

115TH CONGRESS
1ST SESSION

H. R. 1631

To amend title II of the Social Security Act and the Internal Revenue Code of 1986 to modify the portion of wages and self-employment income subject to payroll taxes, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 20, 2017

Mr. CRIST introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend title II of the Social Security Act and the Internal Revenue Code of 1986 to modify the portion of wages and self-employment income subject to payroll taxes, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Save Social Security
5 Act of 2017”.

1 **SEC. 2. DETERMINATION OF WAGES AND SELF-EMPLOY-**
 2 **MENT INCOME ABOVE CONTRIBUTION AND**
 3 **BENEFIT BASE AFTER 2017.**

4 (a) DETERMINATION OF WAGES ABOVE CONTRIBU-
 5 TION AND BENEFIT BASE AFTER 2017.—

6 (1) AMENDMENTS TO THE INTERNAL REVENUE
 7 CODE.—

8 (A) IN GENERAL.—Paragraph (1) of sec-
 9 tion 3121(a) of the Internal Revenue Code of
 10 1986 is amended by inserting after “such cal-
 11 endar year.” the following: “The preceding sen-
 12 tence shall apply only to calendar years for
 13 which the contribution and benefit base (as so
 14 determined) is less than \$300,000, and, for
 15 such calendar years, only to so much of the re-
 16 munerated paid to such employee by such em-
 17 ployer with respect to employment as does not
 18 exceed \$300,000.”.

19 (B) CONFORMING AMENDMENT.—Para-
 20 graph (1) of section 3121(a) of such Code is
 21 amended by striking “Act) to” and inserting
 22 “Act), or in excess of \$300,000, to”.

23 (2) AMENDMENT TO THE SOCIAL SECURITY
 24 ACT.—Section 209(a)(1)(I) of the Social Security
 25 Act (42 U.S.C. 409(a)(1)(I)) is amended by insert-
 26 ing before the semicolon at the end the following:

1 “except that this subparagraph shall apply only to
 2 calendar years for which the contribution and ben-
 3 efit base (as so determined) is less than \$300,000,
 4 and, for such calendar years, only to the extent re-
 5 munerated paid to such employee by such employer
 6 with respect to employment does not exceed
 7 \$300,000”.

8 (3) EFFECTIVE DATE.—The amendments made
 9 by this subsection shall apply with respect to remu-
 10 neration paid in calendar years after 2017.

11 (b) DETERMINATION OF SELF-EMPLOYMENT IN-
 12 COME ABOVE CONTRIBUTION AND BENEFIT BASE AFTER
 13 2017.—

14 (1) AMENDMENTS TO THE INTERNAL REVENUE
 15 CODE.—

16 (A) IN GENERAL.—Paragraph (1) of sec-
 17 tion 1402(b) of the Internal Revenue Code of
 18 1986 is amended to read as follows:

19 “(1) in the case of the tax imposed by section
 20 1401(a)—

21 “(A) in the case of a taxpayer with wages
 22 (as determined under section 3121(a) without
 23 regard to paragraph (1) of such section) less
 24 than \$300,000 and more than the contribution
 25 and benefit base (as determined under section

230 of the Social Security Act) which is effective for the calendar year in which such taxable year begins, the lesser of—

“(i) the excess of \$300,000 over the wages (as so determined) paid to such individual during such taxable year, or

“(ii) the net earnings from self-employment for the taxable year, and

“(B) in the case of a taxpayer with wages (as so determined) less than or equal to such contribution and benefit base and for whom the sum, for the taxable year, of net earnings from self-employment and wages (as so determined) paid to such individual is greater than such contribution and benefit base, the lesser of—

“(i) the excess of such sum over such contribution and benefit base, or

“(ii) the excess of \$300,000 over such contribution and benefit base.”.

(B) PHASEOUT.—Subsection (b) of section 1402 of the Internal Revenue Code of 1986 is amended by adding at the end the following: “Paragraph (1) shall apply only to taxable years beginning in calendar years for which the contribution and benefit base (as determined

under section 230 of the Social Security Act) is less than \$300,000.”.

(2) AMENDMENTS TO THE SOCIAL SECURITY ACT.—

(A) IN GENERAL.—Section 211(b)(1) of the Social Security Act (42 U.S.C. 411(b)) is amended—

(i) in subparagraph (I)—

(I) by inserting “and before 2018” after “1974”; and

(II) by striking “or” at the end;

and

(ii) by adding at the end the following:

“(J) For any taxable year beginning in any calendar year after 2017, an amount equal to—

“(i) in the case of an individual with wages (as determined under section 209(a) without regard to paragraph (1) of such section) less than \$300,000 and more than the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective for the calendar year in which such taxable year begins, the lesser of—

1 “(I) the excess of \$300,000 over
 2 the wages (as so determined) paid to
 3 such individual during such taxable
 4 year, or

5 “(II) the net earnings from self-
 6 employment for the taxable year, and

7 “(ii) in the case of a taxpayer with
 8 wages (as so determined) less than or
 9 equal to such contribution and benefit base
 10 and for whom the sum, for the taxable
 11 year, of net earnings from self-employment
 12 and wages (as so determined) paid to such
 13 individual is greater than such contribution
 14 and benefit base, the lesser of—

15 “(I) the excess of such sum over
 16 such contribution and benefit base, or

17 “(II) the excess of \$300,000 over
 18 such contribution and benefit base.”.

19 (B) PHASEOUT.—Section 211(b) of the
 20 Social Security Act (42 U.S.C. 411(b)) is
 21 amended by adding at the end the following:
 22 “Paragraph (1) shall apply only to taxable
 23 years beginning in calendar years for which the
 24 contribution and benefit base (as determined
 25 under section 230) is less than \$300,000.”.

1 (3) EFFECTIVE DATE.—The amendments made
 2 by this subsection shall apply to net earnings from
 3 self-employment derived, and remuneration paid, in
 4 calendar years after 2017.

5 **SEC. 3. INCLUSION OF EARNINGS OVER \$300,000 IN SOCIAL**
 6 **SECURITY BENEFIT FORMULA.**

7 (a) INCLUSION OF EARNINGS OVER \$300,000 IN DE-
 8 TERMINATION OF PRIMARY INSURANCE AMOUNTS.—Sec-
 9 tion 215(a)(1)(A) of the Social Security Act (42 U.S.C.
 10 415(a)(1)(A)) is amended—

11 (1) in clause (ii), by striking “and” at the end;

12 (2) in clause (iii), by inserting “and” at the
 13 end; and

14 (3) by inserting after clause (iii) the following:

15 “(iv) 3 percent of the individual’s excess aver-
 16 age indexed monthly earnings (as defined in sub-
 17 section (b)(5)(A)).”.

18 (b) DEFINITION OF EXCESS AVERAGE INDEXED
 19 MONTHLY EARNINGS.—Section 215(b) of the Social Secu-
 20 rity Act (42 U.S.C. 415(b)) is amended—

21 (1) by striking “wages” and “self-employment
 22 income” each place such terms appear and inserting
 23 “basic wages” and “basic self-employment income”,
 24 respectively; and

25 (2) by adding at the end the following:

1 “(5)(A) An individual’s excess average indexed
2 monthly earnings shall be equal to the amount of the indi-
3 vidual’s average indexed monthly earnings that would be
4 determined under this subsection by substituting ‘excess
5 wages’ for ‘basic wages’ and ‘excess self-employment in-
6 come’ for ‘basic self-employment income’ each place such
7 terms appear in this subsection (except in this paragraph).

8 “(B) For purposes of this subsection—

9 “(i) the term ‘basic wages’ means that portion
10 of the wages of an individual paid in a year that
11 does not exceed the contribution and benefit base for
12 the year;

13 “(ii) the term ‘basic self-employment income’
14 means that portion of the self-employment income of
15 an individual credited to a year that does not exceed
16 an amount equal to the contribution and benefit
17 base for the year minus the amount of the wages
18 paid to the individual in the year;

19 “(iii) the term ‘excess wages’ means that por-
20 tion of the wages of an individual paid in a year
21 after 2017 in excess of the higher of \$300,000 or
22 the contribution and benefit base for the year; and

23 “(iv) the term ‘excess self-employment income’
24 means that portion of the self-employment income of
25 an individual credited to a year after 2017 in excess

1 of the higher of \$300,000 or such contribution and
 2 benefit base.”.

3 (c) CONFORMING AMENDMENT.—Section 215(e)(1)
 4 of the Social Security Act (42 U.S.C. 415(e)(1)) is amend-
 5 ed by inserting “and before 2018” after “1974”.

6 (d) EFFECTIVE DATE.—The amendments made by
 7 this section shall apply with respect to individuals who ini-
 8 tially become eligible (within the meaning of section
 9 215(a)(3)(B) of the Social Security Act) for old-age or dis-
 10 ability insurance benefits under title II of the Social Secu-
 11 rity Act, or who die (before becoming eligible for such ben-
 12 efits), in any calendar year after 2017.

13 **SEC. 4. MODIFICATION OF AMOUNT OF SOCIAL SECURITY**
 14 **BENEFITS INCLUDED IN GROSS INCOME.**

15 (a) IN GENERAL.—Section 86 of the Internal Rev-
 16 enue Code of 1986 is amended by striking subsections (a),
 17 (b), and (c) and inserting the following:

18 “(a) IN GENERAL.—Gross income for the taxable
 19 year of any taxpayer described in subsection (b) (notwith-
 20 standing section 207 of the Social Security Act) includes
 21 social security benefits in an amount equal to the lesser
 22 of—

23 “(1) 85 percent of the social security benefits
 24 received during the taxable year, or

1 “(2) 85 percent of the excess described in sub-
2 section (b).

3 “(b) TAXPAYERS TO WHOM SUBSECTION (a) AP-
4 PLIES.—A taxpayer is described in this subsection if—

5 “(1) the sum of—

6 “(A) the modified adjusted gross income of
7 the taxpayer for the taxable year, plus

8 “(B) 85 percent of the social security bene-
9 fits received during the taxable year, exceeds

10 “(2) \$100,000.

11 “(c) MODIFIED ADJUSTED GROSS INCOME.—For
12 purposes of this section, the term ‘modified adjusted gross
13 income’ means adjusted gross income—

14 “(1) determined without regard to this section
15 and sections 135, 137, 199, 221, 222, 911, 931, and
16 933, and

17 “(2) increased by the amount of interest re-
18 ceived or accrued by the taxpayer during the taxable
19 year which is exempt from tax.”.

20 (b) SOCIAL SECURITY TRUST FUNDS HELD HARM-
21 LESS.—There are hereby appropriated (out of any money
22 in the Treasury not otherwise appropriated) for each fiscal
23 year to each fund under the Social Security Act or the
24 Railroad Retirement Act of 1974 an amount equal to the

1 reduction in the transfers to such fund for such fiscal year
2 by reason of the amendments made by subsection (a).

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to taxable years ending after the
5 date of the enactment of this Act.

