

105TH CONGRESS
2D SESSION

H. R. 4033

To amend title II of the Social Security Act to require investment of the Social Security trust funds in marketable securities, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 10, 1998

Mr. SMITH of Michigan (for himself, Mr. MINGE, Mr. NEUMANN, and Mr. PAUL) 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 to require investment of the Social Security trust funds in marketable securities, 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. INVESTMENT OF THE SOCIAL SECURITY TRUST**
4 **FUNDS IN MARKETABLE SECURITIES.**

5 Section 201(d) of the Social Security Act (42 U.S.C.
6 401(d)) is amended to read as follows:

7 “(d)(1) It shall be the duty of the Managing Trustee
8 to invest such portion of the Trust Funds as is not, in

1 the Managing Trustee’s judgment, required to meet cur-
2 rent withdrawals.

3 “(2) Investments made pursuant to this subsection
4 may be made only in interest-bearing obligations of the
5 United States or in obligations guaranteed as to both prin-
6 cipal and interest by the United States. For such purpose,
7 such obligations may be acquired on original issue at the
8 issue price or by purchase of outstanding obligations at
9 the market price.

10 “(3) Nothing in this subsection or any other provision
11 of law shall be construed to include within the authority
12 of the Federal Government (including authority under
13 chapter 31 of title 31, United States Code) to issue public-
14 debt obligations solely for purchase by the Trust Funds.

15 “(4) The Managing Trustee shall ensure, to the ex-
16 tent practicable, that such obligations in which invest-
17 ments are made under this subsection—

18 “(A) have maturities fixed with due regard for
19 the needs of the Trust Funds, and

20 “(B) bear interest at a rate at least equal to
21 the average market yield (computed by the Manag-
22 ing Trustee on the basis of market quotations as of
23 the end of the calendar month next preceding the
24 date of purchase) on all marketable interest-bearing
25 obligations of the United States then forming a part

1 of the public debt which are not due or callable until
2 after the expiration of four years from the end of
3 such calendar month.”.

4 **SEC. 2. DEFINING A BALANCED BUDGET.**

5 Any description of, or reference to, surplus or deficit
6 totals for the United States Government in any document
7 or other material prepared by the Office of Management
8 and Budget or by the Congressional Budget Office shall
9 not include the outlays and revenue totals of the Federal
10 Old-Age and Survivors Insurance Trust Fund and the
11 Federal Disability Insurance Trust Fund or the related
12 provisions of the Internal Revenue Code of 1986.

13 **SEC. 3. EFFECTIVE DATE.**

14 The amendment made by section 1 shall apply with
15 respect to fiscal years after fiscal year 1998.

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