

Omnibus Budget Reconciliation Act of 1993

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The **Omnibus Budget Reconciliation Act of 1993** (or **OBRA-93**^[1]) was a federal law that was enacted by the 103rd United States Congress and signed into law by President Bill Clinton. It has also been referred to, unofficially, as the **Deficit Reduction Act of 1993**. Part XIII, which dealt with taxes and is also called the **Revenue Reconciliation Act of 1993**.

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Specifics

- Previously the top individual tax rate of 31% applied to all income over \$51,900. The Act created a new bracket of 36% for income above \$115,000, and 39.6% for income above \$250,000.^[2]
- Previously, corporate income above \$335,000 was taxed at 34%. The Act created new brackets of 35% for income from \$10 million to \$15 million, 38% for income from \$15 million to \$18.33 million, and 35% for income above \$18.33 million.^[3]
- The 2.9% Medicare tax had previously been capped to apply to only the first \$135,000 of income. The cap was removed.
- Transportation fuels taxes were raised by 4.3 cents per gallon.
- The portion of Social Security benefits subject to income taxes was raised from 50% to 85%.^[4]
- The phaseout of the personal exemption and the limit on itemized deductions were permanently extended.
- The AMT tax rate was increased from 24% to tiered rates of 26% and 28%.^[5]

Omnibus Budget Reconciliation Act



Long title	Omnibus Budget Reconciliation Act
Acronyms (colloquial)	OBRA-93
Nicknames	Deficit Reduction Act of 1993, Revenue Reconciliation Act of 1993
Enacted by	the 103rd United States Congress
Effective	August 10, 1993

Citations

Public law	103-66 (http://www.gpo.gov/fdsys/pkg/BILLS-103hr2264enr/pdf/BILLS-103hr2264enr.pdf)
Statutes at Large	107 Stat. 312 <i>through</i> 685 Stat. 1025 (374 pages)

Legislative history

- Introduced in the House as the "Omnibus Budget Reconciliation Act of 1993"** (H.R. 2264 (<https://www.congress.gov/bill/103rd-congress/house-bill/2264>)) **by** Martin Olav Sabo (D–MN) **on** May 25, 1993
- Committee consideration by** Budget
- Passed the House on** May 27, 1993 (219-213 (<http://clerk.house.gov/evs/1993/roll199.xml>))
- Passed the Senate on** June 25, 1993 (50–49 (http://www.senate.gov/legislative/LIS/roll_call_lists/roll_call_vote_cfm.cfm?congress=103&session=1&vote=00190)) **with amendment**
- House agreed to Senate amendment on** August 5, 1993 (218-216 (<http://clerk.house.gov/evs/1993/roll406.xml>)) **with further amendment**
- Senate agreed to House amendment on** August 6, 1993 (51-50 (http://www.senate.gov/legislative/LIS/roll_call_lists/roll_call_vote_cfm.cfm?congress=103&session=1&vote=00247))
- Signed into law by President Bill Clinton on** August 10, 1993

- Part IV Section 14131: Expansion of the Earned Income Tax Credit and added inflation adjustments.

Alternatives

Some alternatives to the bill included a proposal by Senator David Boren (D-OK), which among other things would have kept much of the tax increase on upper-income payers but would have eliminated all energy tax increases while also scaling back the Earned Income Tax Credit. It was endorsed by Bill Cohen (R-ME), Bennett Johnston (D-LA), and John Danforth (R-MO). Boren's proposal never passed committee. Clinton himself claimed he had an alternative tax proposal that favored taxes on energy. Later in 1995 he expressed belief that taxes had been raised too much (In 1997, Congress cut the capital gains tax from 28 to 20%).^{[6][7]}

Another proposal was offered in the House of Representatives by John Kasich (R-OH). He sponsored an amendment that would have reduced the deficit by cutting \$355 billion in spending with \$129 billion of the cuts coming from entitlement programs (the actual bill cut entitlement spending by only \$42 billion). The amendment would have eliminated any tax increases. The amendment failed by a 138-295 vote with many Republicans voting against the amendment and only six Democrats voting in favor of the amendment.

Legislative history

Ultimately every Republican in Congress voted against the bill, as did a number of Democrats. Vice President Al Gore broke a tie in the Senate on both the Senate bill and the conference report. The House bill passed 219-213 on Thursday, May 27, 1993.^[1] (<http://clerk.house.gov/evs/1993/roll199.xml>) The House passed the conference report on Thursday, August 5, 1993, by a vote of 218 to 216 (217 Democrats and 1 independent (Sanders (I-VT)) voting in favor; 41 Democrats and 175 Republicans voting against).^[2] (<http://www.govtrack.us/congress/vote.xpd?vote=h1993-406>) The Senate passed the conference report on the last day before their month's vacation, on Friday, August 6, 1993, by a vote of 51 to 50 (50 Democrats plus Vice President Gore voting in favor, 6 Democrats (Lautenberg (D-NJ), Bryan (D-NV), Nunn (D-GA), Johnston (D-LA), Boren (D-OK), and Shelby (D-AL) now (R-AL)) and 44 Republicans voting against). President Clinton signed the bill on August 10, 1993.

References

1. Pub.L. 103–66 (<http://legislink.org/us/pl-103-66>), 107 Stat. 312 (<http://legislink.org/us/stat-107-312>), enacted August 10, 1993.
2. "Tax Tables and Tax Rate Schedules". *unclefed.com*. February 18, 1993. Retrieved February 10, 2014.
3. Taylor, Jack (February 18, 1993). "Corporation Income Tax Brackets and Rate, 1909-2002" (PDF). IRS. Retrieved February 10, 2014.
4. "New Law Lifts Lid On Medicare Tax". *Chicago Tribune*. September 26, 1993. Retrieved February 10, 2014.
5. Joint Committee on Taxation (June 27, 2007). "Present Law and Background Relating to the Individual Alternative Minimum Tax" (PDF). JCT. Retrieved October 11, 2015.
6. Pardum, Todd (1995-10-19). "Clinton Angers Friend and Foe In Tax Remark". *New York Times*. Retrieved 2012-09-09.
7. Auten, Gerald (2010). "Capital Gains Taxation". *Urban Institute*. Retrieved 2012-09-09.

The government was able to raise additional revenue, which {when combined with the spending cuts passed by the GOP Congress in 1997 in the Balanced Budget Act} helped balance the budget and by the end of the 1990s began to reduce privately held public debt.^[5]

External links

- Full text of the Act (<http://www.scribd.com/doc/76345306/PL-103-66-Revenue-Reconciliation-Act-of-1993>)

- Senate roll call vote (http://www.senate.gov/legislative/LIS/roll_call_lists/roll_call_vote_cfm.cfm?congress=103&session=1&vote=00247)
- House roll call vote (<http://clerk.house.gov/evs/1993/roll406.xml>)
- Summary of OBRA-93 (<http://www.realestateagent.com/real-estate-glossary/Insurance/Omnibus-budget-reconciliation-act-of-.html>)
- nysscpa.org (<http://www.nysscpa.org/cpajournal/old/14522914.htm>)

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Categories: 1993 in law | United States federal taxation legislation
| United States federal appropriations legislation | 1993 in economics

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