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115TH CONGRESS
1ST SESSION

H. R. 1114

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

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 16, 2017

Mr. DEFAZIO (for himself, Mr. CÁRDENAS, Ms. CLARKE of New York, Mr. COHEN, Mr. CONYERS, Mr. ELLISON, Mr. AL GREEN of Texas, Mr. GRIJALVA, Ms. NORTON, Ms. KAPTUR, Mr. KEATING, Ms. JAYAPAL, Mr. KHANNA, Ms. LEE, Mr. MCGOVERN, Ms. MOORE, Mrs. NAPOLITANO, Mr. POCAN, Mr. RASKIN, Ms. SCHAKOWSKY, Mr. SCOTT of Virginia, Ms. SHEA-PORTER, Ms. SLAUGHTER, and Mr. TONKO) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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A BILL

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

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Social Security Expansion Act".

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

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

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

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

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

“(iii) For individuals who initially become eligible for old-age or disability insurance benefits, or who die (before becoming eligible for such benefits) in any calendar year after 2022, the amount determined under clause (i) of this subparagraph for purposes of subparagraph (A)(i) for such calendar year shall be increased by—

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

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

"(III) for calendar year 2037 and each year thereafter, 15 percent.".

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

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

"(H) the term 'Consumer Price Index' means the Consumer Price Index for Elderly Consumers (CPI–E, as published by the Bureau of Labor Statistics of the Department of Labor).".

(b) APPLICATION TO PRE-1979 LAW.—

(1) IN GENERAL.—Section 215(i)(1) of the Social Security Act as in effect in December 1978, and as applied in certain cases under the provisions of such Act as in effect after December 1978, is amended by adding at the end the following new subparagraph:

"(D) the term 'Consumer Price Index' means the Consumer Price Index for Elderly Consumers (CPI–E, as published by the Bureau of Labor Statistics of the Department of Labor).".

(2) CONFORMING CHANGE.—Section 215(i)(4) of the Social Security Act (42 U.S.C. 415(i)(4)) is

amended by inserting "and by section 102 of the Social Security Expansion Act" after "1986".

(c) NO EFFECT ON ADJUSTMENTS UNDER OTHER LAWS.—Section 215(i) of the Social Security Act (42 U.S.C. 415(i)) is amended by adding at the end the following:

"(6) Any provision of law (other than in this title, title VIII, or title XVI) which provides for adjustment of an amount based on a change in benefit amounts resulting from a determination made under this subsection shall be applied and administered without regard to the amendments made by section 102 of the Social Security Expansion Act.".

(d) PUBLICATION OF CONSUMER PRICE INDEX FOR ELDERLY CONSUMERS.—The Bureau of Labor Statistics of the Department of Labor shall prepare and publish the index authorized by section 191 of the Older Americans Amendments Act of 1987 (29 U.S.C. 2 note) for each calendar month, beginning with July of the calendar year following the calendar year in which this Act is enacted, and such index shall be known as the "Consumer Price Index for Elderly Consumers".

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

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

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

(1) by redesignating subparagraph (D) as subparagraph (E); and

(2) by inserting after subparagraph (C) the following new subparagraph:

"(D)(i) Effective with respect to the benefits of individuals who become eligible for old-age insurance benefits or disability insurance benefits (or die before becoming so eligible) after 2017, no primary insurance amount computed under subparagraph (A) may be less than the greater of—

"(I) the minimum monthly amount computed under subparagraph (C); or

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

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

“(II) For purposes of subclause (I), the applicable percentage is the percentage specified in connection with the number of years of work, as set forth in the following 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.

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

“(I) for calendar year 2018, the poverty guideline for 2017; and

“(II) for any calendar year after 2018, the annual dollar amount for 2018 multiplied by the ratio of—

"(aa) the national average wage index (as defined in section 209(k)(1)) for the second calendar year preceding the calendar year for which the determination is made, to

"(bb) the national average wage index (as so defined) for 2016.

"(iv) For purposes of this subparagraph—

"(I) the term 'year of work' means, with respect to an individual, a year to which 4 quarters of coverage have been credited based on such individual's wages and self-employment income; and

"(II) the term 'poverty guideline for 2017' means the annual poverty guideline for 2015 (as updated annually in the Federal Register by the Department of Health and Human Services under the authority of section 673(2) of the Omnibus Budget Reconciliation Act of 1981) as applicable to a single individual.".

(b) RECOMPUTATION.—Notwithstanding section 215(f)(1) of the Social Security Act, the Commissioner of Social Security shall recompute primary insurance amounts originally computed for months prior to November 2016 to the extent necessary to carry out the amendments made by this section.

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

SEC. 5. PAYROLL TAX ON REMUNERATION UP TO CONTRIBUTION AND BENEFIT BASE AND MORE THAN $250,000.

(a) IN GENERAL.—Paragraph (1) of section 3121(a) of the Internal Revenue Code of 1986 is amended by inserting after "such calendar year." the following: "The preceding sentence shall apply only to calendar years for which the contribution and benefit base (as so determined) is less than $250,000, and, for such calendar years, only to so much of the remuneration paid to such employee by such employer with respect to employment as does not exceed $250,000.".

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

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to remuneration paid after December 31, 2017.

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

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

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

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

"(i) an amount equal to 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, minus

"(ii) the amount of the wages paid to such individual during such taxable years, over

"(B) that part of the net earnings from self-employment which is in excess of the sum of—

"(i) the excess of—

"(I) the net earnings from self-employment reduced by the excess (if any) of subparagraph (A)(i) over subparagraph (A)(ii), over

''(II) $250,000, reduced by such contribution and benefit base, plus

''(ii) the amount of the wages paid to such individual during such taxable year in excess of such contribution and benefit base and not in excess of $250,000; or''.

(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 $250,000.''.

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

SEC. 7. TAX ON INVESTMENT GAIN.

(a) IN GENERAL.—Subsection (a) of section 1411 of the Internal Revenue Code of 1986 is amended by striking ''3.8 percent'' each place it appears and inserting ''10 percent''.

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

(c) TRUST FUNDS.—

(1) FEDERAL OLD-AGE AND SURVIVORS INSURANCE TRUST FUND.—Subsection (a) of section 201 of the Social Security Act (42 U.S.C. 401) is amended—

(A) in paragraph (4), by striking the period at the end and inserting "; and";

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

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

(C) in the flush matter at the end—

(i) by striking "clauses (3) and (4)" each place it appears and inserting "clauses (3), (4), and (5)"; and

(ii) by striking "clauses (1) and (2)" and inserting "clauses (1), (2), and (3)".

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

(A) in paragraph (2), by striking the period at the end and inserting "; and"; and

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

"(3) 9 percent of the taxes imposed under section 1411 of the Internal Revenue Code of 1986.".

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

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