

110TH CONGRESS  
1ST SESSION

# H. R. 3861

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

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 16, 2007

Mr. VAN HOLLEN (for himself, Mr. SAM JOHNSON of Texas, Mr. NEAL of Massachusetts, and Mr. RAMSTAD) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to increase the AMT refundable 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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “AMT Credit Fairness  
5 and Relief Act of 2007”.

1 **SEC. 2. INCREASE OF AMT REFUNDABLE CREDIT AMOUNT**  
2 **FOR INDIVIDUALS WITH LONG-TERM UNUSED**  
3 **CREDITS FOR PRIOR YEAR MINIMUM TAX LI-**  
4 **ABILITY, 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  
23 such Code is amended by adding at the end the following  
24 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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