

103^D CONGRESS
1ST SESSION

H. R. 255

To amend the Internal Revenue Code of 1986 to provide for floating social security tax rates for old-age, survivors, and disability insurance.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 5, 1993

Mr. NEAL of North Carolina introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide for floating social security tax rates for old-age, survivors, and disability insurance.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Social Security Long-
5 Term Protection Act of 1993”.

6 **SEC. 2. FINDINGS AND PURPOSES.**

7 (a) FINDINGS.—Congress hereby finds that—

8 (1) public confidence in the old-age, survivors,
9 and disability insurance program under the Social
10 Security Act has been undermined by the nature of

1 the political debate which attends the major deci-
2 sions affecting the program; and

3 (2) that the treatment of the old-age, survivors,
4 and disability insurance program under the Social
5 Security Act as a political issue is of grave concern
6 to—

7 (A) working Americans who bear the ever-
8 increasing social security tax burden and have
9 growing doubts about the program's stability;
10 and

11 (B) young Americans, who object to the
12 social security tax altogether because they do
13 not believe it will survive long enough for them
14 to derive any benefits from it.

15 (b) ADDITIONAL FINDINGS.—Congress further finds
16 that—

17 (1) under current projections through the year
18 2025, surplus income for the old-age, survivors, and
19 disability insurance program will grow to an amount
20 equal to two years of outlays by the year 2000, and
21 to an amount equal to three and one-third years of
22 outlays by 2015;

23 (2) at the current rate of social security out-
24 lays, a reserve of three and one-third years would
25 total over \$1,000,000,000,000;

1 (3) a reserve in that amount would be unneces-
2 sary, and would be viewed by both the Congress and
3 the American people as excessive taxation.

4 (c) PURPOSES.—The purposes of this Act are—

5 (1) to permanently ensure the viability and cer-
6 tainty of the old-age, survivors, and disability insur-
7 ance program;

8 (2) to guarantee that social security taxes be no
9 more than necessary to meet the program's current
10 obligations, plus an appropriate reserve.

11 **SEC. 3. FLOATING OASDI TAX RATES AFTER 1994.**

12 (a) RATE OF TAX ON EMPLOYEES.—Subsection (a)
13 of section 3101 of the Internal Revenue Code of 1986 (re-
14 lating to rate of tax on employees) is amended to read
15 as follows:

16 “(a) OLD-AGE, SURVIVORS, AND DISABILITY INSUR-
17 ANCE.—

18 “(1) GENERAL RULE.—In addition to other
19 taxes, there is hereby imposed on the income of
20 every individual a tax equal to the percentage deter-
21 mined under this subsection of the wages (as defined
22 in section 3121(a)) received by any individual during
23 any calendar year with respect to employment (as
24 defined in section 3121(b)). The percentage deter-
25 mined under this subsection is—

1 “(A) in cases of wages received during
2 1994, 6.2 percent, and

3 “(B) in cases of wages received during any
4 calendar year after 1994, the percentage deter-
5 mined under this subsection for the prior cal-
6 endar year, unless paragraph (2) or (3) applies
7 with respect to such wages.

8 “(2) PERCENTAGE IN THE CASE OF AT LEAST
9 A 60-PERCENT OASDI TRUST FUND RESERVE.—

10 “(A) RULE GOVERNING APPLICABILITY OF
11 PARAGRAPH.—This paragraph applies with re-
12 spect to wages received during any calendar
13 year (after 1994) if the OASDI trust fund re-
14 serve on September 30 of the prior calendar
15 year is—

16 “(i) not less than 60.0 percent of the
17 total amount of the OASDI trust fund ex-
18 penditures during the fiscal year ending
19 with such September 30, and

20 “(ii) not less than the OASDI trust
21 fund reserve on the last preceding Septem-
22 ber 30.

23 “(B) DETERMINATION OF PERCENTAGE.—
24 If this paragraph applies with respect to wages
25 received during any calendar year, the percent-

1 age determined under this subsection with re-
2 spect to such wages shall be equal to the excess
3 of—

4 “(i) the percentage determined under
5 this subsection for the prior calendar year,
6 over

7 “(ii) 0.4 percent.

8 “(3) PERCENTAGE IN THE CASE OF LESS THAN
9 A 55-PERCENT OASDI TRUST FUND RESERVE.—

10 “(A) RULE GOVERNING APPLICABILITY OF
11 PARAGRAPH.—This paragraph applies with re-
12 spect to wages received during any calendar
13 year (after 1994) if the OASDI trust fund re-
14 serve on September 30 of the prior calendar
15 year is less than 55.0 percent of the total
16 amount of the OASDI trust fund expenditures
17 during the fiscal year ending with such Septem-
18 ber 30.

19 “(B) DETERMINATION OF PERCENTAGE.—
20 The percentage determined for any calendar
21 year under this paragraph shall be equal to the
22 sum of—

23 “(i) the percentage determined under
24 this subsection for the prior calendar year,
25 plus

1 “(ii) 0.4 percent.”.

2 (b) RATE OF TAX ON EMPLOYERS.—Subsection (a)
3 of section 3111 of such Code (relating to rate of tax on
4 employers) is amended to read as follows:

5 “(a) OLD-AGE, SURVIVORS, AND DISABILITY INSUR-
6 ANCE.—

7 “(1) GENERAL RULE.—In addition to other
8 taxes, there is hereby imposed on every employer an
9 excise tax, with respect to having individuals in his
10 employ, equal to the percentage determined under
11 this subsection of the wages (as defined in section
12 3121(a)) paid by him during any calendar year with
13 respect to employment (as defined in section
14 3121(b)). The percentage determined under this
15 subsection is—

16 “(A) in cases of wages paid during 1994,
17 6.2 percent, and

18 “(B) in cases of wages paid during any
19 calendar year after 1994, the percentage deter-
20 mined under this subsection for the prior cal-
21 endar year, unless paragraph (2) or (3) applies
22 with respect to such wages.

23 “(2) PERCENTAGE IN THE CASE OF AT LEAST
24 A 60-PERCENT OASDI TRUST FUND RESERVE.—

1 “(A) RULE GOVERNING APPLICABILITY OF
2 PARAGRAPH.—This paragraph applies with re-
3 spect to wages paid during any calendar year
4 (after 1994) if the OASDI trust fund reserve
5 on September 30 of the prior calendar year is—

6 “(i) not less than 60.0 percent of the
7 total amount of the OASDI trust fund ex-
8 penditures during the fiscal year ending
9 with such September 30, and

10 “(ii) not less than the OASDI trust
11 fund reserve on the last preceding Septem-
12 ber 30.

13 “(B) DETERMINATION OF PERCENTAGE.—
14 If this paragraph applies with respect to wages
15 paid during any calendar year, the percentage
16 determined under this subsection with respect
17 to such wages shall be equal to the excess of—

18 “(i) the percentage determined under
19 this subsection for the prior calendar year,
20 over

21 “(ii) 0.4 percent.

22 “(3) PERCENTAGE IN THE CASE OF LESS THAN
23 A 55-PERCENT OASDI TRUST FUND RESERVE.—

24 “(A) RULE GOVERNING APPLICABILITY OF
25 PARAGRAPH.—This paragraph applies with re-

1 spect to wages paid during any calendar year
2 (after 1994) if the OASDI trust fund reserve
3 on September 30 of the prior calendar year is
4 less than 55.0 percent of the total amount of
5 the OASDI trust fund expenditures during the
6 fiscal year ending with such September 30.

7 “(B) DETERMINATION OF PERCENTAGE.—

8 The percentage determined for any calendar
9 year under this paragraph shall be equal to the
10 sum of—

11 “(i) the percentage determined under
12 this subsection for the prior calendar year,
13 plus

14 “(ii) 0.4 percent.”.

15 (c) RATE OF SELF-EMPLOYMENT TAX.—Subsection
16 (a) of section 1401 of such Code (relating to rate of tax
17 on self-employment income for old-age, survivors, and dis-
18 ability insurance) is amended to read as follows:

19 “(a) OLD-AGE, SURVIVORS, AND DISABILITY INSUR-
20 ANCE.—

21 “(1) GENERAL RULE.—In addition to other
22 taxes, there shall be imposed for each taxable year,
23 on the self-employment income for such taxable year,
24 a tax equal to the percentage determined under this
25 subsection of the self-employment income for such

1 taxable year. The percentage determined under this
2 subsection is—

3 “(A) in cases of self-employment income
4 for the first taxable year beginning after De-
5 cember 31, 1993, 12.4 percent, and

6 “(B) in cases of self-employment income
7 for each subsequent taxable year, the percent-
8 age determined under this subsection for the
9 prior taxable year, unless paragraph (2) or (3)
10 applies with respect to such self-employment in-
11 come.

12 “(2) PERCENTAGE IN THE CASE OF AT LEAST
13 A 60-PERCENT OASDI TRUST FUND RESERVE.—

14 “(A) RULE GOVERNING APPLICABILITY OF
15 PARAGRAPH.—This paragraph applies with re-
16 spect to self-employment income for any taxable
17 year (referred to in paragraph (1)(B)) if the
18 OASDI trust fund reserve on September 30 of
19 the calendar year preceding such taxable year
20 is—

21 “(i) not less than 60.0 percent of the
22 total amount of the OASDI trust fund ex-
23 penditures during the fiscal year ending
24 with such September 30, and

1 “(ii) not less than the OASDI trust
2 fund reserve on the last preceding Septem-
3 ber 30.

4 “(B) DETERMINATION OF PERCENTAGE.—
5 If this paragraph applies with respect to self-
6 employment income for any taxable year, the
7 percentage determined under this subsection
8 with respect to such self-employment income
9 shall be equal to the excess of—

10 “(i) the percentage determined under
11 this subsection for the prior taxable year,
12 over

13 “(ii) 0.8 percent.

14 “(3) PERCENTAGE IN THE CASE OF LESS THAN
15 A 55-PERCENT OASDI TRUST FUND RESERVE.—

16 “(A) RULE GOVERNING APPLICABILITY OF
17 PARAGRAPH.—This paragraph applies with re-
18 spect to self-employment income for any taxable
19 year (referred to in paragraph (1)(B)) if the
20 OASDI trust fund reserve on September 30 of
21 the calendar year preceding such taxable year is
22 less than 55.0 percent of the total amount of
23 the OASDI trust fund expenditures during the
24 fiscal year ending with such September 30.

1 “(B) DETERMINATION OF PERCENTAGE.—

2 The percentage determined for any calendar
3 year under this paragraph shall be equal to the
4 sum of—

5 “(i) the percentage determined under
6 this subsection for the prior calendar year,
7 plus

8 “(ii) 0.8 percent.”.

9 (d) DEFINITIONS.—

10 (1) AMENDMENT TO FICA PROVISIONS.—Sec-
11 tion 3121 of such Code (relating to definitions) is
12 amended by adding at the end thereof the following
13 new subsections:

14 “(y) OASDI TRUST FUND RESERVE.—For purposes
15 of this chapter, the term ‘OASDI trust fund reserve’, on
16 September 30 of any calendar year, means the sum of—

17 “(1) the balance in the Federal Old-Age and
18 Survivors Insurance Trust Fund as of such date,
19 and

20 “(2) the balance in the Federal Disability In-
21 surance Trust Fund as of such date.

22 “(z) OASDI TRUST FUND EXPENDITURES.—For
23 purposes of this chapter, the term ‘OASDI trust fund ex-
24 penditures’, during any fiscal year, means the sum of—

1 “(1) the total amount which was paid from the
2 Federal Old-Age and Survivors Insurance Trust
3 Fund during such fiscal year for all purposes au-
4 thorized by section 201 of the Social Security Act,
5 but excluding any transfer payments between such
6 Trust Fund and the Federal Disability Insurance
7 Trust Fund and reducing the amount of any trans-
8 fers to the Railroad Retirement Account by the
9 amount of any transfers into such Trust Fund from
10 that Account, and

11 “(2) the total amount which was paid from the
12 Federal Disability Insurance Trust Fund during
13 such fiscal year for all purposes authorized by sec-
14 tion 201 of such Act, but excluding any transfer
15 payments between such Trust Fund and the Federal
16 Old-Age and Survivors Insurance Trust Fund and
17 reducing the amount of any transfers to the Rail-
18 road Retirement Account by the amount of any
19 transfers into such Trust Fund from that Account.”.

20 (2) AMENDMENT TO SECA PROVISIONS—Section
21 1402 of such Code (relating to definitions) is
22 amended by adding at the end thereof the following
23 new subsections:

1 “(k) OASDI TRUST FUND RESERVE.—The term
2 ‘OASDI trust fund reserve’, on September 30 of any cal-
3 endar year, means the sum of—

4 “(1) the balance in the Federal Old-Age and
5 Survivors Insurance Trust Fund, as of such date,
6 and

7 “(2) the balance in the Federal Disability In-
8 surance Trust Fund, as of such date.

9 “(l) OASDI TRUST FUND EXPENDITURES.—The
10 term ‘OASDI trust fund expenditures’, during any fiscal
11 year, means the sum of—

12 “(1) the total amount which was paid from the
13 Federal Old-Age and Survivors Insurance Trust
14 Fund during such fiscal year for all purposes au-
15 thorized by section 201 of the Social Security Act,
16 but excluding any transfer payments between such
17 Trust Fund and the Federal Disability Insurance
18 Trust Fund and reducing the amount of any trans-
19 fers to the Railroad Retirement Account by the
20 amount of any transfers into such Trust Fund from
21 that Account, and

22 “(2) the total amount which was paid from the
23 Federal Disability Insurance Trust Fund during
24 such fiscal year for all purposes authorized by sec-
25 tion 201 of such Act, but excluding any transfer

1 payments between such Trust Fund and the Federal
2 Old-Age and Survivors Insurance Trust Fund and
3 reducing the amount of any transfers to the Rail-
4 road Retirement Account by the amount of any
5 transfers into such Trust Fund from that Account.”.

6 (e) EFFECTIVE DATE.—The amendments made by
7 this section shall apply with respect to wages received and
8 wages paid during calendar years after 1993 and self-em-
9 ployment income for taxable years beginning after Decem-
10 ber 31, 1993.

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