanced approach  
21 that would increase revenues without increasing the tax  
22 burden on middle-income Americans, and decrease long-  
23 term spending while maintaining the Medicare guarantee,  
24 protecting Social Security and a strong social safety net,  
25 and making strategic investments in education, science,

- 1 research, and critical infrastructure necessary to compete
- 2 in the global economy.

