Public Law 98-76
98th Congress

An Act

To amend the Railroad Retirement Act of 1974 and the Railroad Retirement Tax Act to assure sufficient resources to pay current and future benefits under the Railroad Retirement Act of 1974, to make technical changes, and for other purposes.

Aug. 12, 1983
[H.R. 1646]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Railroad Retirement Solvency Act of 1983".

Railroad Retirement Solvency Act of 1983.

TITLE I—BENEFIT ADJUSTMENTS

45 USC 231t note.

SEC. 101. (a) Section 3(a) of the Railroad Retirement Act of 1974 is amended— 45 USC 231b.

(1) by amending subdivision (2) to read as follows:

"(2) For purposes of this subsection, individuals entitled to an annuity under paragraph (iv) or (v) of section 2(a)(1) of this Act shall be deemed to be entitled to a disability insurance benefit under section 223 of the Social Security Act."; and 45 USC 231a. 42 USC 423.

(2) by adding at the end thereof the following new subdivision:

"(3) In lieu of an annuity amount provided under subdivision (1), the annuity of an individual entitled to an annuity under paragraph (ii) of section 2(a)(1) of this Act which begins to accrue before the individual attains age 62 shall be in an amount equal to—

"(i) for each month prior to the first month throughout which the individual is age 62, the amount (after any reduction on account of age but before any deductions on account of work) of the old-age insurance benefit to which such individual would have been entitled under the Social Security Act as of the date on which such individual's annuity begins to accrue if such individual had attained age 62 on the first day of the month in which his or her annuity begins to accrue and if all of such individual's service as an employee after December 31, 1936, had been included in the term 'employment' as defined in that Act, using for purposes of this computation the number of benefit computation years applicable to a person born in the year in which such individual was born; and ". 42 USC 1305.

"(ii) for months beginning with the first month throughout which the individual is age 62, the amount (after any reduction on account of age but before any deductions on account of work) of the old-age insurance benefit to which such individual would have been entitled under the Social Security Act if all of such individual's service as an employee after December 31, 1936, had been included in the term 'employment' as defined in that Act.".

(b) Section 4(a) of the Railroad Retirement Act of 1974 is amended— 45 USC 231c.

(1) by striking out "spouses" in subdivision (2) and inserting in lieu thereof "if an individual is entitled to an annuity under paragraph (ii) of section 2(a)(1) of this Act which did not begin to 45 USC 231a.

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accrue before such individual attained age 62, the spouse of such individual"; and

(2) by adding at the end thereof the following new subdivisions:

"(3) In the case of an individual entitled to an annuity under section 2(a)(1)(ii) of this Act which began to accrue before such individual attained age 62, the annuity of the spouse of such individual under section 2(c) of this Act shall, in lieu of an annuity amount provided under subdivision (1), be in an amount equal to—

45 USC 231a.

"(i) for each month prior to the first month throughout which both the individual and the spouse are age 62, 50 per centum of that portion of the individual's annuity as is, or was prior to such individual's attaining age 62, computed under section 3(a)(3)(i) of this Act, reduced to the same extent such amount would be reduced under section 202(b)(4) of the Social Security Act (in the case of a wife) or under section 202(c)(2) of the Social Security Act (in the case of a husband) as if such amount were a wife's insurance benefit or a husband's insurance benefit, respectively, under such Act; and

Ante, p. 411.

42 USC 402.

"(ii) for months beginning with the first month throughout which both the individual and the spouse are age 62, the amount (after any reduction on account of age based on the spouse's age at the time the amount under this paragraph first becomes payable but before any deductions on account of work) of the wife's insurance benefit or the husband's insurance benefit to which such spouse would have been entitled under the Social Security Act if the individual's service as an employee after December 31, 1936, had been included in the term 'employment' as defined in that Act.

42 USC 1305.

"(4) In the case of an individual entitled to an annuity under paragraph (iv) or (v) of section 2(a)(1) of this Act, the annuity of the spouse of such individual entitled to an annuity under section 2(c)(1)(ii)(B) of this Act shall, in lieu of an annuity amount provided under subdivision (1), be in an amount equal to the amount (after any reduction on account of age but before any deductions on account of work) of the wife's insurance benefit or the husband's insurance benefit to which such spouse would have been entitled under the Social Security Act if the individual's service as an employee after December 31, 1936, had been included in the term 'employment' as defined in that Act. For purposes of this subdivision, spouses who have not attained age 62 shall be deemed to have attained age 62.".

45 USC 231a.

(c) The amendments made by this section shall become effective on July 1, 1984, and shall apply only with respect to awards in cases where the individual's annuity under section 2(a)(1) of the Railroad Retirement Act of 1974 began to accrue on or after that date and the individual had not completed thirty years of service and attained age 60 prior to that date. In the case of an individual who has completed thirty years of service and has attained age 60 before January 1, 1986, the amount of the reduction on account of age in the annuity amount provided to such individual under section 3(a)(3) of the Railroad Retirement Act of 1974 and the amount of the reduction on account of age in the annuity amount provided to the spouse of such individual under subdivision (3) of section 4(a) of the Railroad Retirement Act of 1974 shall be only one-half of the amount by which such annuity would be reduced on account of age except for the provisions of this sentence.

Effective date.
45 USC 231b note.

45 USC 231a.

Ante, p. 411.

Supra.

SEC. 102. (a) Section 3(g) of the Railroad Retirement Act of 1974 is amended to read as follows: 45 USC 231b.

"(g)(1) Effective with the date of any increase after January 31, 1984, in monthly insurance benefits under the Social Security Act which occurs, or which would have occurred had there not been a general benefit increase under that Act, pursuant to the automatic cost-of-living provisions of section 215(i) of that Act, that portion of the annuity of an individual which is computed under subsection (b) of this section shall, if such individual's annuity under section 2(a)(1) of this Act began to accrue on or before the effective date of a particular increase under this subdivision, be increased by 32.5 per centum of the percentage increase in the index which is used, or which would have been used had there not been a general benefit increase under the Social Security Act, in increasing benefits under the Social Security Act pursuant to the automatic cost-of-living provisions of section 215(i) of that Act. Any increase under this subsection shall not be deferred and shall be reflected in all payments made to annuitants after such increase under this subsection becomes effective. 42 USC 1305. 42 USC 415. 45 USC 231a.

"(2) The first and, if necessary, the following time or times after January 1, 1983, that monthly insurance benefits under section 202 of the Social Security Act are increased, that portion of the annuity of an individual which is computed under subsection (b) of this section as increased under subdivision (1) of this subsection shall, if such individual's annuity under section 2(a)(1) of this Act began to accrue in or before the year in which such first increase under the Social Security Act became effective, be reduced by the dollar amount by which that portion of the annuity provided such individual under subsection (a) of this section was increased, after any reduction under subsection (m) of this section, as a result of such increase or increases under the Social Security Act until the total dollar amount of such reduction or reductions equals 5 per centum of the annuity amount provided such individual under subsection (a), as reduced under subsection (m), prior to such first increase. In no case shall the reduction by reason of this paragraph operate to reduce such portion to an amount less than $10.". 42 USC 402.

(b) Section 4(d) of the Railroad Retirement Act of 1974 is amended— 45 USC 231c.

(1) by inserting "(1)" after "(d)";

(2) by striking out "3(g)" and inserting "3(g)(1)" in lieu thereof; and

(3) by adding at the end thereof the following new subdivisions:

"(2) That portion of the annuity of the spouse of an individual as is determined under subsection (b) of this section prior to any determination under subsection (c) of this subsection shall, if the annuity of such spouse is not subject to reduction under subdivision (3) of this subsection, be reduced by an amount equal to 50 per centum of the dollar amount by which the annuity of the individual was reduced under section 3(g)(2) of this Act. In no case shall the reduction by reason of this paragraph operate to reduce such portion to an amount less than $10. *Supra.*

"(3) The first and, if necessary, the following time or times after January 1, 1983, that monthly insurance benefits under section 202 of the Social Security Act are increased, that portion of the annuity of the spouse of an individual as is determined under subsections (b), (c), and (d)(1) of this section shall, if such spouse's annuity under 42 USC 402.

45 USC 231a.
42 USC 1305.

section 2(c) of this Act began to accrue in or before the year in which such first increase under the Social Security Act became effective, be reduced by the dollar amount by which that portion of the annuity provided such spouse under subsection (a) of this section was increased, after any reduction under subsection (i) of this section, as a result of such increase or increases under the Social Security Act until the total dollar amount of such reduction or reductions equals 5 per centum of the annuity amount provided such spouse under subsection (a), as reduced under subsection (i), prior to such first increase. In no case shall the reduction by reason of this paragraph operate to reduce such portion to an amount less than $10.".

45 USC 231c.

(c) Section 4(g) of the Railroad Retirement Act of 1974 is amended—

Ante, p. 413.

(1) in subdivision (1), by inserting "and without regard to any reduction under section 3(g)(2) of this Act" after "before any reduction on account of age";

(2) in subdivision (6), by striking out "3(g)" and inserting "3(g)(1)" in lieu thereof; and

(3) by adding at the end the following new subdivisions:

"(7) The first and, if necessary, the following time or times after January 1, 1983, that monthly insurance benefits under section 202 of the Social Security Act are increased, that portion of the annuity of a survivor of a deceased individual as is determined under subdivisions (1) and (2) of this subsection, or under section 4(g) of this Act as in effect before amendment by section 1119(g) of Public Law 97-35, shall, if such survivor's annuity under section 2(d) of this Act began to accrue before the effective date of such first increase under the Social Security Act, be reduced by the dollar amount by which that portion of the annuity provided such survivor under subsection (f) of this section was increased, after any reduction under subsection (i) of this section, as a result of such increase or increases under the Social Security Act until the total dollar amount of such reduction or reductions equals 5 per centum of the annuity amount provided such survivor under subsection (f), as reduced under subsection (i), prior to such first increase. In no case shall the reduction by reason of this paragraph operate to reduce such portion to an amount less than $10.

42 USC 402.
45 USC 231c.

"(8) That portion of the annuity of a survivor of a deceased individual as is determined under subdivisions (1) and (2) of this subsection shall, if the annuity of such survivor is not subject to reduction under subdivision (7) of this subsection, be reduced by an amount equal to the dollar amount by which the annuity of the deceased individual was reduced under section 3(g)(2) of this Act or would have been reduced under such section 3(g)(2) if such deceased individual had been living at the time such survivor's annuity under section 2(d) of this Act began to accrue (deeming for this purpose, if such individual died before becoming entitled to an annuity under section 2(a)(1) of this Act, that such individual became entitled to an annuity under paragraph (i) of such section 2(a)(1) in the month in which such individual died). In a case where the survivor of a deceased individual is not entitled to a monthly insurance benefit under the Social Security Act, the reduction provided by the preceding sentence of this subdivision shall be equal to the dollar amount by which the annuity of the deceased individual would have been reduced under section 3(g)(2) of this Act if the annuity of such deceased individual had not been subject to reduction under section

3(m) of this Act. In no case shall the reduction by reason of this paragraph operate to reduce such portion to an amount less than $10. 45 USC 231b.

"(9) That portion of the annuity of a survivor of a deceased individual as is determined under section 4(g) of this Act as in effect before amendment by section 1119(g) of Public Law 97-35 shall, if the annuity of such survivor is not subject to reduction under subdivision (7) of this subsection, be reduced by an amount equal to the dollar amount by which the annuity of the deceased individual was reduced under section 3(g)(2) of this Act or, if such survivor is not entitled to a monthly insurance benefit under the Social Security Act, would have been reduced under such section 3(g)(2) if the annuity of such deceased individual had not been subject to reduction under section 3(m) of this Act. In no case shall the reduction by reason of this paragraph operate to reduce such portion to an amount less than $10.". 45 USC 231c. *Ante*, p. 413. 42 USC 1305.

(d) The amendments made by this section shall be effective on the date of the enactment of this Act. For purposes of the amendments made by subsection (a) of this section, annuity portions computed under subsections (b) and (d) of section 3 of the Railroad Retirement Act of 1974 as in effect before October 1, 1981, shall be treated as having been computed under subsection (b) of such section as in effect after that date. Effective date. 45 USC 231b note. 45 USC 231b.

SEC. 103. (a) Section 5(a) of the Railroad Retirement Act of 1974 is amended— 45 USC 231d.

(1) by striking out "An annuity" at the beginning and inserting in lieu thereof "Subject to the limitations set forth below, an annuity";

(2) by amending paragraphs (ii) and (iii) to read as follows:

"(ii) in the case of an applicant otherwise entitled to an annuity under paragraph (iv) or (v) of section 2(a)(1) or under section 2(d)(1)(i) on the basis of disability, not earlier than the later of (A) the first day of the sixth month following the onset date of the disability for which such annuity is awarded or (B) the first day of the twelfth month before the month in which the application therefor was filed; 45 USC 231a.

"(iii) in the case of an applicant otherwise entitled to an annuity under section 2(a)(1), 2(c), or 2(d) where paragraph (ii) does not apply, not earlier than the latest of (A) the first day of the sixth month before the month in which the application therefor was filed, (B) the first day of the month in which the application therefor was filed if the effect of beginning such annuity in an earlier month would result in a greater age reduction in the annuity, unless beginning the annuity in the earlier month would enable an annuity under section 2(c) which is not subject to an age reduction to be payable in such earlier month, (C) in the case of an applicant otherwise entitled to an annuity under section 2(a)(1) or 2(c), the date following the last day of compensated service of the applicant, or (D) in the case of an applicant otherwise entitled to an annuity under section 2(a)(1) or 2(c), the first day of the first month throughout which the applicant meets the age requirement for the annuity applied for;" and

(3) by adding at the end thereof the following new sentence: "For the purpose of determining annuity amounts provided under sections 3(a), 4(a), and 4(f) of this Act, the provisions with respect to the beginning dates of annuities set forth in this *Ante*, p. 411.

42 USC 1305.

subsection shall be deemed to govern the beginning dates of monthly benefits provided under the Social Security Act.".

Effective date. 45 USC 231d note.

(b) The amendments made by this section shall become effective on the first day of the first month beginning after the date of the enactment of this Act, and shall apply only with respect to annuities awarded on the basis of applications filed on or after that day.

45 USC 231a.

SEC. 104. (a) Clause (B) of section 2(d)(1)(iii) of the Railroad Retirement Act of 1974 is amended to read as follows: "(B) will be less than nineteen years of age and a full-time elementary or secondary school student, or".

(b) Section 2(d)(4) of the Railroad Retirement Act of 1974 is amended—

(1) by striking out "full-time student" each place it appears and inserting in lieu thereof "full-time elementary or secondary school student";

(2) by striking out "educational institution" each place it appears and inserting in lieu thereof "elementary or secondary school";

(3) by striking out "twenty-two" in the fourth sentence and inserting in lieu thereof "nineteen"; and

(4) by striking out "degree from a four-year college or university" and inserting in lieu thereof "diploma or equivalent certificate from a secondary school (as defined in section 202(d)(7)(c)(i) of the Social Security Act)".

42 USC 402.

45 USC 231d.

(c) Section 5(c)(7) of the Railroad Retirement Act of 1974 is amended—

(1) by striking out "full-time student" and inserting in lieu thereof "full-time elementary or secondary school student"; and

(2) by striking out "22" and inserting in lieu thereof "19".

Effective date. 45 USC 231a note.

(d) The amendments made by this section shall be effective with respect to annuities accruing for months after the month in which this Act is enacted except in the case of a child who has attained the age of eighteen in or before the month in which this Act is enacted and is entitled to an annuity under section 2(d) of the Railroad Retirement Act of 1974 for the month in which this Act is enacted or, if earlier, for the month of April 1983.

45 USC 231a.

45 USC 231u.

SEC. 105. Section 22 of the Railroad Retirement Act of 1974 is amended by striking out "(a)" and all that follows through the end of subsection (a) of such section and inserting in lieu thereof the following: "(a)(1) On or before February 1 of each year beginning in 1984, the Railroad Retirement Board shall prepare a five-year projection of anticipated revenues to and payments from the Railroad Retirement Account to determine the ability of such Account to pay benefits in each of the next succeeding five calendar years. No later than April 1 of each year, the Board shall submit a written report to the President, the Speaker of the House, and the President of the Senate setting forth the results of the projection prepared pursuant to the preceding sentence. If the projection indicates that the funds in the Railroad Retirement Account will be insufficient to pay the full amount of the benefits under this Act which are payable from that Account at any time during the five-year period, the Board's report shall include—

Five-year projection of anticipated revenues.

Report submittal.

"(A) the first fiscal year during which benefits under this Act must be reduced, in the absence of any adjustments, because insufficient funds (including any general revenue borrowing authority under this Act) would preclude payment of full bene-

fits (other than benfits payable from the Dual Benefits Payments Account) for every month in such fiscal year;

"(B) the first fiscal year during which the Board would recommend suspension of the authority to borrow contained in section 10(d) of the Railroad Unemployment Insurance Act, in order to prevent depletion of the Railroad Retirement Account; and 45 USC 360.

"(C) the amount, if any, of adjustments (stated in terms of percentage of taxable payroll), and any other changes such as cash flow adjustments, necessary to preserve the financial solvency of the Railroad Retirement Account, if such adjustments were effective at the beginning of the next succeeding fiscal year.

"(2) Not less than 20 nor more than 30 days after the submission of a written report under this subsection which indicates that, in the absence of any adjustments, the Railroad Retirement Account will contain insufficient funds to pay the full amount of the benefits under this Act which are payable from that Account at some time during the five-year period covered by the report, the Board shall publish such report in the Federal Register.". Publication in Federal Register.

SEC. 106. (a) Section 2(a)(1) of the Railroad Retirement Act of 1974 is amended— 45 USC 231a.

(1) by striking out "the age of sixty-five" from paragraph (i) and inserting in lieu thereof "retirement age (as defined in section 216(l) of the Social Security Act)"; and *Ante*, p. 107.

(2) by striking out "reduced by 1/180 for each calendar month that he or she is under age sixty-five when the annuity begins to accrue" from paragraph (iii) and inserting in lieu thereof "reduced by 1/180 for each of the first 36 months that he or she is under retirement age (as defined in section 216(l) of the Social Security Act) when the annuity begins to accrue and by 1/240 for each additional month that he or she is under retirement age (as defined in section 216(l) of the Social Security Act) when the annuity begins to accrue".

(b) Section 2(a)(3) of the Railroad Retirement Act of 1974 is amended by striking out "the age of 65" and "the age of sixty-five years" and inserting in lieu thereof in each instance "retirement age (as defined in section 216(l) of the Social Security Act)". 45 USC 231a.

(c) Section 2(c)(1) of the Railroad Retirement Act of 1974 is amended by striking out "the age of 65" from paragraph (ii) and inserting in lieu thereof "retirement age (as defined in section 216(l) of the Social Security Act)".

(d) Section 2(c)(2) of the Railroad Retirement Act of 1974 is amended—

(1) by striking out "the age of 65" and inserting in lieu thereof "retirement age (as defined in section 216(l) of the Social Security Act)"; and

(2) by striking out "reduced by 1/144 for each calendar month that the spouse or divorced wife is under age 65 when the annuity begins to accrue" and inserting in lieu thereof "reduced by 1/144 for each of the first 36 months that the spouse or divorced wife is under retirement age (as defined in section 216(l) of the Social Security Act) when the annuity begins to accrue and by 1/240 for each additional month that the spouse or divorced wife is under retirement age (as defined in section 216(l) of the Social Security Act) when the annuity begins to accrue".

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45 USC 231a.

(e) Section 2(c)(4) of the Railroad Retirement Act of 1974 is amended by striking out "the age of 65" and inserting in lieu thereof "retirement age (as defined in section 216(l) of the Social Security Act".

Ante, p. 107.

(f) Section 2(e)(2) of the Railroad Retirement Act of 1974 is amended by striking out "age sixty-five" and inserting in lieu thereof "retirement age (as defined in section 216(l) of the Social Security Act)".

(g) Section 2(e)(4) of the Railroad Retirement Act of 1974 is amended by striking out "age sixty-five" and "age of sixty-five" and inserting in lieu thereof in each instance "retirement age (as defined in section 216(l) of the Social Security Act)".

(h) Section 4(a)(2) of the Railroad Retirement Act of 1974 (as amended by section 101(b) of this Act) is amended by striking out "age 65" and inserting in lieu thereof "retirement age (as defined in section 216(l) of the Social Security Act".

Ante, p. 411.

45 USC 231d.

(i) Section 5(b) of the Railroad Retirement Act of 1974 is amended by striking out "the age of 65" and "age 65" and inserting in lieu thereof in each instance "retirement age (as defined in section 216(l) of the Social Security Act)".

(j) Section 5(c)(2) of the Railroad Retirement Act of 1974 is amended by striking out "age 65" and inserting in lieu thereof "retirement age (as defined in section 216(l) of the Social Security Act)".

Effective date.
45 USC 231a note.
45 USC 231b, 231c.
Ante, p. 413.

(k) The amendments made by this section shall be effective on the date of the enactment of this Act, except that such amendment shall not apply to annuity amounts provided under sections 3(b) and 4(b) of the Railroad Retirement Act of 1974 or to increases in such annuity amounts provided under sections 3(g) and 4(d) of such Act if the individual upon whose earning record such annuity amounts are based rendered service as an employee to an employer, or as an employee representative, before the date of the enactment of this Act.

45 USC 231b.

SEC. 107. (a) Section 3(i) of the Railroad Retirement Act of 1974 is amended by adding at the end thereof the following new subdivision:

Compensation.

"(4) Where for any calendar year after 1984 an individual has performed service for compensation in less than twelve months of the calendar year but has received compensation in excess of an amount determined by multiplying the number of months in the year in which such individual performed service for compensation by an amount equal to one-twelfth of the current maximum annual taxable 'wages' as defined in section 3121 of the Internal Revenue Code of 1954, the individual shall be deemed to have rendered service for compensation in that number of months in the calendar year, but not to exceed twelve, which is equal to the quotient of the amount of such individual's compensation for the calendar year divided by an amount equal to one-twelfth of the current maximum annual taxable 'wages' as defined in section 3121 of the Internal Revenue Code of 1954, with any remainder produced by this computation increasing the quotient by one, but an individual shall not be deemed under this subdivision to have rendered service for compensation in any month in which such individual was neither in an employment relation to one or more employers nor an employee representative.".

26 USC 3121.

45 USC 231b.

(b) Section 3(j) of the Railroad Retirement Act of 1974 is amended by inserting after the second sentence thereof the following new sentence: "If for any calendar year after 1984 an employee has

received compensation of less than one-twelfth of the current maximum annual taxable 'wages' as defined in section 3121 of the Internal Revenue Code of 1954 in one or more months of the calendar year, the total compensation paid such employee in the calendar year (without regard to the limitation on the amount of compensation provided in the preceding sentence) shall be deemed to have been paid in equal proportions with respect to all months in the year in which the employee will have been in the service of one or more employers for compensation or will have performed service for compensation as an employee representative, but this sentence shall not operate to increase the employee's compensation for any month above an amount equal to one-twelfth of the current maximum annual taxable 'wages' as defined in section 3121 of the Internal Revenue Code of 1954.". 26 USC 3121.

(c) The amendments made by this section shall become effective on January 1, 1985. Effective date. 45 USC 231b note.

TITLE II—REVENUE PROVISIONS

Railroad Retirement Revenue Act of 1983.

SEC. 201. SHORT TITLE.

This title may be cited as the "Railroad Retirement Revenue Act of 1983". 26 USC 1 note.

Subtitle A—Railroad Retirement Taxes

PART I—INCREASE IN TIER 2 TAXES FOR PERIOD BEGINNING JANUARY 1, 1984, AND ENDING DECEMBER 31, 1984

SEC. 211. INCREASE IN TIER 2 TAXES.

(a) EMPLOYEE TAX.—Subsection (a) of section 3201 of the Internal Revenue Code of 1954 (relating to tax on employees) is amended by striking out "2.0 percent" and inserting in lieu thereof "2.75 percent". *Post*, p. 420.

(b) EMPLOYER TAX.—Subsection (a) of section 3221 of such Code (relating to tax on employers) is amended by striking out "11.75 percent" and inserting in lieu thereof "12.75 percent". *Post*, p. 420.

(c) EMPLOYEE REPRESENTATIVE TAX.—Subsection (a) of section 3211 of such Code (relating to tax on employee representatives) is amended by striking out "11.75 percent" and inserting in lieu thereof "12.75 percent". *Post*, p. 421.

(d) TECHNICAL AMENDMENT.—The last sentence of section 230(c) of the Social Security Act is amended by striking out "11.75 percent" and inserting in lieu thereof "12.75 percent". 42 USC 430.

SEC. 212. EFFECTIVE DATE.

The amendments made by this part shall apply to compensation paid for services rendered after December 31, 1983, and before January 1, 1985. 26 USC 3201 note.

PART II—OTHER CHANGES AFFECTING TIER 2 TAXES

SEC. 221. INCREASES IN TIER 2 EMPLOYEE TAX; ANNUALIZATION OF TAX BASE.

26 USC 3201.

Section 3201 of the Internal Revenue Code of 1954 (relating to rate of tax on employees) is amended to read as follows:

"SEC. 3201. RATE OF TAX.

"(a) TIER 1 TAX.—In addition to other taxes, there is hereby imposed on the income of each employee a tax equal to the following percentage of the compensation received during any calendar year by such employee for services rendered by such employee:

"In the case of compensation received during:	The rate shall be:
1985	7.05
1986 or 1987	7.15
1988 or 1989	7.51
1990 or thereafter	7.65.

"(b) TIER 2 TAX.—In addition to other taxes, there is hereby imposed on the income of each employee a tax equal to the following percentage of the compensation received during any calendar year by such employee for services rendered by such employee:

"In the case of compensation received during:	The rate shall be:
1985	3.50
1986 or thereafter	4.25.

"(c) CROSS REFERENCE.—

"For application of different contribution bases with respect to the taxes imposed by subsections (a) and (b), see section 3231(e)(2)."

SEC. 222. INCREASES IN TIER 2 EMPLOYER TAX; ANNUALIZATION OF TAX BASE.

26 USC 3221.

(a) IN GENERAL.—Subsections (a) and (b) of section 3221 of the Internal Revenue Code of 1954 (relating to rate of tax on employers) are amended to read as follows:

"(a) TIER 1 TAX.—In addition to other taxes, there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, equal to the following percentage of compensation paid during any calendar year by such employer for services rendered to such employer:

"In the case of compensation paid during:	The rate shall be:
1985	7.05
1986 or 1987	7.15
1988 or 1989	7.51
1990 or thereafter	7.65.

"(b) TIER 2 TAX.—In addition to other taxes, there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, equal to the following percentage of compensation paid during any calendar year by such employer for services rendered to such employer:

"In the case of compensation paid during:	The rate shall be:
1985	13.75
1986 or thereafter	14.75".

(b) CROSS REFERENCE.—Section 3221 of such Code is amended by adding at the end thereof the following new subsection:

"(e) CROSS REFERENCE.—

"For application of different contribution bases with respect to the taxes imposed by subsections (a) and (b), see section 3231(e)(2)."

SEC. 223. INCREASES IN TIER 2 EMPLOYEE REPRESENTATIVE TAX; ANNUALIZATION OF TAX BASE.

Subsection (a) of section 3211 of the Internal Revenue Code of 1954 (relating to tax on employee representatives) is amended to read as follows: 26 USC 3211.

"(a) IMPOSITION OF TAXES.—

"(1) TIER 1 TAX.—In addition to other taxes, there is hereby imposed on the income of each employee representative a tax equal to the following percentage of the compensation received during any calendar year by such employee representative for services rendered by such employee representative:

"In the case of compensation received during:	The rate shall be:
1985	14.10
1986 or 1987	14.30
1988 or 1989	15.02
1990 or thereafter	15.30.

"(2) TIER 2 TAX.—In addition to other taxes, there is hereby imposed on the income of each employee representative a tax equal to the following percentage of the compensation received during any calendar year by such employee representatives for services rendered by such employee representative:

"In the case of compensation received during:	The rate shall be:
1985	13.75
1986 or thereafter	14.75.

"(3) CROSS REFERENCE.—

"For application of different contribution bases with respect to the taxes imposed by paragraphs (1) and (2), see section 3231(e)(2)."

SEC. 224. TAXATION OF RAILROAD RETIREMENT BENEFITS OTHER THAN TIER 1 BENEFITS.

(a) PENSION BENEFITS (OTHER THAN TIER 1 BENEFITS) TAXED AS BENEFITS RECEIVED UNDER EMPLOYER PLANS.—Section 72 of the Internal Revenue Code of 1954 (relating to annuities; certain proceeds of endowment and life insurance contracts) is amended by redesignating subsection (r) as subsection (s) and by inserting after subsection (q) the following new subsection: 96 Stat. 546. 26 USC 72.

"(r) CERTAIN RAILROAD RETIREMENT BENEFITS TREATED AS RECEIVED UNDER EMPLOYER PLANS.—

"(1) IN GENERAL.—Notwithstanding any other provision of law, any benefit provided under the Railroad Retirement Act of 1974 (other than a tier 1 railroad retirement benefit) shall be treated for purposes of this title as a benefit provided under an employer plan which meets the requirements of section 401(a). 45 USC 231t. 45 USC 352.

"(2) TIER 2 TAXES TREATED AS CONTRIBUTIONS.—

"(A) IN GENERAL.—For purposes of paragraph (1)—

"(i) the tier 2 portion of the tax imposed by section 3201 (relating to tax on employees) shall be treated as an employee contribution, *Ante*, p. 420.

"(ii) the tier 2 portion of the tax imposed by section 3211 (relating to tax on employee representatives) shall be treated as an employee contribution, and *Supra*.

"(iii) the tier 2 portion of the tax imposed by section 3221 (relating to tax on employers) shall be treated as an employer contribution.

Ante, p. 420.

"(B) TIER 2 PORTION.—For purposes of subparagraph (A)—

"(i) AFTER 1984.—With respect to compensation paid after 1984, the tier 2 portion shall be the taxes imposed by sections 3201(b), 3211(a)(2), and 3221(b).

Ante, pp. 420, 421.

"(ii) AFTER SEPTEMBER 30, 1981, AND BEFORE 1985.—With respect to compensation paid before 1985 for services rendered after September 30, 1981, the tier 2 portion shall be—

"(I) so much of the tax imposed by section 3201 as is determined at the 2 percent rate, and

"(II) so much of the taxes imposed by sections 3211 and 3221 as is determined at the 11.75 percent rate.

With respect to compensation paid for services rendered after December 31, 1983, and before 1985, subclause (I) shall be applied by substituting '2.75 percent' for '2 percent', and subclause (II) shall be applied by substituting '12.75 percent' for '11.75 percent'.

"(iii) BEFORE OCTOBER 1, 1981.—With respect to compensation paid for services rendered during any period before October 1, 1981, the tier 2 portion shall be the excess (if any) of—

"(I) the tax imposed for such period by section 3201, 3211, or 3221, as the case may be (other than any tax imposed with respect to man-hours), over

"(II) the tax which would have been imposed by such section for such period had the rates of the comparable taxes imposed by chapter 21 for such period applied under such section.

26 USC 3101 *et seq.*

"(C) CONTRIBUTIONS NOT ALLOCABLE TO SUPPLEMENTAL ANNUITY OR WINDFALL BENEFITS.—For purposes of paragraph (1), no amount treated as an employee contribution under this paragraph shall be allocated to—

"(i) any supplemental annuity paid under section 2(b) of the Railroad Retirement Act of 1974, or

45 USC 231a.

"(ii) any benefit paid under section 3(h), 4(e), or 4(h) of such Act.

45 USC 231b, 231c.

"(3) TIER 1 RAILROAD RETIREMENT BENEFIT.—For purposes of paragraph (1), the term 'tier 1 railroad retirement benefit' has the meaning given such term by section 86(d)(4)."

Ante, p. 80.

(b) INFORMATION REPORTING.—

(1) IN GENERAL.—Subpart B of part III of subchapter A of chapter 61 of such Code (relating to information concerning transactions with other persons) is amended by adding at the end thereof the following new section:

26 USC 6050G.

"SEC. 6050G. RETURNS RELATING TO CERTAIN RAILROAD RETIREMENT BENEFITS.

"(a) IN GENERAL.—The Railroad Retirement Board shall make a return, according to the forms and regulations prescribed by the Secretary, setting forth—

"(1) the aggregate amount of benefits paid under the Railroad Retirement Act of 1974 (other than tier 1 railroad retirement

45 USC 231t.

benefits, as defined in section 86(d)(4)) to any individual during any calendar year, *Ante*, p. 80.

"(2) the employee contributions (to the extent not previously taken into account under section 72(d)(1)) which are treated as having been paid for purposes of section 72(r), 26 USC 72. *Ante*, p. 421.

"(3) the name and address of such individual, and

"(4) such other information as the Secretary may require.

"(b) STATEMENTS TO BE FURNISHED TO INDIVIDUALS WITH RESPECT TO WHOM INFORMATION IS FURNISHED.—The Railroad Retirement Board shall furnish to each individual whose name is set forth in the return under subsection (a) a written statement showing—

"(1) the aggregate amount of payments to such individual, and of employee contributions with respect thereto, as shown on such return, and

"(2) such other information as the Secretary may require. The written statement required under the preceding sentence shall be furnished to the individual on or before January 31 of the year following the calendar year for which the return under subsection (a) was made."

(2) CLERICAL AMENDMENT.—The table of sections for such subpart B is amended by adding at the end thereof the following new item:

"Sec. 6050G. Returns relating to certain railroad retirement benefits."

(c) SECTION 72(r) REVENUE INCREASE TRANSFERRED TO CERTAIN RAILROAD ACCOUNTS.— *Ante*, p. 421.

(1) IN GENERAL.—

(A) TRANSFERS TO RAILROAD RETIREMENT ACCOUNT.—There are hereby appropriated to the Railroad Retirement Account amounts equivalent to the aggregate increase in tax liabilities under chapter 1 of the Internal Revenue Code of 1954 which is attributable to the application of section 72(r) of the Internal Revenue Code of 1954 (as added by this Act) with respect to benefits received before October 1, 1988. The aggregate amount appropriated under the preceding sentence to the extent attributable to benefits other than windfall benefits shall not exceed $877,000,000. 45 USC 231n note. 26 USC 1 *et seq.*

(B) REVENUE INCREASES ATTRIBUTABLE TO WINDFALL BENEFITS RECEIVED AFTER SEPTEMBER 30, 1988, TRANSFERRED TO DUAL BENEFITS PAYMENTS ACCOUNT.—There are hereby appropriated to the Dual Benefits Payments Account amounts equivalent to the aggregate increase in tax liabilities under chapter 1 of such Code which is attributable to the application of section 72(r) of such Code (as added by this Act) with respect to windfall benefits received after September 30, 1988.

(C) WINDFALL BENEFITS DEFINED.—For purposes of this paragraph, the term "windfall benefits" means any benefit paid under section 3(h), 4(e), or 4(h) of the Railroad Retirement Act of 1974. 45 USC 231b, 231c.

(2) TRANSFERS.—The amounts appropriated by paragraph (1) shall be transferred from time to time (but not less frequently than quarterly) from the general fund of the Treasury on the basis of estimates made by the Secretary of the Treasury of the amounts referred to in paragraph (1). Any such quarterly payment shall be made on the first day of such quarter and shall take into account benefits estimated to be received during such

quarter. Proper adjustments shall be made in the amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

(3) REVENUE INCREASES FROM TAX ON SUPPLEMENTAL ANNUITIES NOT INCLUDED.—Paragraph (1) shall not apply to tax liabilities attributable to supplemental annuities paid under section 2(b) of the Railroad Retirement Act of 1974.

45 USC 231a.

(d) OVERALL MINIMUM BENEFIT TREATED AS TIER 1 BENEFIT.—Paragraph (4) of section 86(d) of such Code (defining tier 1 railroad retirement benefit) is amended by inserting "3(f)(3)," after "3(a),".

Ante, p. 80.

SEC. 225. TECHNICAL AMENDMENTS.

(a) AMENDMENTS RELATING TO APPLICATION OF CONTRIBUTION BASE ON AN ANNUAL BASIS.—

(1) Paragraph (2) of section 3231(e) of the Internal Revenue Code of 1954 (defining compensation) is amended to read as follows:

26 USC 3231.

"(2) APPLICATION OF CONTRIBUTION BASES.—

"(A) COMPENSATION IN EXCESS OF APPLICABLE BASE EXCLUDED.—

"(i) IN GENERAL.—The term 'compensation' does not include that part of remuneration paid during any calendar year to an individual by an employer after remuneration equal to the applicable base has been paid during such calendar year to such individual by such employer for services rendered as an employee to such employer.

"(ii) REMUNERATION NOT TREATED AS COMPENSATION EXCLUDED.—There shall not be taken into account under clause (i) remuneration which (without regard to clause (i)) is not treated as compensation under this subsection.

"(B) APPLICABLE BASE.—

"(i) TIER 1 TAXES.—Except as provided in clause (ii), the term 'applicable base' means for any calendar year the contribution and benefit base determined under section 230 of the Social Security Act for such calendar year.

42 USC 430.

"(ii) TIER 2 TAXES, ETC.—For purposes of—

"(I) the taxes imposed by sections 3201(b), 3211(a)(2), and 3221(b), and

Ante, pp. 420, 421.

"(II) computing average monthly compensation under section 3(j) of the Railroad Retirement Act of 1974 (except with respect to annuity amounts determined under subsection (a) or (f)(3) of section 3 of such Act),

45 USC 231b.

clause (2) of the first sentence, and the second sentence, of subsection (c) of section 230 of the Social Security Act shall be disregarded.

42 USC 430.

"(C) SUCCESSOR EMPLOYERS.—For purposes of this paragraph, the second sentence of section 3121(a)(1) (relating to successor employers) shall apply, except that—

26 USC 3121.

"(i) the term 'services' shall be substituted for 'employment' each place it appears,

"(ii) the term 'compensation' shall be substituted for 'remuneration (other than remuneration referred to in

the succeeding paragraphs of this subsection)' each place it appears, and

"(iii) the terms 'employer', 'services', and 'compensation' shall have the meanings given such terms by this section."

(2) Subsection (a) of section 3202 of such Code is amended by striking out the second sentence. 26 USC 3202.

(3) Paragraph (1) of section 3231(e) of such Code is amended by striking out the fourth and fifth sentences. 26 USC 3231.

(4) The last sentence of section 230(c) of the Social Security Act is hereby repealed. 42 USC 430.

(b) CONCURRENT EMPLOYMENT BY 2 OR MORE EMPLOYERS.—Section 3231 of such Code is amended by adding at the end thereof the following new subsection: 26 USC 3231.

"(i) CONCURRENT EMPLOYMENT BY 2 OR MORE EMPLOYERS.—For purposes of this chapter, if 2 or more related corporations which are employers concurrently employ the same individual and compensate such individual through a common paymaster which is 1 of such corporations, each such corporation shall be considered to have paid as remuneration to such individual only the amounts actually disbursed by it to such individual and shall not be considered to have paid as remuneration to such individual amounts actually disbursed to such individual by another of such corporations."

(c) OTHER TECHNICAL AMENDMENTS.—

(1) The following provisions of the Internal Revenue Code of 1954 are each amended by striking out "tax imposed by section 3201" and inserting in lieu thereof "taxes imposed by section 3201": 26 USC 1 *et seq.*

(A) Section 3202(a), *Supra.*

(B) Paragraphs (2) and (4) of section 3202(c), and

(C) Paragraph (3) of section 3231(e). 26 USC 3231.

(2) Subsection (a) of section 3202 of such Code is amended by striking out "the amount of the tax" in the first sentence and inserting in lieu thereof "the amount of the taxes", and by striking out "such tax" in the last sentence and inserting in lieu thereof "such taxes". *Supra.*

(3) Paragraph (2) of section 3202(c) of such Code is amended by striking out "the tax under paragraph (1)" and inserting in lieu thereof "the taxes under paragraph (1)". 26 USC 3202.

(4) Paragraph (4) of section 3202(c) of such Code is amended by striking out "such tax" and inserting in lieu thereof "such taxes".

(5) Paragraphs (2) and (4) of section 3202(c) of such Code are each amended by striking out "exceeds" and inserting in lieu thereof "exceed".

(6) Paragraph (3) of section 3231(e) of such Code is amended by striking out "such tax" and inserting in lieu thereof "such taxes". 26 USC 3231.

(7) Subparagraph (A) of section 3231(e)(4) of such Code is amended by striking out "3201(b) and 3221(b) (and so much of section 3211(a) as relates to the rates of the taxes imposed by sections 3101 and 3111)" and inserting in lieu thereof "3201(a), 3211(a)(1), and 3221(a)".

(8) Subsection (h) of section 3231 of such Code is amended—

(A) by striking out "tax imposed under section 3201" and inserting in lieu thereof "taxes imposed by section 3201", and

(B) by striking out all that follows "received" and inserting in lieu thereof a period.

SEC. 226. DEPOSITARY SCHEDULES.

26 USC 6302 note.

Effective on and after January 1, 1984, the times for making payments prescribed under section 6302 of the Internal Revenue Code of 1954 with respect to the taxes imposed by chapter 22 of such Code shall be the same as the times prescribed under such section which apply to the taxes imposed by chapters 21 and 24 of such Code.

26 USC 6302. 26 USC 3201 *et seq.* 26 USC 3101 *et seq.*, 3401 *et seq.*

SEC. 227. EFFECTIVE DATES.

26 USC 3201 note.

(a) SECTIONS 221, 222, 223, AND 225.—The amendments made by sections 221, 222, 223, and 225 shall apply to remuneration paid after December 31, 1984.

26 USC 72 note.

(b) SECTION 224.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by section 224 shall apply to benefits received after December 31, 1983, in taxable years ending after such date.

(2) TREATMENT OF CERTAIN LUMP-SUM PAYMENTS RECEIVED AFTER DECEMBER 31, 1983.—The amendments made by section 224 shall not apply to any portion of a lump-sum payment received after December 31, 1983, if the generally applicable payment date for such portion was before January 1, 1984.

(3) NO FRESH START.—For purposes of determining whether any benefit received after December 31, 1983, is includible in gross income by reason of section 72(r) of the Internal Revenue Code of 1954, as added by this Act, the amendments made by section 224 be treated as having been in effect during all periods before 1984.

Ante, p. 421.

26 USC 6302 note.

(c) SECTION 226.—Section 226 shall take effect on January 1, 1984.

Subtitle B—Railroad Unemployment Insurance Provisions

PART I—RAILROAD UNEMPLOYMENT REPAYMENT TAX

SEC. 231. IMPOSITION OF TAX ON RAIL WAGES TO REPAY LOANS TO RAILROAD UNEMPLOYMENT INSURANCE SYSTEM.

(a) GENERAL RULE.—Subtitle C of the Internal Revenue Code of 1954 (relating to employment taxes) is amended by inserting after chapter 23 the following new chapter:

"CHAPTER 23A—RAILROAD UNEMPLOYMENT REPAYMENT TAX

"Sec. 3321. Imposition of tax.
"Sec. 3322. Taxable period.
"Sec. 3323. Other definitions.

26 USC 3321.

"SEC. 3321. IMPOSITION OF TAX.

"(a) GENERAL RULE.—There is hereby imposed on every rail employer for each taxable period an excise tax, with respect to having

individuals in his employ, equal to the applicable percentage of the total rail wages paid by him during the taxable period.

"(b) TAX ON EMPLOYEE REPRESENTATIVES.—

"(1) IN GENERAL.—There is hereby imposed on the income of each employee representative a tax equal to the applicable percentage of the rail wages paid to him during the taxable period.

"(2) DETERMINATION OF WAGES.—The rail wages of an employee representative for purposes of paragraph (1) shall be determined in the same manner and with the same effect as if the employee organization by which such employee representative is employed were a rail employer.

"(c) RATE OF TAX.—For purposes of this section—

"(1) FOR TAXABLE PERIOD JULY 1 THROUGH DECEMBER 31, 1986.—The applicable percentage for the taxable period beginning on July 1, 1986, and ending on December 31, 1986, shall be 2 percent.

"(2) SUBSEQUENT TAXABLE PERIODS.—The applicable percentage for any taxable period beginning after 1986 shall be the sum of—

"(A) 2 percent, plus

"(B) 0.3 percent for each preceding taxable period.

In no event shall the applicable percentage exceed 5 percent.

"SEC. 3322. TAXABLE PERIOD. 26 USC 3322.

"(a) GENERAL RULE.—For purposes of this chapter, except as provided in subsection (b), the term 'taxable period' means—

"(1) the period beginning on July 1, 1986, and ending on December 31, 1986,

"(2) each calendar year after 1986 and before 1990, and

"(3) the period beginning on January 1, 1990, and ending on September 30, 1990.

"(b) EARLIER TERMINATION IF LOANS TO RAIL UNEMPLOYMENT FUND REPAID.—The tax imposed by this chapter shall not apply to any rail wages paid on or after the first January 1 after 1986 as of which there is—

"(1) no balance of transfers to the railroad unemployment insurance account under section 10(d) of the Railroad Unemployment Insurance Act, and 45 USC 360.

"(2) no unpaid interest on such transfers.

"SEC. 3323. OTHER DEFINITIONS. 26 USC 3323.

"(a) RAIL EMPLOYER.—For purposes of this chapter, the term 'rail employer' means any person who is an employer as defined in section 1 of the Railroad Unemployment Insurance Act. 45 USC 351.

"(b) RAIL WAGES.—

"(1) IN GENERAL.—For purposes of this chapter, the term 'rail wages' means wages as defined in section 3306(b) with the modifications specified in paragraph (2). 26 USC 3306.

"(2) MODIFICATIONS.—In applying subsection (b) of section 3306 for purposes of paragraph (1)—

"(A) ONLY RAILROAD EMPLOYMENT TAKEN INTO ACCOUNT.—Such subsection (b) shall be applied—

"(i) by substituting 'rail employment' for 'employment' each place it appears, and

"(ii) by substituting 'rail employer' for 'employer' each place it appears.

"(B) WAGE BASE FOR FIRST TAXABLE PERIOD.—In the case of the taxable period beginning on July 1, 1986, and ending on December 31, 1986, such subsection (b) shall be applied by substituting '$3,500' for '$7,000' each place it appears in paragraph (1) thereof.

"(C) WAGE BASE FOR LAST TAXABLE PERIOD.—In the case of the taxable period beginning on January 1, 1990, and ending on September 30, 1990, such subsection (b) shall be applied by substituting '$5,250' for '$7,000' each place it appears in paragraph (1) thereof.

"(c) RAIL EMPLOYMENT.—For purposes of this chapter, the term 'rail employment' means services performed by an individual as a rail employee or employee representative.

"(d) RAIL EMPLOYEE AND EMPLOYEE REPRESENTATIVE.—For purposes of this chapter—

"(1) RAIL EMPLOYEE.—The term 'rail employee' means any person who is an employee as defined in section 1 of the Railroad Unemployment Insurance Act.

45 USC 351.

"(2) EMPLOYEE REPRESENTATIVE.—The term 'employee representative' has the meaning given such term by section 1 of the Railroad Unemployment Insurance Act.

"(e) CONCURRENT EMPLOYMENT BY 2 OR MORE RAIL EMPLOYERS.—For purposes of this chapter, if 2 or more related corporations which are rail employers concurrently employ the same individual and compensate such individual through a common paymaster which is 1 of such corporations, each such corporation shall be considered to have paid as remuneration to such individual only the amounts actually disbursed by it to such individual and shall not be considered to have paid as remuneration to such individual amounts actually disbursed to such individual by another of such corporations.

"(f) CERTAIN RULES MADE APPLICABLE.—For purposes of this chapter, rules similar to the rules of sections 3307 and 3308 shall apply."

26 USC 3307, 3308.

(b) QUARTERLY PAYMENT OF TAX.—

26 USC 6157.

(1) IN GENERAL.—Section 6157 of such Code (relating to payment of Federal unemployment tax on quarterly or other time period basis) is amended by adding at the end thereof the following new subsection:

"(d) QUARTERLY PAYMENT OF RAILROAD UNEMPLOYMENT REPAYMENT TAX.—

"(1) IN GENERAL.—Every rail employer shall compute the tax imposed by section 3321 for each calendar quarter in any taxable period in the manner provided in paragraph (2). The tax so computed shall, except as otherwise provided in paragraph (3), be paid in such manner and at such time as may be provided in regulations prescribed by the Secretary.

Ante, p. 426.

"(2) COMPUTATION OF TAX.—The tax for any calendar quarter shall be computed by multiplying the aggregate amount of rail wages paid in such calendar quarter by the applicable percentage determined under section 3321(c).

"(3) EXCEPTIONS.—No payment shall be required under this subsection—

"(A) for the last calendar quarter in any taxable period, and

"(B) for any calendar quarter if the tax under section 3321 for such quarter, plus any unpaid amounts for prior

calendar quarters in the taxable period, does not exceed $100.

"(4) DEFINITIONS.—For purposes of this subsection, the terms 'taxable period', 'rail employer', and 'rail wages' have the same respective meanings as when used in chapter 23A."

Ante, p. 426.

(2) TECHNICAL AMENDMENTS.—

(A) Paragraph (2) of section 6201(b) of such Code (relating to amount not to be assessed) is amended by striking out "Federal unemployment tax" and inserting in lieu thereof "Federal unemployment tax or tax imposed by section 3321".

26 USC 6201.

Ante, p. 426.

(B) Section 6317 of such Code (relating to payments of Federal unemployment tax for calendar quarter) is amended—

26 USC 6317.

(i) by striking out "Federal unemployment tax" and inserting in lieu thereof "Federal unemployment tax or tax imposed by section 3321", and

(ii) by striking out "chapter 23" and inserting in lieu thereof "chapter 23 and 23A, as the case may be,".

(C) Subsection (e) of section 6513 of such Code (relating to payments of Federal unemployment tax) is amended by adding at the end thereof the following new sentence: "Notwithstanding subsection (a), for purposes of section 6511, any payment of tax imposed by chapter 23A which, pursuant to section 6157, is made for a calendar quarter within a taxable period shall, if made before the last day prescribed for filing the return for the taxable period (determined without regard to any extension of time for filing), be considered made on such last day."

26 USC 6513.

26 USC 6511; *ante*, p. 426.

26 USC 6157.

(D) Subsection (i) of section 6601 of such Code is amended by striking out "3301" and inserting in lieu thereof "3301 or 3321".

26 USC 6601.

(c) CLERICAL AMENDMENT.—The table of chapters for subtitle C of such Code is amended by inserting after the item relating to chapter 23 the following new item:

"CHAPTER 23A. Railroad Unemployment Repayment Tax."

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to remuneration paid after June 30, 1986.

26 USC 3321 note.

SEC. 232. TAX USED TO REPAY LOANS MADE TO RAILROAD UNEMPLOYMENT INSURANCE ACCOUNT.

45 USC 231n note.

(a) TRANSFER TO RAILROAD RETIREMENT ACCOUNT.—

(1) IN GENERAL.—The Secretary of the Treasury shall transfer from the general fund of the Treasury to the Railroad Retirement Account an amount equal to the additional railroad unemployment taxes received in the Treasury.

(2) TAXES CREDITED AGAINST LOANS TO RAILROAD UNEMPLOYMENT INSURANCE ACCOUNT.—Any amount transferred under paragraph (1) shall be credited against, and operate to reduce, the outstanding balance of railroad unemployment loans.

(b) TRANSFERS MADE MONTHLY.—Transfers under subsection (a) shall be made at least monthly on the basis of estimates made by the Secretary of the Treasury of the amount of the additional railroad unemployment taxes received in the Treasury. Proper adjustments shall be made in the amount subsequently transferred to the extent

prior estimates were in excess of or were less than the amounts required to be transferred.

(c) TRANSFERS TO RAILROAD UNEMPLOYMENT FUND AFTER LOANS REPAID.—If—

(1) the amount which (but for this subsection) would be transferred to the Railroad Retirement Account under subsection (a), exceeds—

(2) the outstanding balance of railroad unemployment loans (as of the time of such transfer),

such transfer (to the extent it exceeds such outstanding balance) shall be made to the Railroad Unemployment Account.

(d) DEFINITIONS.—For purposes of this section—

(1) ADDITIONAL RAILROAD UNEMPLOYMENT TAXES.—The term "additional railroad unemployment taxes" means the taxes imposed by chapter 23A of the Internal Revenue Code of 1954.

Ante, p. 426.

(2) RAILROAD UNEMPLOYMENT ACCOUNT.—The term "Railroad Unemployment Account" means the railroad unemployment insurance account in the unemployment trust fund established pursuant to section 904 of the Social Security Act.

42 USC 1104.

(3) RAILROAD UNEMPLOYMENT LOANS.—The term "railroad unemployment loans" means transfers under section 10(d) of the Railroad Unemployment Insurance Act from the Railroad Retirement Account to the Railroad Unemployment Account. The outstanding balance of such loans shall include any interest required to be paid under such section 10(d).

45 USC 360.

PART II—TAXATION OF SICK PAY PAID UNDER RAILROAD UNEMPLOYMENT INSURANCE ACT

SEC. 241. TAXATION OF SICK PAY PAID UNDER RAILROAD UNEMPLOYMENT INSURANCE ACT.

(a) GENERAL RULE.—Section 105 of the Internal Revenue Code of 1954 (relating to amounts received under accident and health plans) is amended by adding at the end thereof the following new subsection:

26 USC 105.

"(i) SICK PAY UNDER RAILROAD UNEMPLOYMENT INSURANCE ACT.—Notwithstanding any other provision of law, gross income includes benefits paid under section 2(a) of the Railroad Unemployment Insurance Act for days of sickness; except to the extent such sickness (as determined in accordance with standards prescribed by the Railroad Retirement Board) is the result of on-the-job injury."

45 USC 352.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to amounts received after December 31, 1983, in taxable years ending after such date.

26 USC 105 note.

TITLE III—BORROWING AUTHORITY ADJUSTMENTS

SEC. 301. (a) Section 7(c) of the Railroad Retirement Act of 1974 is amended by adding at the end thereof the following new subdivision:

45 USC 231f.

"(4) After the end of each month beginning with the month of October 1983, the Board shall determine the net amount, if any, which if added to or subtracted from the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, and the Federal Hospital Insurance Trust Fund would, with respect to such month, place those Trust Funds, taken as a whole, in the same position in which they would have been if (A)

service as an employee after December 31, 1936, had been included in the term 'employment' as defined in the Social Security Act and in the Federal Insurance Contributions Act, and (B) this Act had not been enacted. If for any month the net amount so determined would be subtracted from those Trust Funds, the Board shall, within ten days after the end of such month, report such amount to the Secretary of the Treasury for transfer from the general fund to the Railroad Retirement Account. Any amount so reported shall further include interest (at an annual rate equal to the rate of interest borne by a special obligation issued to the Railroad Retirement Account in the month in which the transfer is made to the Account) payable from the close of the month for which the transfer is made until the date of transfer. The Secretary of the Treasury is authorized and directed to transfer to the Railroad Retirement Account from the general fund such amounts as, from time to time, may be determined by the Board pursuant to the provisions of this subdivision and reported by the Board for transfer. For such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds of the sale of any securities issued after the date of the enactment of this Act under section 3102 of title 31 of the United States Code, and the purpose for which securities may be issued under section 3102 of title 31 of the United States Code are extended to include such purpose. Each such transfer shall be made by the Secretary of the Treasury within five days after a report of the amount to be transferred is received. Not later than December 31 following the close of each fiscal year beginning with the fiscal year ending September 30, 1984, the Board shall certify to the Secretary of the Treasury the total of all amounts transferred pursuant to the provisions of this subdivision for months in such fiscal year. Within ten days after a transfer, or transfers, pursuant to subdivision (2) for a particular fiscal year, the Board shall request the Secretary of the Treasury to retransfer from the Railroad Retirement Account to the general fund an amount equal to (A) the total of all amounts, exclusive of interest, transferred to such Account pursuant to the provisions of this subdivision for months in such fiscal year, plus (B) interest (at the rate determined in subdivision (3) for such fiscal year) payable with respect to each amount transferred for a month during such fiscal year from the close of the month for which the transfer of the amount was made until the date of retransfer of such amount. The Secretary of the Treasury is authorized and directed to retransfer from the Railroad Retirement Account to the general fund such amounts as, from time to time, may be determined by the Board pursuant to the provisions of the preceding sentence of this subdivision and reported by the Board for retransfer.".

42 USC 1305.
26 USC 3126.
Transfer of funds.
96 Stat. 938.

(b) Subsection (b) of section 15 of the Railroad Retirement Act of 1974 is amended to read as follows:

45 USC 231n.

"(b) In addition to the amount appropriated in subsection (a) of this section, there is hereby authorized to be appropriated to the Railroad Retirement Account for each fiscal year, beginning with the fiscal year ending June 30, 1975, such amount as the Board determines to be necessary to meet (A) the additional costs, resulting from the crediting of military service under this Act, of benefits payable under section 2 of this Act, but only to the extent that such Account is not reimbursed for such costs under section 7(c)(2), (B) the additional administrative expenses resulting from the crediting of military service under this Act, and (C) any loss in interest to such

45 USC 231a.
45 USC 231f.

Account resulting from the payment of additional benefits based on military service credited under this Act: *Provided, however,* That, in determining the amount to be appropriated to the Railroad Retirement Account for any fiscal year pursuant to the provisions of this subsection, there shall not be considered any costs resulting from the crediting of military service under this Act for which appropriations to such Account have already been made pursuant to section 4(l) of the Railroad Retirement Act of 1937. Any determination as to loss in interest to the Railroad Retirement Account pursuant to clause (C) of the first sentence of this subsection shall take into account interest from the date each annuity based, in part, on military service began to accrue or was increased to the date or dates on which the amount appropriated is credited to the Account. The cost resulting from the payment of additional benefits under this Act based on military service determined pursuant to the preceding provisions of this subsection shall be adjusted by applying thereto the ratio of the total net level cost of all benefits under this Act to the portion of such net level cost remaining after the exclusion of administrative expenses and interest charges on the unfunded accrued liability as determined under the last completed actuarial valuation pursuant to the provisions of subsection (g) of this section. At the close of the fiscal year ending June 30, 1975, and each fiscal year thereafter, the Board shall, as promptly as practicable, determine the amount to be appropriated to the Account pursuant to the provisions of this subsection, and shall certify such amount to the Secretary of the Treasury for transfer from the general fund in the Treasury to the Railroad Retirement Account. When authorized by an appropriation Act, the Secretary of the Treasury shall transfer to the Railroad Retirement Account from the general fund in the Treasury such amounts as, from time to time, may be determined by the Board pursuant to the provisions of this subsection and certified by the Board for transfer to such Account. In any determination made pursuant to section 7(c)(2) of this Act, no further charges shall be made against the Trust Funds established by title II of the Social Security Act for military service rendered before January 1, 1957, and with respect to which appropriations authorized by clause (2) of the first sentence of section 4(l) of the Railroad Retirement Act of 1937 shall have been credited to the Railroad Retirement Account, but the additional benefit payments incurred by such Trust Funds by reason of such military service shall be taken in account in making any such determination.".

45 USC 231c.

Transfer of funds.

45 USC 231f.
42 USC 401.

45 USC 231c.

Effective dates.
45 USC 231f note.
45 USC 231n note.

(c)(1) The amendment made by subsection (a) of this section shall be effective on October 1, 1983.

(2) The amendments made by subsection (b) of this section shall be effective on the date immediately following the day in June 1984 when the total amount of money outstanding to the Railroad Retirement Account under section 15(b)(2) of the Railroad Retirement Act of 1974 is retransferred to the general fund under that section.

Ante, p. 431.

45 USC 360.

SEC. 302. Subsection (d) of section 10 of the Railroad Unemployment Insurance Act is amended by adding at the end thereof the following new sentence: "No transfer shall be made under this subsection from the Railroad Retirement Account after September 30, 1985, and no such transfer shall be made on or before September 30, 1985, for purposes of paying benefits and refunds due after such date.".

TITLE IV—OTHER BENEFIT-RELATED AMENDMENTS

SEC. 401. (a) Section 15(d) of the Railroad Retirement Act of 1974 is amended— 45 USC 231n.

(1) by inserting "(1)" after "(d)";

(2) by striking out "one-twelfth of the amount which the Board has determined will be the amount of the appropriation to be made to the Dual Benefits Payments Account under the applicable public law making such appropriation for such fiscal year, and the Secretary of the Treasury shall make such transfer." from the third sentence and inserting in lieu thereof the following: "the amount that the Board estimates will be necessary to pay on the first day of the next succeeding month the annuity amounts under sections 3(h), 4(e), and 4(h) of this Act and under sections 204(a)(3), 204(a)(4), 206(3), and 207(3) of Public Law 93-445, taking into account any reduction in such annuity amounts as determined under section 7(c)(1) of this Act, and the Secretary of the Treasury shall make such transfer, but at no time shall the total amount of money outstanding to the Dual Benefits Payments Account from the Railroad Retirement Account exceed the amount necessary to pay the annuity amounts under sections 3(h), 4(e), and 4(h) of this Act and sections 204(a)(3), 204(a)(4), 206(3), and 207(3) of Public Law 93-445 for one month."; 45 USC 231b, 231c. 45 USC 231 note. 45 USC 231f.

(3) in the fourth sentence, by inserting "or during" after "prior to"; and

(4) by adding at the end the following new subdivisions:

"(2) The Secretary of the Treasury— Loans.

"(i) shall transfer from the general fund as a loan to the Board on January 1, 1984, one-third of the special amount described in subdivision (3) of this subsection;

"(ii) shall transfer from the general fund as a loan to the Board on January 1, 1985, one-third of the special amount described in subdivision (3) of this subsection, plus an amount equal to the interest that one-third would have earned had it been in the Railroad Retirement Account since January 1, 1984; and

"(iii) shall transfer from the general fund as a loan to the Board on January 1, 1986, the final one-third of the special amount described in subdivision (3) of this subsection, plus an amount equal to the interest that one-third would have earned had it been in the Railroad Retirement Account since January 1, 1984.

"(3) The special amount referred to in subdivision (2) of this subsection is the amount which, as of January 1, 1984, would place the Railroad Retirement Account in the same position it would have been on that date if no annuity amounts had been paid during the period beginning January 1, 1975 and ending September 30, 1981, under sections 3(h), 4(e), and 4(h) of this Act and under sections 204(a)(3), 204(a)(4), 206(3), and 207(3) of Public Law 93-445, and no sums had been appropriated as authorized in section 15(d) of this Act.

"(4) For the purposes of subdivision (2) of this subsection, the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds of the sale of any securities issued after the date of the enactment of the Railroad Retirement Solvency Act of 1983 under section 3102 of title 31 of the United States Code and the *Ante*, p. 411. 96 Stat. 938.

purposes for which securities may be so issued are extended to include such purposes.

"(5) The amounts transferred to the Board as loans under subdivision (2) of this subsection shall be deposited in the Railroad Retirement Account.

"(6) The amounts transferred as loans under subdivision (2) of this subsection shall be repaid to the general fund to the extent sums are appropriated for that purpose, and there are hereby authorized to be appropriated, in addition to any other sums authorized to be appropriated for the purposes of this Act and from any sums in the Treasury not otherwise appropriated, such sums as may be necessary to make such repayments.".

Effective date.
45 USC 231n note.

(b) The amendments made by this section shall be effective upon enactment.

45 USC 231.

SEC. 402. (a) Section 1(h)(6) of the Railroad Retirement Act of 1974 is amended—

(1) by striking out paragraph (ii); and

(2) by redesignating paragraphs (iii), (iv), (v), (vi), and (vii) thereof as (ii), (iii), (iv), (v), and (vi), respectively.

45 USC 351.

(b) Section 1(j) of the Railroad Unemployment Insurance Act is amended by striking out "(i)" and all that follows through "(ii)".

45 USC 231 note.

(c) The amendments made by this section shall apply to compensation paid for services rendered after June 30, 1983.

45 USC 231.

SEC. 403. (a) Section 1(h) of the Railroad Retirement Act of 1974 is amended by adding at the end thereof the following new subdivision:

"(7) The term 'compensation' includes any separation allowance or subsistence allowance paid under any benefit schedule provided under section 701 of title VII of the Regional Rail Reorganization Act of 1973 and any termination allowance paid under section 702 of that Act, but does not include any other benefits payable under that title. The total amount of any subsistence allowance paid under a benefit schedule provided pursuant to section 701 of the Regional Rail Reorganization Act of 1973 shall be considered as having been earned in the month in which the employee first timely filed a claim for such an allowance.".

45 USC 797.
45 USC 797a.

45 USC 351.

(b) Section 1(i) of the Railroad Unemployment Insurance Act is amended by inserting after the first sentence thereof the following new sentence: "Solely for the purpose of determining the compensation received by an employee in a base year, the term 'compensation' shall include any separation allowance or subsistence allowance paid under any benefit schedule provided under section 701 of title VII of the Regional Rail Reorganization Act of 1973 and any termination allowance paid under section 702 of that Act, but does not include any other benefits payable under that title. The total amount of any subsistence allowance payable under a benefit schedule provided pursuant to section 701 of the Regional Rail Reorganization Act of 1973 shall be considered as being compensation in the month in which the employee first timely filed a claim for such an allowance.".

45 USC 797.
45 USC 797a.

Effective date.
45 USC 231 note.

(c) The amendments made by this section shall be effective August 13, 1981.

45 USC 231b.

SEC. 404. Section 3(f)(1) of the Railroad Retirement Act of 1974 is amended—

(1) by inserting after "of an individual shall" in the second sentence the following "except as provided in the following sentence"; and

(2) by inserting after the second sentence the following: "If the individual's 'average monthly compensation' is determined under subdivision (2) of subsection (b) of this section, the 'final average monthly compensation' for such individual shall be the average of the compensation for the 24 months in which the compensation determined for the purpose of subdivision (2) of subsection (b) of this section is the highest.".

(c) The amendments made by this section shall be effective October 1, 1983, and shall apply with respect to annuities awarded on or after that date.

Effective date. 45 USC 231b note.

SEC. 405. (a) Section 3(f)(3) of the Railroad Retirement Act of 1974 is amended—

45 USC 231b.

(1) by inserting "and divorced wife" after "spouse" the first place it appears in the first sentence thereof; and

(2) by striking out "such annuity or annuities" in the first sentence and inserting in lieu thereof "the annuities of the individual and spouse".

(b) The amendments made by this section shall be effective October 1, 1981.

Effective date. 45 USC 231b note.

SEC. 406. (a) Section 4(g)(4) of the Railroad Retirement Act of 1974 is amended by striking out "(e)(3)" in the second sentence and inserting in lieu thereof "(e)".

45 USC 231c.

(b) The amendments made by this section shall be effective October 1, 1981.

Effective date. 45 USC 231c note.

SEC. 407. (a) Section 4(i) of the Railroad Retirement Act of 1974 is amended by adding at the end thereof the following new subdivision:

45 USC 231c.

"(3) The annuity of any survivor under subsection (f) of this section shall be reduced, but not below zero, by the amount of any insurance benefit (before any deduction on account of work) payable to such survivor under title II of the Social Security Act, unless in computing the amount under subsection (f) a reduction was made for such insurance benefit pursuant to section 202(k) of the Social Security Act.".

42 USC 401.

42 USC 402.

(b) The amendment made by this section shall be effective with respect to annuities awarded on and after the date of enactment.

Effective date. 45 USC 231c note.

SEC. 408. Section 6(b)(1) of the Railroad Retirement Act of 1974 is amended by adding at the end thereof the following new sentence: "No lump sum shall be payable under this subdivision if the employee died leaving a surviving divorced wife who would on proper application therefore be entitled to receive an annuity under section 2(d) of this Act for the month in which the employee's death occurred.".

45 USC 231e.

Lump sum restriction.

45 USC 231a.

SEC. 409. (a) Section 2(c)(2) of the Railroad Retirement Act of 1974 is amended by striking the period and inserting in lieu thereof the following: ", except that the annuity of a divorced wife who was previously entitled to a spouse annuity which was reduced under this subdivision shall be reduced by the same percentage as was applicable to the spouse annuity.".

45 USC 231a.

(b) The amendment made by this section shall be effective with respect to divorced wife annuities awarded on and after the date of enactment.

Effective date. 45 USC 231a note.

SEC. 410. (a) Section 1(h) (as amended by section 403 of this Act) of the Railroad Retirement Act of 1974 is amended by adding at the end the following:

"(8) Notwithstanding any other provision of this Act, for the purposes of sections 3(a)(1), 4(a)(1), and 4(f)(1), the term 'compensation' includes any payment from any source to an employee or

45 USC 231b, 231c.

employee representative if such payment is subject to tax under section 3201 or 3211 of the Internal Revenue Code of 1954.".

Ante, pp. 420, 421.

45 USC 231 note.

(b) The amendment made by this section shall apply with respect to payments made on or after January 1, 1982.

45 USC 351.

SEC. 411. (a)(1) The first proviso of subsection (k) of section 1 of the Railroad Unemployment Insurance Act is amended by striking out "$1,000" and inserting in lieu thereof "$1,500".

45 USC 353.

(2) Section 3 of such Act is amended by striking out "$1,000" and inserting in lieu thereof "$1,500".

45 USC 354.

(3) Section 4(a-2)(i)(A) of such Act is amended by striking out "$1,000" and inserting in lieu thereof "$1,500".

45 USC 351 note.

(b) The amendments made by this section shall apply to compensation paid for services rendered after December 31, 1983.

45 USC 352.

SEC. 412. (a) Subsection (a) of section 2 of the Railroad Unemployment Insurance Act is amended by striking out "*Provided, however*" and all that follows down through the end of the first sentence and inserting in lieu thereof: "*Provided, however,* That in any case in which the Board finds that his unemployment was due to a stoppage of work because of a strike in the establishment, premises, or enterprise at which he was last employed, no benefits shall be payable for the first fourteen days of unemployment due to such stoppage of work.".

45 USC 352 note.

(b) The amendment made by this section shall apply with respect to days of unemployment in registration periods beginning after December 31, 1983.

45 USC 231a.

SEC. 413. (a) Section 2(d)(1)(iv) of the Railroad Retirement Act of 1974 is amended by inserting before the semicolon the following: ", but neither this proviso nor clause (B) or (C) of this paragraph shall operate to deny any parent an annuity to the extent and in the amount of the benefit that such parent would have received under the Social Security Act if the service as an employee of the individual, with respect to which such parent would be eligible to receive an annuity under this Act except for this proviso and those clauses, were included in 'employment' as defined in the Social Security Act".

42 USC 1305.

45 USC 231a note.

(b) The amendment made by this section shall apply with respect to annuities that first begin to accrue with respect to any month beginning after the date of the enactment of this Act.

45 USC 231a.

SEC. 414. (a) Section 2(h) of the Railroad Retirement Act of 1974 is amended—

(1) by striking out "(h)(1) In" and all that follows through the end of paragraph (1); and

(2) by inserting "(h)" immediately before "(2)".

45 USC 231a note.

(b) The amendments made by this section shall apply with respect to months beginning after the date of the enactment of this Act.

SEC. 415. Section 2(c)(3) of the Railroad Retirement Act of 1974 is amended by striking out ", if, as of the day on which the application" and all that follows through "support of such wife or husband".

45 USC 231f.

SEC. 416. Section 7 of the Railroad Retirement Act of 1974 is amended by adding at the end the following:

Budget submittal to Congress.

"(f) Whenever the Board submits or transmits any budget estimate, budget request, supplemental budget estimate, or other budget information, legislative recommendation, prepared testimony for congressional hearings, or comment on legislation to the President or to the Office of Management and Budget, it shall concurrently transmit a copy thereof to the Congress. No officer or

agency of the United States shall have any authority to require the Board to submit its budget requests or estimates, legislative recommendations, prepared testimony for congressional hearings, or comments on legislation to any officer or agency of the United States for approval, comments, or review, prior to the submission of such recommendations, testimony, or comments to the Congress.".

SEC. 417. (a) Section 15 of the Railroad Retirement Act of 1974 is amended by adding at the end thereof the following new subsection: 45 USC 231n.

"(i)(1) The Secretary of the Treasury shall implement procedures to permit the identification of each check issued for benefits under this Act that has not been presented for payment by the close of the sixth month following the month of its issuance. Check identification.

"(2) The Secretary of the Treasury shall, on a monthly basis, credit each account established in the Treasury for the payment of benefits under this Act for the proportionate amount of benefit checks (including interest thereon) drawn on each such Account more than six months previously but not presented for payment and not previously credited to such Account, to the extent provided in advance in appropriation Acts.

"(3) If a benefit check is presented for payment to the Treasury and the amount of the appropriate portion thereof has been previously credited pursuant to paragraph (2) to an Account or Accounts, the Secretary of the Treasury shall nevertheless pay such check, if otherwise proper, recharge such Account or Accounts for the amount of such check attributable to such Account or Accounts and notify the Board.

"(4) A benefit check bearing a current date may be issued to an individual who did not negotiate the original benefit check and who surrenders such check for cancellation if the Secretary of the Treasury determines it is necessary to effect proper payment of benefits."

(b) The amendment made by subsection (a) shall apply with respect to all checks for benefits under this Act which are issued on or after May 1, 1985. 45 USC 231n note.

(c)(1) The Secretary of the Treasury shall transfer from the general fund of the Treasury to each Account established in the Treasury for the payment of benefits under the Railroad Retirement Act of 1974 in the month following the month in which this section is enacted and in each of the next succeeding months until May, 1985, such sums as may be necessary to reimburse such Accounts in the proportionate amount of all checks (including interest thereon) attributable to such Accounts which the Secretary and the Board jointly determine to be unnegotiated benefit checks, to the extent provided in advance in appropriation Acts. After any amounts authorized by this subsection have been transferred to an Account or Accounts with respect to any benefit check, the provisions of paragraphs (3) and (4) of section 15(i) of the Railroad Retirement Act of 1974 (as added by subsection (a) of this section) shall be applicable to such check. Transfer of funds. 45 USC 231n note. 45 USC 231t.

(2) As used in paragraph (1) of this subsection, the term 'unnegotiated benefit checks' means checks for benefits under the Railroad Retirement Act of 1974 or under the Railroad Retirement Act of 1937 which are issued prior to May 1, 1985, which remain unnegotiated after the sixth month following the date on which they were issued, and with respect to which no transfers have previously been made in accordance with the first sentence of such paragraph. "Unnegotiated benefit checks." 45 USC 231t.

SEC. 418. The Railroad Retirement Act of 1974 is amended by adding at the end the following new section:

"INSPECTOR GENERAL

45 USC 231v.

"SEC. 23. For the purposes of the Inspector General Act of 1978 (5 U.S.C. App.) the Railroad Retirement Board is an 'establishment' and the Chairman of the Railroad Retirement Board is the 'head of the establishment' with respect to such Board. For the purpose of section 2 of such Act, the Railroad Retirement Board is one of 'such establishments'.".

45 USC 231a.

45 USC 231m.

SEC. 419. (a) Section 14 of the Railroad Retirement Act of 1974 is amended—

(1) by striking out "Notwithstanding" and inserting in lieu thereof "(a) Except as provided in subsection (b) of this section and the Internal Revenue Code of 1954, notwithstanding";

26 USC 1 *et seq.*

(2) by striking out ": *Provided, however,* That the provisions of this" and inserting in lieu thereof the following:

"(b)(1) This"; and

(3) by adding at the end the following:

"(2) This section shall not operate to prohibit the characterization or treatment of that portion of an annuity under this Act which is not computed under section 3(a), 4(a), or 4(f) of this Act, or any portion of a supplemental annuity under this Act, as community property for the purposes of, or property subject to, distribution in accordance with a court decree of divorce, annulment, or legal separation or the terms of any court-approved property settlement incident to any such court decree. The Board shall make payments of such portions in accordance with any such characterization or treatment or any such decree or settlement.".

Ante, p. 411.

45 USC 231m note.

(b) The amendments made by this section shall apply with respect to annuity amounts payable for months beginning after the date of the enactment of this Act.

TITLE V—OTHER AMENDMENTS

ESTABLISHMENT OF SOCIAL SECURITY EQUIVALENT BENEFIT ACCOUNT

SEC. 501. (a) The Railroad Retirement Act of 1974 is amended by inserting after section 15 the following new section:

"SOCIAL SECURITY EQUIVALENT BENEFIT ACCOUNT

45 USC 231n-1.

"SEC. 15A. (a) There is hereby created an account in the Treasury of the United States to be known as the 'Social Security Equivalent Benefit Account'.

"(b) TRANSFERS, ETC., TO SOCIAL SECURITY EQUIVALENT BENEFIT ACCOUNT.—

"(1) NET TIER 1 TAXES, ETC.—There is hereby appropriated to the Social Security Equivalent Benefit Account for each fiscal year, beginning with the fiscal year beginning October 1, 1984, an amount equal to the sum of the following amounts:

"(A) NET TIER 1 TAXES.—Amounts covered into the Treasury (minus refunds) during such fiscal year under sections 3201(a), 3211(a)(1), and 3221(a) of the Railroad Retirement Tax Act.

Ante, pp. 420, 421.

"(B) INCOME TAX LIABILITIES ATTRIBUTABLE TO TAXATION OF SOCIAL SECURITY EQUIVALENT BENEFITS.—The amount which (but for this section) would have been transferred to the Railroad Retirement Account under section 121(e) of the

Social Security Amendments of 1983 to the extent that the amount which would have been so transferred is attributable to taxation of social security equivalent benefits. *Ante*, p. 80.

Amounts appropriated to the Railroad Retirement Account shall be appropriately reduced to take into account the amounts appropriated under this paragraph to the Social Security Equivalent Benefit Account.

"(2) FINANCIAL INTERCHANGE AMOUNTS.—On and after October 1, 1984, any amount which (but for this section) would have been transferred to the Railroad Retirement Account pursuant to paragraph (2) or (4) of section 7(c) of this Act shall be transferred to the Social Security Equivalent Benefit Account. On and after October 1, 1984, no transfer shall be made to the Railroad Retirement Account pursuant to paragraph (2) or (4) of section 7(c) of this Act. *Ante*, p. 430.

"(3) CERTAIN CREDITED MILITARY SERVICE AMOUNTS.—To the extent that the authorization for appropriation contained in section 15(b) is attributable to the cost of social security equivalent benefits, on and after October 1, 1984, any reference in such section to the Railroad Retirement Account shall be treated as a reference to the Social Security Equivalent Benefit Account. *Ante*, p. 431.

"(4) TIME AND MANNER OF CREDITS AND TRANSFERS.—Amounts appropriated or transferred to the Social Security Equivalent Benefit Account under this section shall be credited or transferred to such Account at the same time and in the same manner as such amounts would have been credited or transferred to the Railroad Retirement Account but for this section.

"(c)(1) Except as otherwise provided in this section, amounts in the Social Security Equivalent Benefit Account shall be available only for purposes of paying social security equivalent benefits under this Act and to provide for the administrative expenses of the Board allocable to social security equivalent benefits.

"(2) On and after October 1, 1984, any transfer which (but for this paragraph) would be required to be made from the Railroad Retirement Account under paragraph (2) or (4) of section 7(c) shall be made from the Social Security Equivalent Benefit Account.

"(d)(1) Whenever the Board finds that the balance in the Social Security Equivalent Benefit Account will be insufficient to pay social security equivalent benefits which it estimates are due in any month, it shall request the Secretary of the Treasury to transfer from the Railroad Retirement Account to the credit of the Social Security Equivalent Benefit Account such moneys as the Board estimates will be necessary for the payment of such benefits, and the Secretary shall make such transfer. Whenever later in such month there is a transfer to the Social Security Equivalent Benefit Account under paragraph (2) or (4) of section 7(c) of this Act, the amount so transferred shall be immediately retransferred to the Railroad Retirement Account. The amount retransferred under the preceding sentence shall not exceed the amount of any outstanding transfers under this paragraph from the Railroad Retirement Account plus such additional amounts determined by the Board to be equal to the loss of interest to the Railroad Retirement Account resulting from such outstanding transfers.

"(2) Whenever the Board determines that—

"(A) amounts in the Railroad Retirement Account will not be sufficient to pay the annuities which it estimates are due, or will become due, from such Account, and

"(B) the transfer under this paragraph will not jeopardize the present or future payment of social security equivalent benefits, the Board shall request the Secretary of the Treasury to transfer from the Social Security Equivalent Benefit Account to the Railroad Retirement Account such moneys as the Board estimates will be necessary for the payment of such annuities, and the Secretary shall make such transfer. No transfer under this paragraph shall be required to be repaid.

45 USC 231n.

"(e) The provisions of subsections (e), (f), and (g) of section 15 are hereby made applicable to the Social Security Equivalent Benefit Account.

"(f)(1) For purposes of making payments of social security equivalent benefits, references in the Act to the Railroad Retirement Account shall be treated as references to the Social Security Equivalent Benefit Account.

"Social security equivalent benefits."

"(2) For purposes of this section, the term 'social security equivalent benefits' means benefits payable under this Act which are of a kind taken into account in determining the amount of transfers made under section 7(c)(2) of this Act.".

45 USC 231f.

Effective date.
45 USC 231n-1 note.

(b)(1) The amendment made by this section shall take effect on October 1, 1984.

45 USC 231n-1 note.
Ante, pp. 420, 421.
Ante, p. 438.

(2)(A) The tier 1 portion of the tax imposed by section 3201, 3211, or 3221 of the Internal Revenue Code of 1954, as the case may be, with respect to compensation paid before 1985 shall be treated as described in subparagraph (A) of section 15A(b)(1) of the Railroad Retirement Act of 1974.

26 USC 3101 *et seq.*

(B) For purposes of subparagraph (A), the tier 1 portion of any tax is so much of such tax as is determined by reference to the rates of taxes imposed by chapter 21 of the Internal Revenue Code of 1954.

STUDY

Report to Congress.
45 USC 231f-1.

SEC. 502. On or before July 1 of 1985, and of each calendar year thereafter, the Railroad Retirement Board shall submit to the Congress a report on the actuarial status of the railroad retirement system under various economic and employment assumptions. Such report shall include any recommendation for financing changes which might be advisable, including—

(1) any adjustment the Railroad Retirement Board recommends regarding the rates of taxes imposed by sections 3201(b), 3211(a)(2), and 3221(b) of the Internal Revenue Code of 1954, and

Ante, pp. 420, 421.

(2) if there are sufficient reserves in the Railroad Retirement Account, whether—

(A) the rates of such taxes should be reduced, or

(B) any part of the tax imposed by section 3221(b) of such Code should be diverted to the Railroad Unemployment Insurance Account to aid in the repayment of its debt to the Railroad Retirement Account.

INCREASE IN MONTHLY WAGE BASE

45 USC 358.

SEC. 503. (a)(1) Subsection (a) of section 8 of the Railroad Unemployment Insurance Act is amended by striking out so much of such subsection as precedes the table contained therein and inserting in lieu thereof the following:

"SEC. 8. (a) Every employer shall pay a contribution, with respect to having employees in his service, equal to the percentage deter-

mined as set forth below of so much of the compensation as is not in excess of $600 for any calendar month paid by him to any employee for any services rendered to him. If compensation is paid to an employee by more than one employer with respect to any such calendar month, the contributions required by this subsection shall not apply to more than $600 of the aggregate compensation paid to such employee by all such employers with respect to such calendar month, and each employer (other than a subordinate unit of a national railway-labor-organization employer) shall be liable for that portion of the contribution with respect to such compensation paid by all such employers which the compensation paid by him to such employee for services rendered during such month bears to the total compensation paid by all such employers to such employee for services rendered during such month. In the event that the compensation so paid by such employers to the employee for services rendered during such month is less than $600, each subordinate unit of a national railway-labor-organization employer shall be liable for such portion of any additional contribution as the compensation paid by such employer to such employee for services rendered during such month bears to the total compensation paid by all such employers to such employee for services rendered during such month:".

(2) Subsection (b) of section 8 of such Act is amended— 45 USC 358.

(A) by striking out "after December 1975", and

(B) by striking out "$400," and inserting in lieu thereof "$600,".

(b) The first sentence of subsection (i) of section 1 of such Act is amended by striking out "or in excess of $400 for any month after the month in which this Act was so amended" and inserting in lieu thereof "or in excess of $400 for any month after the month in which this Act was so amended and before January 1984, or in excess of $600 for any month after 1983". 45 USC 351.

(c) The amendments made by this section shall apply to compensation paid for services rendered after December 31, 1983. 45 USC 351 note.

RAILROAD UNEMPLOYMENT COMPENSATION COMMITTEE

SEC. 504. (a) Representatives of railroad labor and railroad management shall jointly establish (and jointly appoint the members of) a committee to be known as the "Railroad Unemployment Compensation Committee" (hereinafter in this section referred to as the "Committee"). 45 USC 362 note.

(b) The Committee shall consist of five members— Membership.

(1) two of whom shall be representatives of railroad labor,

(2) two of whom shall be representatives of railroad management, and

(3) one of whom shall be an individual who shall not be in the employment of or pecuniarily or otherwise interested in any employer (as defined in section 1 of the Railroad Retirement Act of 1974) or any organization of employees (as defined in section 1 of such Act). 45 USC 231.

(c) The Committee shall review all aspects of the unemployment and sickness insurance systems provided by the Railroad Unemployment Insurance Act including (but not limited to) a review of— Review.

(1) benefit levels,

(2) experience rating,

(3) debt repayment and interest on debt,

(4) waiting period for unemployment benefits and qualifying requirements, and

(5) alternatives to the railroad unemployment insurance system such as covering railroad employees under the Federal-State unemployment compensation system.

Report to Congress.

(d) Not later than April 1, 1984, the Committee shall submit a report to the Congress containing recommendations—

(1) with respect to the review conducted under subsection (c), and

(2) with respect to the repayment of funds which the railroad unemployment insurance system has borrowed from the Railroad Retirement Account.

Any recommendation submitted under paragraph (2) shall contain adjustments in contributions and benefits which will enable the railroad unemployment compensation system to repay all loans from the Railroad Retirement Account before December 31, 2000.

(e) The Railroad Retirement Board (and any other department, agency, or instrumentality of the Federal Government) is authorized to cooperate with, and assist, the Committee (at its request) in carrying out its duties by furnishing services, information, data, or other material which the Committee determines will be helpful in carrying out its duties.

Approved August 12, 1983.

LEGISLATIVE HISTORY—H.R. 1646:

HOUSE REPORT No. 98-30, Pt. 1 (Comm. on Energy and Commerce) and Pt. 2 (Comm. on Ways and Means).

CONGRESSIONAL RECORD, Vol. 129 (1983):

Aug. 1, considered and passed House.

Aug. 2, considered and passed Senate.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 19, No. 32 (1983):

Aug. 12, Presidential statement.