

**AMENDMENT TO H.R. 1**  
**OFFERED BY MR. KING OF IOWA**

In title I of division B, add at the end the following:

1 **Subtitle I—Temporary Zero Per-**  
2 **cent Capital Gains Rate for In-**  
3 **dividuals and Corporations**

4 **SEC. 1801. TEMPORARY ZERO PERCENT CAPITAL GAINS**  
5 **RATE FOR INDIVIDUALS AND CORPORA-**  
6 **TIONS.**

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

10 **“PART VIII—TEMPORARY ZERO PERCENT CAP-**  
11 **ITAL GAINS RATE FOR INDIVIDUALS AND**  
12 **CORPORATIONS**

“Sec. 59B. Temporary zero percent capital gains rate for individuals and corporations.

13 **“SEC. 59B. TEMPORARY ZERO PERCENT CAPITAL GAINS**  
14 **RATE FOR INDIVIDUALS AND CORPORA-**  
15 **TIONS.**

16 “(a) APPLICATION TO INDIVIDUALS.—In the case of  
17 a specified recognition event occurring on or after Decem-  
18 ber 31, 2008, and on or before December 31, 2010—

1           “(1) IN GENERAL.—Section 1(h)(1) shall be ap-  
2           plied by substituting ‘shall not exceed a tax com-  
3           puted at the rates and in the same manner as if this  
4           subsection had not been enacted on taxable income  
5           reduced by the net capital gain.’ for ‘shall not ex-  
6           ceed’ and all that follows.

7           “(2) ALTERNATIVE MINIMUM TAX.—Section  
8           55(b)(3) shall be applied by substituting ‘shall not  
9           exceed the amount determined under such first sen-  
10          tence computed at the rates and in the same manner  
11          as if this paragraph had not been enacted on the  
12          taxable excess reduced by the net capital gain.’ for  
13          ‘shall not exceed’ and all that follows through the  
14          end of the first sentence.

15          “(b) APPLICATION TO CORPORATIONS.—In the case  
16          of a specified recognition event occurring on or after De-  
17          cember 31, 2008, and on or before December 31, 2010—

18                 “(1) IN GENERAL.—Section 1201 shall be ap-  
19                 plied—

20                         “(A) by substituting ‘0 percent’ for ‘35  
21                         percent’ both places it appears, and

22                         “(B) by treating ‘net capital gain’ as hav-  
23                         ing the meaning given such term by section  
24                         1(h)(11).

1           “(2) ALTERNATIVE MINIMUM TAX.—For pur-  
2           poses of section 55, the amount determined under  
3           subsection (b)(1)(B)(i) of such section shall not ex-  
4           ceed the sum of—

5                   “(A) the amount determined under such  
6                   subsection computed at the rates and in the  
7                   same manner as if this paragraph had not been  
8                   enacted on the taxable excess reduced by the  
9                   net capital gain (as defined in section  
10                  1(h)(11)), plus

11                   “(B) the amount determined under section  
12                  1201.

13           “(c) TECHNICAL PROVISIONS.—In the case of a spec-  
14           ified recognition event occurring on or after December 31,  
15           2008, and on or before December 31, 2010—

16                   “(1) Section 1445(e)(1) shall be applied by sub-  
17                   stituting ‘0 percent’ for ‘35 percent (or, to the ex-  
18                   tent provided in regulations, 15 percent)’.

19                   “(2) Section 1445(e)(2) shall be applied by sub-  
20                   stituting ‘0 percent’ for ‘35 percent’.

21                   “(3) Section 7518(g)(6)(A) shall be applied by  
22                   substituting ‘0 percent’ for ‘15 percent (34 percent  
23                   in the case of a corporation)’.

24                   “(4) Section 607(h)(6)(A) of the Merchant Ma-  
25                   rine Act, 1936 shall be applied by substituting ‘0

1       percent’ for ‘15 percent (34 percent in the case of  
2       a corporation)’.

3       “(d) SPECIFIED RECOGNITION EVENT.—For pur-  
4 poses of this section, the term ‘specified recognition event’  
5 means—

6             “(1) the sale or exchange of a capital asset held  
7       for more than 1 year, and

8             “(2) the receipt of qualified dividend income (as  
9       defined in section 1(h)(11)).

10       “(e) APPLICATION TO TRANSITIONAL YEARS.—The  
11 Secretary shall issue regulations providing appropriate  
12 transition rules for the application of the provisions of this  
13 title referred to in subsections (a) or (b) for taxable years  
14 which include December 31, 2008, or December 31,  
15 2010.”.

16       (b) CONFORMING AMENDMENT.—The table of parts  
17 for subchapter A of chapter 1 of such Code is amended  
18 by adding at the end the following new item:

“PART VIII—TEMPORARY ZERO PERCENT CAPITAL GAINS RATE FOR  
INDIVIDUALS AND CORPORATIONS”.

19       (c) EFFECTIVE DATE.—

20             (1) IN GENERAL.—Except as provided in para-  
21 graph (2), the amendments made by this section  
22 shall apply to taxable years ending after December  
23 31, 2008.

1           (2) WITHHOLDING.—Paragraphs (1) and (2) of  
2           section 59B(c) of the Internal Revenue Code of  
3           1986, as added by this section, shall apply to dis-  
4           positions and distributions after such date.

