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(Original Signature of Member)

115TH CONGRESS
1ST SESSION

H. R. _____

To amend the Internal Revenue Code of 1986 to provide for payments to residents of States for which the Federal tax burden exceeds the Federal outlays received.

IN THE HOUSE OF REPRESENTATIVES

Mr. GOTTHEIMER introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to provide for payments to residents of States for which the Federal tax burden exceeds the Federal outlays received.

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 “Return on Investment
5 Accountability Act”.

1 **SEC. 2. PAYOR STATE CREDIT AMOUNT FOR INDIVIDUALS.**

2 (a) IN GENERAL.—Subchapter B of chapter 65 of the
3 Internal Revenue Code of 1986 is amended by inserting
4 after section 6427 the following new section:

5 **“SEC. 6428. PAYOR STATE CREDIT AMOUNT FOR INDIVID-**
6 **UALS.**

7 “(a) IN GENERAL.—There shall be allowed to the
8 taxpayer with respect to each eligible individual as a credit
9 against the tax imposed by subtitle A for a taxable year
10 an amount equal to the individual payor State amount.

11 “(b) INDIVIDUAL PAYOR STATE AMOUNT.—For pur-
12 poses of this section—

13 “(1) IN GENERAL.—The term ‘individual payor
14 State amount’ means the amount that is the same
15 proportion of the payor State amount as the ratio
16 that one bears to all eligible individuals of the State
17 for the calendar year preceding the calendar year in
18 which the taxable year begins.

19 “(2) PAYOR STATE AMOUNT.—The term ‘payor
20 State amount’ means the amount equal to the excess
21 (if any) of—

22 “(A) the Federal tax burden of the State
23 for the calendar year preceding the calendar
24 year in which the taxable year begins, over

25 “(B) the Federal outlays received by the
26 State for such preceding calendar year for the

1 calendar year preceding the calendar year in
2 which the taxable year begins.

3 “(3) FEDERAL TAX BURDEN AND FEDERAL
4 OUTLAYS.—

5 “(A) IN GENERAL.—The Secretary shall
6 calculate the Federal tax burden of each State
7 for each calendar year and the Federal outlays
8 received by the State for the calendar year.

9 “(B) FEDERAL TAX BURDEN.—For pur-
10 poses of subparagraph (A), the Secretary
11 shall—

12 “(i) treat all Federal taxes paid by eli-
13 gible individuals as a burden on the State
14 in which such individual resides; and

15 “(ii) treat all Federal taxes paid by a
16 legal business entity as a burden on the
17 State in which economic activity of such
18 entity is performed in the same proportion
19 that the economic activity of such entity in
20 such State bears to the economic activity
21 of such entity in all the States.

22 “(C) FEDERAL OUTLAYS.—For purposes
23 of subparagraph (A), a Federal contract award
24 shall be treated as a Federal outlay received by
25 each State in which performance under the

1 award takes place in the same proportion that
2 such performance in such State bears to such
3 performance in all the States.

4 “(4) ELIGIBLE INDIVIDUAL.—

5 “(A) IN GENERAL.—The term ‘eligible in-
6 dividual’ means any individual who is—

7 “(i) the taxpayer, the spouse of the
8 taxpayer, or a dependent of the taxpayer,

9 “(ii) a citizen of the United States or
10 lawfully present in the United States, and

11 “(iii) a resident of the payor State for
12 more than half of the taxable year.

13 “(B) EXCEPTION.—The term ‘eligible indi-
14 vidual’ does not include—

15 “(i) any individual with respect to
16 whom a deduction under section 151 is al-
17 lowable to another taxpayer for a taxable
18 year beginning in the calendar year in
19 which the individual’s taxable year begins,
20 or

21 “(ii) an estate or trust.

22 “(c) TREATMENT OF CREDIT.—The credit allowed by
23 subsection (a) shall be treated as allowed by subpart C
24 of part IV of subchapter A of chapter 1.

1 “(d) COORDINATION WITH ADVANCE REFUNDS OF
2 CREDIT.—

3 “(1) IN GENERAL.—The amount of credit
4 which would (but for this paragraph) be allowable
5 under this section shall be reduced (but not below
6 zero) by the aggregate refunds and credits made or
7 allowed to the taxpayer under subsection (e). Any
8 failure to so reduce the credit shall be treated as
9 arising out of a mathematical or clerical error and
10 assessed according to section 6213(b)(1).

11 “(2) JOINT RETURNS.—In the case of a refund
12 or credit made or allowed under subsection (e) with
13 respect to a joint return, half of such refund or cred-
14 it shall be treated as having been made or allowed
15 to each individual filing such return.

16 “(e) ADVANCE REFUNDS AND CREDITS.—

17 “(1) IN GENERAL.—Each individual who was
18 an eligible individual for a calendar year shall be
19 treated as having made a payment against the tax
20 imposed by chapter 1 for such first taxable year in
21 an amount equal to the advance refund amount for
22 such taxable year.

23 “(2) ADVANCE REFUND AMOUNT.—For pur-
24 poses of paragraph (1), the advance refund amount
25 is the amount that would have been allowed as a

1 credit under this section for the taxable year in
2 which the calendar year begins (other than sub-
3 section (d) and this subsection) had applied to such
4 taxable year.

5 “(3) NO INTEREST.—No interest shall be al-
6 lowed on any overpayment attributable to this sec-
7 tion.

8 “(f) IDENTIFICATION NUMBER REQUIREMENT.—

9 “(1) IN GENERAL.—No credit shall be allowed
10 under subsection (a) to an eligible individual who
11 does not include on the return of tax for the taxable
12 year—

13 “(A) such individual’s valid identification
14 number,

15 “(B) in the case of a joint return, the valid
16 identification number of such individual’s
17 spouse, and

18 “(2) VALID IDENTIFICATION NUMBER.—For
19 purposes of paragraph (1), the term ‘valid identifica-
20 tion number’ means a social security number issued
21 to an individual by the Social Security Administra-
22 tion. Such term shall not include a TIN issued by
23 the Internal Revenue Service.”.

24 (b) ADMINISTRATIVE AMENDMENTS.—

1 (1) DEFINITION OF DEFICIENCY.—Section
2 6211(b)(4)(A) of such Code is amended by inserting
3 “6428,” after “168(k)(4),”.

4 (2) MATHEMATICAL OR CLERICAL ERROR AU-
5 THORITY.—Section 6213(g)(2) of such Code is
6 amended by striking “and” at the end of subpara-
7 graph (P), by striking the period at the end of sub-
8 paragraph (R) and inserting “, and”, and by insert-
9 ing after subparagraph (R) the following:

10 “(S) an omission of information required
11 under section 6428(f) to be included on a re-
12 turn.”.

13 (c) CONFORMING AMENDMENTS.—

14 (1) Paragraph (2) of section 1324(b) of title
15 31, United States Code, is amended by inserting
16 “6428,” before “or 6431”.

17 (2) The table of sections for subchapter B of
18 chapter 65 of such Code is amended by inserting
19 after the item relating to section 6427 the following
20 new item:

 “Sec. 6428. Payor State credit amount for individuals.”.

21 (d) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to taxable years beginning after
23 one year after the date of the enactment of this Act.