

115TH CONGRESS
1ST SESSION

S. 427

To enhance Social Security benefits and ensure the long-term solvency of
the Social Security program.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 16, 2017

Mr. SANDERS (for himself and Mrs. GILLIBRAND) introduced the following
bill; which was read twice and referred to the Committee on Finance

A BILL

To enhance Social Security benefits and ensure the long-
term solvency of the Social Security program.

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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Social Security Expansion Act”.

6 (b) TABLE OF CONTENTS.—The table of contents of
7 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Across-the-board benefit increase.
- Sec. 3. Computation of cost-of-living increases.
- Sec. 4. Increase in minimum benefit for lifetime low earners based on years in
the workforce.
- Sec. 5. Payroll tax on remuneration up to contribution and benefit base and
more than \$250,000.

Sec. 6. Tax on net earnings from self-employment up to contribution and benefit base and more than \$250,000.

Sec. 7. Tax on investment gain.

1 **SEC. 2. ACROSS-THE-BOARD BENEFIT INCREASE.**

2 Section 215(a)(1)(B) of the Social Security Act (42
3 U.S.C. 415(a)(1)(B)) is amended—

4 (1) by redesignating clause (iii) as clause (iv);

5 and

6 (2) by inserting after clause (ii) the following
7 new clause:

8 “(iii) For individuals who initially become eligi-
9 ble for old-age or disability insurance benefits, or
10 who die (before becoming eligible for such benefits)
11 in any calendar year after 2022, the amount deter-
12 mined under clause (i) of this subparagraph for pur-
13 poses of subparagraph (A)(i) for such calendar year
14 shall be increased by—

15 “(I) for calendar year 2023, 1 percent;

16 “(II) for each of calendar years 2024
17 through 2036, the percent determined under
18 this clause for the preceding year increased by
19 1 percentage point; and

20 “(III) for calendar year 2037 and each
21 year thereafter, 15 percent.”.

1 **SEC. 3. COMPUTATION OF COST-OF-LIVING INCREASES.**

2 (a) IN GENERAL.—Section 215(i)(1) of the Social Se-
 3 curity Act (42 U.S.C. 415(i)(1)) is amended by adding
 4 at the end the following new subparagraph:

5 “(H) the term ‘Consumer Price Index’ means
 6 the Consumer Price Index for Elderly Consumers
 7 (CPI–E, as published by the Bureau of Labor Sta-
 8 tistics of the Department of Labor).”.

9 (b) APPLICATION TO PRE-1979 LAW.—

10 (1) IN GENERAL.—Section 215(i)(1) of the So-
 11 cial Security Act as in effect in December 1978, and
 12 as applied in certain cases under the provisions of
 13 such Act as in effect after December 1978, is
 14 amended by adding at the end the following new
 15 subparagraph:

16 “(D) the term ‘Consumer Price Index’ means
 17 the Consumer Price Index for Elderly Consumers
 18 (CPI–E, as published by the Bureau of Labor Sta-
 19 tistics of the Department of Labor).”.

20 (2) CONFORMING CHANGE.—Section 215(i)(4)
 21 of the Social Security Act (42 U.S.C. 415(i)(4)) is
 22 amended by inserting “and by section 102 of the So-
 23 cial Security Expansion Act” after “1986”.

24 (c) NO EFFECT ON ADJUSTMENTS UNDER OTHER
 25 LAWS.—Section 215(i) of the Social Security Act (42

1 U.S.C. 415(i)) is amended by adding at the end the fol-
 2 lowing:

3 “(6) Any provision of law (other than in this title,
 4 title VIII, or title XVI) which provides for adjustment of
 5 an amount based on a change in benefit amounts resulting
 6 from a determination made under this subsection shall be
 7 applied and administered without regard to the amend-
 8 ments made by section 102 of the Social Security Expan-
 9 sion Act.”.

10 (d) PUBLICATION OF CONSUMER PRICE INDEX FOR
 11 ELDERLY CONSUMERS.—The Bureau of Labor Statistics
 12 of the Department of Labor shall prepare and publish the
 13 index authorized by section 191 of the Older Americans
 14 Amendments Act of 1987 (29 U.S.C. 2 note) for each cal-
 15 endar month, beginning with July of the calendar year fol-
 16 lowing the calendar year in which this Act is enacted, and
 17 such index shall be known as the “Consumer Price Index
 18 for Elderly Consumers”.

19 (e) EFFECTIVE DATE.—The amendments made by
 20 subsection (a) shall apply to determinations made with re-
 21 spect to cost-of-living computation quarters (as defined in
 22 section 215(i)(1)(B) of the Social Security Act (42 U.S.C.
 23 415(i)(1)(B))) ending on or after September 30 of the sec-
 24 ond calendar year following the calendar year in which this
 25 Act is enacted.

1 **SEC. 4. INCREASE IN MINIMUM BENEFIT FOR LIFETIME**
 2 **LOW EARNERS BASED ON YEARS IN THE**
 3 **WORKFORCE.**

4 (a) IN GENERAL.—Section 215(a)(1) of the Social
 5 Security Act (42 U.S.C. 415(a)(1)) is amended—

6 (1) by redesignating subparagraph (D) as sub-
 7 paragraph (E); and

8 (2) by inserting after subparagraph (C) the fol-
 9 lowing new subparagraph:

10 “(D)(i) Effective with respect to the benefits of indi-
 11 viduals who become eligible for old-age insurance benefits
 12 or disability insurance benefits (or die before becoming so
 13 eligible) after 2017, no primary insurance amount com-
 14 puted under subparagraph (A) may be less than the great-
 15 er of—

16 “(I) the minimum monthly amount computed
 17 under subparagraph (C); or

18 “(II) in the case of an individual who has more
 19 than 10 years of work (as defined in clause (iv)(I)),
 20 the alternative minimum amount determined under
 21 clause (ii).

22 “(ii)(I) The alternative minimum amount determined
 23 under this clause is the applicable percentage of $\frac{1}{12}$ of
 24 the annual dollar amount determined under clause (iii) for
 25 the year in which the amount is determined.

1 “(II) For purposes of subclause (I), the applicable
 2 percentage is the percentage specified in connection with
 3 the number of years of work, as set forth in the following
 4 table:

“If the number of years of work is:	The applicable percentage is:
11	6.25 percent
12	12.50 percent
13	18.75 percent
14	25.00 percent
15	31.25 percent
16	37.50 percent
17	43.75 percent
18	50.00 percent
19	56.25 percent
20	62.50 percent
21	68.75 percent
22	75.00 percent
23	81.25 percent
24	87.50 percent
25	93.75 percent
26	100.00 percent
27	106.25 percent
28	112.50 percent
29	118.75 percent
30 or more	125.00 percent.

5 “(iii) The annual dollar amount determined under
 6 this clause is—

7 “(I) for calendar year 2018, the poverty guide-
 8 line for 2017; and

9 “(II) for any calendar year after 2018, the an-
 10 nual dollar amount for 2017 multiplied by the ratio
 11 of—

12 “(aa) the national average wage index (as
 13 defined in section 209(k)(1)) for the second cal-
 14 endar year preceding the calendar year for
 15 which the determination is made, to

1 “(bb) the national average wage index (as
2 so defined) for 2016.

3 “(iv) For purposes of this subparagraph—

4 “(I) the term ‘year of work’ means, with re-
5 spect to an individual, a year to which 4 quarters of
6 coverage have been credited based on such individ-
7 ual’s wages and self-employment income; and

8 “(II) the term ‘poverty guideline for 2017’
9 means the annual poverty guideline for 2017 (as up-
10 dated annually in the Federal Register by the De-
11 partment of Health and Human Services under the
12 authority of section 673(2) of the Omnibus Budget
13 Reconciliation Act of 1981) as applicable to a single
14 individual.”.

15 (b) RECOMPUTATION.—Notwithstanding section
16 215(f)(1) of the Social Security Act, the Commissioner of
17 Social Security shall recompute primary insurance
18 amounts originally computed for months prior to Novem-
19 ber 2016 to the extent necessary to carry out the amend-
20 ments made by this section.

21 (c) CONFORMING AMENDMENT.—Section 209(k)(1)
22 of such Act (42 U.S.C. 409(k)(1)) is amended by inserting
23 “215(a)(1)(E),” after “215(a)(1)(D),”.

1 **SEC. 5. PAYROLL TAX ON REMUNERATION UP TO CON-**
 2 **TRIBUTION AND BENEFIT BASE AND MORE**
 3 **THAN \$250,000.**

4 (a) IN GENERAL.—Paragraph (1) of section 3121(a)
 5 of the Internal Revenue Code of 1986 is amended by in-
 6 serting after “such calendar year.” the following: “The
 7 preceding sentence shall apply only to calendar years for
 8 which the contribution and benefit base (as so determined)
 9 is less than \$250,000, and, for such calendar years, only
 10 to so much of the remuneration paid to such employee
 11 by such employer with respect to employment as does not
 12 exceed \$250,000.”.

13 (b) CONFORMING AMENDMENT.—Paragraph (1) of
 14 section 3121 of the Internal Revenue Code of 1986 is
 15 amended by striking “Act) to” and inserting “Act), or in
 16 excess of \$250,000, to”.

17 (c) EFFECTIVE DATE.—The amendments made by
 18 this section shall apply to remuneration paid after Decem-
 19 ber 31, 2017.

20 **SEC. 6. TAX ON NET EARNINGS FROM SELF-EMPLOYMENT**
 21 **UP TO CONTRIBUTION AND BENEFIT BASE**
 22 **AND MORE THAN \$250,000.**

23 (a) IN GENERAL.—Paragraph (1) of section 1402(b)
 24 of the Internal Revenue Code of 1986 is amended to read
 25 as follows:

1 “(1) in the case of the tax imposed by section
2 1401(a), the excess of—

3 “(A) that part of the net earnings from
4 self-employment which is in excess of—

5 “(i) an amount equal to the contribu-
6 tion and benefit base (as determined under
7 section 230 of the Social Security Act)
8 which is effective for the calendar year in
9 which such taxable year begins, minus

10 “(ii) the amount of the wages paid to
11 such individual during such taxable years,
12 over

13 “(B) that part of the net earnings from
14 self-employment which is in excess of the sum
15 of—

16 “(i) the excess of—

17 “(I) the net earning from self-
18 employment reduced by the excess (if
19 any) of subparagraph (A)(i) over sub-
20 paragraph (A)(ii), over

21 “(II) \$250,000, reduced by such
22 contribution and benefit base, plus

23 “(ii) the amount of the wages paid to
24 such individual during such taxable year in

1 excess of such contribution and benefit
 2 base and not in excess of \$250,000; or”.

3 (b) PHASEOUT.—Subsection (b) of section 1402 of
 4 the Internal Revenue Code of 1986 is amended by adding
 5 at the end the following: “Paragraph (1) shall apply only
 6 to taxable years beginning in calendar years for which the
 7 contribution and benefit base (as determined under section
 8 230 of the Social Security Act) is less than \$250,000.”.

9 (c) EFFECTIVE DATE.—The amendments made by
 10 this section shall apply to net earnings from self-employ-
 11 ment derived, and remuneration paid, after December 31,
 12 2017.

13 **SEC. 7. TAX ON INVESTMENT GAIN.**

14 (a) IN GENERAL.—Subsection (a) of section 1411 of
 15 the Internal Revenue Code of 1986 is amended by striking
 16 “3.8 percent” each place it appears and inserting “10 per-
 17 cent”.

18 (b) CONFORMING AMENDMENT.—The heading for
 19 chapter 2A of the Internal Revenue Code of 1986 is
 20 amended by inserting “**AND SOCIAL SECURITY**”
 21 after “**MEDICARE**”.

22 (c) TRUST FUNDS.—

23 (1) FEDERAL OLD-AGE AND SURVIVORS INSUR-
 24 ANCE TRUST FUND.—Subsection (a) of section 201

1 of the Social Security Act (42 U.S.C. 401) is amend-
2 ed—

3 (A) in paragraph (4), by striking the pe-
4 riod at the end and inserting “; and”;

5 (B) by inserting after paragraph (4) the
6 following new paragraph:

7 “(5) 62 percent of the taxes imposed under section
8 1411 of the Internal Revenue Code of 1986, less the
9 amounts specified in clause (3) of subsection (b) of this
10 section.”; and

11 (C) in the flush matter at the end—

12 (i) by striking “clauses (3) and (4)”
13 each place it appears and inserting
14 “clauses (3), (4), and (5)”;

15 (ii) by striking “clauses (1) and (2)”
16 and inserting “clauses (1), (2), and (3)”.

17 (2) FEDERAL DISABILITY INSURANCE TRUST
18 FUND.—Subsection (b) of such section is amended—

19 (A) in paragraph (2), by striking the pe-
20 riod at the end and inserting “; and”; and

21 (B) by adding at the end the following new
22 paragraph:

23 “(3) 9 percent of the taxes imposed under section
24 1411 of the Internal Revenue Code of 1986.”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2017.

○