

103^D CONGRESS
2^D SESSION

H. R. 4245

To amend title II of the Social Security Act and the Internal Revenue Code of 1986 to provide for the long-range solvency of the old-age, survivors, and disability insurance program.

IN THE HOUSE OF REPRESENTATIVES

APRIL 19, 1994

Mr. ROSTENKOWSKI 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 provide for the long-range solvency of the old-age, survivors, and disability insurance 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 AND TABLE OF CONTENTS.**

4 This Act may be cited as the “Social Security Long-
5 Range Solvency Act of 1994”.

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1 **TITLE I—PROVISIONS RELATING**
2 **TO FUTURE ENTITLEMENTS**

3 **SEC. 101. ADJUSTMENTS IN FORMULA FOR DETERMINING**
4 **PRIMARY INSURANCE AMOUNT.**

5 (a) **ADDITIONAL EARNINGS BRACKET.**—Section
6 215(a)(1)(A) of the Social Security Act (42 U.S.C.
7 415(a)(1)(A)) is amended—

8 (1) in clause (ii), by striking “and”;

9 (2) in clause (iii), by striking “clause (ii),” and
10 inserting the following: “clause (ii), but, in the case
11 of an individual who initially becomes eligible for
12 old-age or disability insurance benefits, or who dies
13 (before becoming eligible for such benefits), after
14 calendar year 2001, do not exceed the amount estab-
15 lished for purposes of this clause by subparagraph
16 (B), and”;

17 (3) by inserting after clause (iii) the following
18 new clause:

1 “(iv) in the case of an individual who initially
2 becomes eligible for old-age or disability insurance
3 benefits, or who dies (before becoming eligible for
4 such benefits), after calendar year 2001, 10 percent
5 of the individual’s average indexed monthly earnings
6 to the extent that such earnings exceed the amount
7 established for purposes of clause (iii),”.

8 (b) BEND POINT AMOUNTS.—Section 215(a)(1)(B)
9 of such Act (42 U.S.C. 415(a)(1)(B)) is amended—

10 (1) in clause (ii), by inserting “and before
11 2002” after “1979” the first place it appears, and
12 by striking “by dividing—” and all that follows and
13 inserting “under clause (ix) of this subparagraph.”;

14 (2) by redesignating clause (iii) as clause (xii);

15 (3) by inserting after clause (ii) the following
16 new clauses:

17 “(iii) For individuals who initially become eligible for
18 old-age or disability insurance benefits, or who die (before
19 becoming eligible for such benefits), in any calendar year
20 after 2001, the amount established for purposes of clause
21 (i) of subparagraph (A) shall be an amount equal to the
22 product of the following factors:

23 “(I) the amount established with respect to cal-
24 endar year 1979 under clause (i) of this subpara-

1 graph for purposes of clause (i) of subparagraph
2 (A), and

3 “(II) the quotient obtained under clause (ix) of
4 this subparagraph.

5 “(iv) For individuals who initially become eligible for
6 old-age or disability insurance benefits, or who die (before
7 becoming eligible for such benefits), in any calendar year
8 after 2001 and before 2052, the amount established for
9 purposes of clause (ii) of subparagraph (A) shall be an
10 amount equal to the product of the following factors:

11 “(I) the amount established with respect to the
12 preceding calendar year under this subparagraph for
13 purposes of clause (ii) of subparagraph (A),

14 “(II) the quotient obtained under clause (x) of
15 this subparagraph, and

16 “(III) 0.99.

17 “(v) For individuals who initially become eligible for
18 old-age or disability insurance benefits, or who die (before
19 becoming eligible for such benefits), in any calendar year
20 after 2051, the amount established for purposes of clause
21 (ii) of subparagraph (A) shall be an amount equal to the
22 product of the following factors:

23 “(I) the amount established with respect to the
24 calendar year 2051 under clause (iv) of this sub-

1 paragraph for purposes of clause (ii) of subpara-
2 graph (A), and

3 “(II) the quotient obtained under clause (xi) of
4 this subparagraph.

5 “(vi) For individuals who initially become eligible for
6 old-age or disability insurance benefits, or who die (before
7 becoming eligible for such benefits), in the calendar year
8 2002, the amount established for purposes of clause (iii)
9 of subparagraph (A) shall be an amount equal to the
10 quotient derived by dividing—

11 “(I) the amount established with respect to the
12 calendar year 2002 under clause (iv) of this sub-
13 paragraph for purposes of clause (ii) of subpara-
14 graph (A), by

15 “(II) 0.99⁵⁰.

16 “(vii) For individuals who initially become eligible for
17 old-age or disability insurance benefits, or who die (before
18 becoming eligible for such benefits), in any calendar year
19 after 2002 and before 2052, the amount established for
20 purposes of clause (iii) of subparagraph (A) shall be an
21 amount equal to the product of the following factors:

22 “(I) the amount established with respect to the
23 preceding calendar year under this subparagraph for
24 purposes of clause (iii) of subparagraph (A),

1 “(II) the quotient obtained under clause (x) of
2 this subparagraph, and

3 “(III) 0.99.

4 “(viii) For individuals who initially become eligible for
5 old-age or disability insurance benefits, or who die (before
6 becoming eligible for such benefits), in any calendar year
7 after 2051, the amount established for purposes of clause
8 (iii) of subparagraph (A) shall be an amount equal to the
9 product of the following factors:

10 “(I) the amount established with respect to cal-
11 endar year 2051 under clause (vii) of this subpara-
12 graph for purposes of clause (iii) of subparagraph
13 (A), and

14 “(II) the quotient obtained under clause (xi) of
15 this subparagraph.

16 “(ix) The quotient obtained under this clause is the
17 quotient obtained by dividing—

18 “(I) the deemed average total wages (as defined
19 in section 209(k)(1)) for the second calendar year
20 preceding the calendar year for which the determina-
21 tion is made, by

22 “(II) the average of the total wages (as defined
23 in regulations of the Secretary and computed with-
24 out regard to the limitations specified in section

1 209(a)(1)) reported to the Secretary of the Treasury
2 or his delegate for the calendar year 1977.

3 “(x) The quotient obtained under this clause is the
4 quotient obtained by dividing—

5 “(I) the deemed average total wages (as defined
6 in section 209(k)(1)) for the second calendar year
7 preceding the calendar year for which the determina-
8 tion is made, by

9 “(II) the deemed average total wages (as de-
10 fined in section 209(k)(1)) for the third calendar
11 year preceding the calendar year for which the de-
12 termination is made.

13 “(xi) The quotient obtained under this clause is the
14 quotient obtained by dividing—

15 “(I) the deemed average total wages (as defined
16 in section 209(k)(1)) for the second calendar year
17 preceding the calendar year for which the determina-
18 tion is made, by

19 “(II) the average of the total wages (as defined
20 in regulations of the Secretary and computed with-
21 out regard to the limitations specified in section
22 209(a)(1)) reported to the Secretary of the Treasury
23 or his delegate for the calendar year 2049.”; and

1 (4) in clause (xii) (as redesignated), by striking
2 “clause (ii)” and inserting “the preceding clauses of
3 this subparagraph”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply with respect to individuals who ini-
6 tially become eligible (within the meaning of section
7 215(a)(3)(B) of the Social Security Act) for old-age or dis-
8 ability insurance benefits under title II of the Social Secu-
9 rity Act, or who die (before becoming eligible for such ben-
10 efits), in any calendar year after 2001.

11 **SEC. 102. GRADUAL INCREASE IN RETIREMENT AGE TO**
12 **AGE 67 BY THE YEAR 2011.**

13 (a) IN GENERAL.—Section 216(l) of the Social Secu-
14 rity Act (42 U.S.C. 416(l)) is amended—

15 (1) by striking subparagraphs (C) and (D) of
16 paragraph (1) and by redesignating subparagraph
17 (E) as subparagraph (C);

18 (2) in subparagraph (B) of paragraph (1), by
19 striking “January 1, 2005,” and inserting “January
20 1, 2011,”;

21 (3) in subparagraph (C) of paragraph (1) (as
22 redesignated), by striking “December 31, 2021,”
23 and inserting “December 31, 2010,”; and

24 (4) by striking paragraph (3) and inserting the
25 following:

1 “(3) The age increase factor for any individual who
2 attains early retirement age in the 11-year period consist-
3 ing of calendar years 2000 through 2010 shall be equal
4 to $\frac{2}{12}$ of the number of months in the period beginning
5 with January 2000 and ending with December of the year
6 in which the individual attains early retirement age.”.

7 (b) EFFECTIVE DATE.—The amendments made by
8 this section shall apply with respect to benefits of individ-
9 uals attaining early retirement age (as defined in section
10 216(l)(2) of the Social Security Act) after 1999.

11 **TITLE II—PROVISIONS RELAT-**
12 **ING TO CURRENT AND FU-**
13 **TURE ENTITLEMENTS**

14 **SEC. 201. REDUCTION IN COST-OF-LIVING ADJUSTMENT**
15 **PAYABLE IN 1995.**

16 (a) IN GENERAL.—For purposes of determining any
17 increase described in section 215(i)(2)(A)(ii) of the Social
18 Security Act (42 U.S.C. 415(i)(2)(A)(ii)) which is effective
19 for December 1994, the applicable increase percentage (as
20 defined in section 215(i)(1)(C) of such Act (42 U.S.C.
21 415(i)(1)(C))) shall be deemed to be the difference (not
22 less than zero) derived by subtracting 0.5 percent from
23 the applicable increase percentage (as so defined).

24 (b) INAPPLICABILITY TO PROVISIONS NOT RELATING
25 TO OASDI BENEFITS OR TIER I RAILROAD RETIREMENT

1 BENEFITS.—Subsection (a) shall apply only with respect
2 to adjustments to social security benefits (as defined in
3 section 86(d) of the Internal Revenue Code of 1986) and
4 primary insurance amounts determined under title II of
5 the Social Security Act. For purposes of provisions of law
6 otherwise referring to section 215(i) of the Social Security
7 Act or otherwise basing adjustments on adjustments made
8 under such section 215(i), such section 215(i) shall be ap-
9 plied as if this section had not been enacted.

10 **SEC. 202. THRESHOLDS FOR INCOME TAXATION OF SOCIAL**
11 **SECURITY BENEFITS.**

12 (a) UNIFORM APPLICABILITY OF TAX.—Subsection
13 (a) of section 86 of the Internal Revenue Code of 1986
14 (relating to social security and tier 1 railroad retirement
15 benefits) is amended—

16 (1) by striking paragraph (2);

17 (2) by striking “(a) IN GENERAL.—” and all
18 that follows through “paragraph (2), gross” in para-
19 graph (1) and inserting “(a) IN GENERAL.—Gross”;
20 and

21 (3) by redesignating subparagraphs (A) and
22 (B) of such subsection (as so amended) as para-
23 graphs (1) and (2), respectively.

1 (b) CONFORMING AMENDMENTS.—Subsection (c) of
2 such section 86 (relating to base amount and adjusted
3 base amount) is amended—

4 (1) in the heading, by striking “AND ADJUSTED
5 BASE AMOUNT”;

6 (2) by striking paragraph (2);

7 (3) by striking “section—” and all that follows
8 through “The term” in paragraph (1) and inserting
9 “section, the term”;

10 (4) by redesignating subparagraphs (A), (B),
11 and (C) of such subsection (as so amended) as para-
12 graphs (1), (2), and (3), respectively; and

13 (5) by redesignating clauses (i) and (ii) of para-
14 graph (3) of such subsection (as so redesignated) as
15 subparagraphs (A) and (B), respectively.

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall apply with respect to taxable years begin-
18 ning after December 31, 1994.

19 **TITLE III—COVERAGE OF NEWLY**
20 **HIRED STATE AND LOCAL EM-**
21 **PLOYEES**

22 **SEC. 301. AMENDMENTS TO THE SOCIAL SECURITY ACT.**

23 (a) IN GENERAL.—Paragraph (7) of section 210(a)
24 of the Social Security Act (42 U.S.C. 410(a)(7)) is amend-
25 ed to read as follows:

1 “(7) Excluded State or local government em-
2 ployment (as defined in subsection (r));”.

3 (b) EXCLUDED STATE OR LOCAL GOVERNMENT EM-
4 PLOYMENT.—

5 (1) IN GENERAL.—Section 210 of such Act (42
6 U.S.C. 410) is amended by adding at the end the
7 following new subsection:

8 “Excluded State or Local Government Employment

9 “(r)(1) IN GENERAL.—The term ‘excluded State or
10 local government employment’ means any service per-
11 formed in the employ of a State, of any political subdivi-
12 sion thereof, or of any instrumentality of any one or more
13 of the foregoing which is wholly owned thereby, if—

14 “(A)(i) such service would be excluded from the
15 term ‘employment’ for purposes of this title if the
16 preceding provisions of this section as in effect in
17 March 1994 had remained in effect, and (ii) the re-
18 quirements of paragraph (2) are met with respect to
19 such service, or

20 “(B) the requirements of paragraph (3) are met
21 with respect to such service.

22 “(2) EXCEPTION FOR CURRENT EMPLOYMENT WHICH
23 CONTINUES.—

1 “(A) IN GENERAL.—The requirements of this
2 paragraph are met with respect to service for any
3 employer if—

4 “(i) such service is performed by an indi-
5 vidual—

6 “(I) who was performing substantial
7 and regular service for remuneration for
8 that employer before January 1, 1995,

9 “(II) who is a bona fide employee of
10 that employer on December 31, 1994, and

11 “(III) whose employment relationship
12 with that employer was not entered into
13 for purposes of meeting the requirements
14 of this subparagraph, and

15 “(ii) the employment relationship with that
16 employer has not been terminated after Decem-
17 ber 31, 1994.

18 “(B) TREATMENT OF MULTIPLE AGENCIES AND
19 INSTRUMENTALITIES.—For purposes of subpara-
20 graph (A), under regulations (consistent with regula-
21 tions established under section 3121(t)(2)(B) of the
22 Internal Revenue Code of 1986)—

23 “(i) all agencies and instrumentalities of a
24 State (as defined in section 218(b)) or of the

1 District of Columbia shall be treated as a single
2 employer, and

3 “(ii) all agencies and instrumentalities of a
4 political subdivision of a State (as so defined)
5 shall be treated as a single employer and shall
6 not be treated as described in clause (i).

7 “(3) EXCEPTION FOR CERTAIN SERVICES.—

8 “(A) IN GENERAL.—The requirements of this
9 paragraph are met with respect to service if such
10 service is performed—

11 “(i) by an individual who is employed by a
12 State or political subdivision thereof to relieve
13 such individual from unemployment,

14 “(ii) in a hospital, home, or other institu-
15 tion by a patient or inmate thereof as an em-
16 ployee of a State or political subdivision thereof
17 or of the District of Columbia,

18 “(iii) by an individual, as an employee of
19 a State or political subdivision thereof or of the
20 District of Columbia, serving on a temporary
21 basis in case of fire, storm, snow, earthquake,
22 flood, or other similar emergency,

23 “(iv) by any individual as an employee in-
24 cluded under section 5351(2) of title 5, United
25 States Code (relating to certain interns, student

1 nurses, and other student employees of hos-
2 pitals of the District of Columbia Government),
3 other than as a medical or dental intern or a
4 medical or dental resident in training,

5 “(v) by an election official or election
6 worker if the remuneration paid in a calendar
7 year for such service is less than \$1,000 with
8 respect to service performed during 1995, and
9 the adjusted amount determined under sub-
10 paragraph (C) for any subsequent year with re-
11 spect to service performed during such subse-
12 quent year, except to the extent that service by
13 such election official or election worker is in-
14 cluded in employment under an agreement
15 under section 218, or

16 “(vi) by an employee in a position com-
17 pensated solely on a fee basis which is treated
18 pursuant to section 211(c)(2)(E) as a trade or
19 business for purposes of inclusion of such fees
20 in net earnings from self-employment.

21 “(B) DEFINITIONS.—As used in this para-
22 graph, the terms ‘State’ and ‘political subdivision’
23 have the meanings given those terms in section
24 218(b).

1 “(C) ADJUSTMENTS TO DOLLAR AMOUNT FOR
2 ELECTION OFFICIALS AND ELECTION WORKERS.—
3 For each year after 1995, the Secretary shall adjust
4 the amount referred to in subparagraph (A)(v) at
5 the same time and in the same manner as is pro-
6 vided under section 215(a)(1)(B)(ii) with respect to
7 the amounts referred to in section 215(a)(1)(B)(i),
8 except that—

9 “(i) for purposes of this subparagraph,
10 1993 shall be substituted for the calendar year
11 referred to in section 215(a)(1)(B)(ii)(II), and

12 “(ii) such amount as so adjusted, if not a
13 multiple of \$100, shall be rounded to the next
14 higher multiple of \$100 where such amount is
15 a multiple of \$50 and to the nearest multiple
16 of \$100 in any other case.

17 The Secretary shall determine and publish in the
18 Federal Register each adjusted amount determined
19 under this subparagraph not later than November 1
20 preceding the year for which the adjustment is
21 made.”.

22 (2) CONFORMING AMENDMENTS.—

23 (A) Subsection (k) of section 210 of such
24 Act (42 U.S.C. 410(k)) (relating to covered
25 transportation service) is repealed.

1 (B) Section 210(p) of such Act (42 U.S.C.
2 410(p)) is amended—

3 (i) in paragraph (2), by striking
4 “service is performed” and all that follows
5 and inserting “service is service described
6 in subsection (r)(3)(A).”; and

7 (ii) in paragraph (3)(A), by inserting
8 “under subsection (a)(7) as in effect in
9 March 1994” after “section”.

10 (c) ADDITIONAL AMENDMENTS RELATING TO COV-
11 ERAGE AGREEMENTS.—

12 (1) AUTHORIZATION FOR ALL STATES TO EX-
13 TEND COVERAGE TO STATE AND LOCAL POLICEMEN
14 AND FIREMEN UNDER EXISTING COVERAGE AGREE-
15 MENTS.—

16 (A) IN GENERAL.—Section 218(l) of such
17 Act (42 U.S.C. 418(l)) is amended—

18 (i) in paragraph (1), by striking “(1)”
19 after “(l)”, and by striking “the State of”
20 and all that follows through “prior to the
21 date of enactment of this subsection” and
22 inserting “a State entered into pursuant to
23 this section”; and

24 (ii) by striking paragraph (2).

1 (B) CONFORMING AMENDMENT.—Section
2 218(d)(8)(D) of such Act (42 U.S.C.
3 418(d)(8)(D)) is amended by striking “agree-
4 ments with the States named in” and inserting
5 “State agreements modified as provided in”.

6 (C) EFFECTIVE DATE.—The amendments
7 made by this paragraph shall apply with respect
8 to modifications filed by States after the date of
9 the enactment of this Act.

10 (2) CONFORMING AMENDMENTS.—Section
11 218(c)(6) of such Act (42 U.S.C. 418(c)(6)) is
12 amended—

13 (A) by striking subparagraph (C);

14 (B) by redesignating subparagraphs (D)
15 and (E) as subparagraphs (C) and (D), respec-
16 tively; and

17 (C) by striking subparagraph (F) and in-
18 serting the following:

19 “(E) service which is included as employment
20 under section 210(a).”

21 (d) AUTHORITY FOR STATES TO MODIFY COVERAGE
22 AGREEMENTS WITH RESPECT TO ELECTION OFFICIALS
23 AND ELECTION WORKERS.—Section 218(c)(8) of such
24 Act (42 U.S.C. 418(c)(8)) is amended—

1 (1) by striking “on or after January 1, 1968,”
2 and inserting “at any time”;

3 (2) by striking “\$100” and inserting “\$1,000
4 with respect to service performed during 1995, and
5 the adjusted amount determined under section
6 210(r)(3)(C) for any subsequent year with respect to
7 service performed during such subsequent year”;
8 and

9 (3) by striking the last sentence and inserting
10 the following new sentence: “Any modification of an
11 agreement pursuant to this paragraph shall be effec-
12 tive with respect to services performed in and after
13 the calendar year in which the modification is mailed
14 or delivered by other means to the Secretary.”.

15 **SEC. 302. AMENDMENTS TO THE INTERNAL REVENUE CODE**
16 **OF 1986.**

17 (a) IN GENERAL.—Paragraph (7) of section 3121(b)
18 of the Internal Revenue Code of 1986 (relating to employ-
19 ment) is amended to read as follows:

20 “(7) excluded State or local government em-
21 ployment (as defined in subsection (t));”.

22 (b) EXCLUDED STATE OR LOCAL GOVERNMENT EM-
23 PLOYMENT.—Section 3121 of such Code is amended by
24 inserting after subsection (s) the following new subsection:

1 “(t) EXCLUDED STATE OR LOCAL GOVERNMENT EM-
2 PLOYMENT.—

3 “(1) IN GENERAL.—For purposes of this chap-
4 ter, the term ‘excluded State or local government
5 employment’ means any service performed in the
6 employ of a State, of any political subdivision there-
7 of, or of any instrumentality of any one or more of
8 the foregoing which is wholly owned thereby, if—

9 “(A)(i) such service would be excluded
10 from the term ‘employment’ for purposes of this
11 chapter if the provisions of subsection (b)(7) as
12 in effect in March 1994 had remained in effect,
13 and (ii) the requirements of paragraph (2) are
14 met with respect to such service, or

15 “(B) the requirements of paragraph (3)
16 are met with respect to such service.

17 “(2) EXCEPTION FOR CURRENT EMPLOYMENT
18 WHICH CONTINUES.—

19 “(A) IN GENERAL.—The requirements of
20 this paragraph are met with respect to service
21 for any employer if—

22 “(i) such service is performed by an
23 individual—

24 “(I) who was performing sub-
25 stantial and regular service for remu-

1 neration for that employer before Jan-
2 uary 1, 1995,

3 “(II) who is a bona fide employee
4 of that employer on December 31,
5 1994, and

6 “(III) whose employment rela-
7 tionship with that employer was not
8 entered into for purposes of meeting
9 the requirements of this subpara-
10 graph, and

11 “(ii) the employment relationship with
12 that employer has not been terminated
13 after December 31, 1994.

14 “(B) TREATMENT OF MULTIPLE AGENCIES
15 AND INSTRUMENTALITIES.—For purposes of
16 subparagraph (A), under regulations—

17 “(i) all agencies and instrumentalities
18 of a State (as defined in section 218(b) of
19 the Social Security Act) or of the District
20 of Columbia shall be treated as a single
21 employer, and

22 “(ii) all agencies and instrumen-
23 talities of a political subdivision of a State
24 (as so defined) shall be treated as a single

1 employer and shall not be treated as de-
2 scribed in clause (i).

3 “(3) EXCEPTION FOR CERTAIN SERVICES.—

4 “(A) IN GENERAL.—The requirements of
5 this paragraph are met with respect to service
6 if such service is performed—

7 “(i) by an individual who is employed
8 by a State or political subdivision thereof to
9 relieve such individual from unemployment,

10 “(ii) in a hospital, home, or other in-
11 stitution by a patient or inmate thereof as
12 an employee of a State or political subdivi-
13 sion thereof or of the District of Columbia,

14 “(iii) by an individual, as an employee
15 of a State or political subdivision thereof
16 or of the District of Columbia, serving on
17 a temporary basis in case of fire, storm,
18 snow, earthquake, flood, or other similar
19 emergency,

20 “(iv) by any individual as an employee
21 included under section 5351(2) of title 5,
22 United States Code (relating to certain in-
23 terns, student nurses, and other student
24 employees of hospitals of the District of
25 Columbia Government), other than as a

1 medical or dental intern or a medical or
2 dental resident in training,

3 “(v) by an election official or election
4 worker if the remuneration paid in a cal-
5 endar year for such service is less than
6 \$1,000 with respect to service performed
7 during 1995, and the adjusted amount de-
8 termined under section 210(r)(3)(C) of the
9 Social Security Act for any subsequent
10 year with respect to service performed dur-
11 ing such subsequent year, except to the ex-
12 tent that service by such election official or
13 election worker is included in employment
14 under an agreement under section 218 of
15 the Social Security Act, or

16 “(vi) by an employee in a position
17 compensated solely on a fee basis which is
18 treated pursuant to section 1402(c)(2)(E)
19 as a trade or business for purposes of in-
20 clusion of such fees in net earnings from
21 self-employment.

22 “(B) DEFINITIONS.—As used in this para-
23 graph, the terms ‘State’ and ‘political subdivi-
24 sion’ have the meanings given those terms in
25 section 218(b) of the Social Security Act.”.

1 (c) CONFORMING AMENDMENTS.—

2 (1) Subsection (j) of such section 3121 (relat-
3 ing to covered transportation service) is repealed.

4 (2) Paragraph (2) of section 3121(u) of such
5 Code (relating to application of hospital insurance
6 tax to Federal, State, and local employment) is
7 amended—

8 (A) in subparagraph (B), by striking
9 “service is performed” in clause (ii) and all that
10 follows through the end of such subparagraph
11 and inserting “service is service described in
12 subsection (t)(3)(A).”; and

13 (B) in subparagraph (C)(i), by inserting
14 “under subsection (b)(7) as in effect in March
15 1994” after “chapter”.

16 **SEC. 303. EFFECTIVE DATE OF TITLE.**

17 Except as otherwise provided in this title, the amend-
18 ments made by this title shall apply with respect to service
19 performed after December 31, 1994.

20 **TITLE IV—SOCIAL SECURITY**
21 **PAYROLL TAX**

22 **SEC. 401. LEVEL OF OASDI TAX.**

23 (a) TAX ON EMPLOYEES.—Subsection (a) of section
24 3101 of the Internal Revenue Code of 1986 (relating to

1 tax on employees for old-age, survivors, and disability in-
2 surance) is amended in the table—

3 (1) by striking the following:

“1990 or thereafter 6.2 percent.”;

4 and

5 (2) by inserting the following:

“1990 through 2019	6.2 percent
2020	6.43 percent
2021	6.66 percent
2022	6.89 percent
2023	7.12 percent
2024 through 2054	7.35 percent
2055	7.55 percent
2056	7.75 percent
2057	7.95 percent
2058 or thereafter	8.15 percent.”

6 (b) TAX ON EMPLOYERS.—Subsection (a) of section
7 3111 of such Code (relating to tax on employers for old-
8 age, survivors, and disability insurance) is amended in the
9 table—

10 (1) by striking the following:

“1990 or thereafter 6.2 percent.”;

11 and

12 (2) by inserting the following:

“1990 through 2019	6.2 percent
2020	6.43 percent
2021	6.66 percent
2022	6.89 percent
2023	7.12 percent
2024 through 2054	7.35 percent
2055	7.55 percent
2056	7.75 percent
2057	7.95 percent
2058 or thereafter	8.15 percent.”

1 (c) EFFECTIVE DATE.—The amendments made by
 2 this section shall apply with respect to remuneration paid
 3 after December 31, 1994.

4 **SEC. 402. LEVEL OF SELF-EMPLOYMENT TAX.**

5 (a) IN GENERAL.—Subsection (a) of section 1401 of
 6 the Internal Revenue Code of 1986 (relating to rate of
 7 tax on self-employment income for old-age, survivors, and
 8 disability insurance) is amended in the table—

9 (1) by striking the following:

“December 31, 1989 12.40”;

10 and

11 (2) by inserting the following:

“December 31, 1989	January 1, 2020	12.40
December 31, 2019	January 1, 2021	12.86
December 31, 2020	January 1, 2022	13.32
December 31, 2021	January 1, 2023	13.78
December 31, 2022	January 1, 2024	14.24
December 31, 2023	January 1, 2055	14.70
December 31, 2054	January 1, 2056	15.10
December 31, 2055	January 1, 2057	15.50
December 31, 2056	January 1, 2058	15.90
December 31, 2057	16.30.”

12 (b) EFFECTIVE DATE.—The amendments made by
 13 this section shall apply with respect to taxable years begin-
 14 ning after December 31, 1994.

○

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