

106TH CONGRESS  
1ST SESSION

# H. R. 107

To amend the Internal Revenue Code of 1986 to repeal the 1993 increase in income tax on Social Security benefits, to repeal the earnings limitation on Social Security recipients, and to repeal the estate and gift taxes.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 6, 1999

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

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## A BILL

To amend the Internal Revenue Code of 1986 to repeal the 1993 increase in income tax on Social Security benefits, to repeal the earnings limitation on Social Security recipients, and to repeal the estate and gift taxes.

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 “Senior Tax Relief Act  
5       of 1999”.

1 **SEC. 2. REPEAL OF 1993 INCREASE IN TAX ON SOCIAL SECU-**  
2 **RITY BENEFITS.**

3 (a) IN GENERAL.—Paragraph (2) of section 86(a) of  
4 the Internal Revenue Code of 1986 (relating to social se-  
5 curity and tier 1 railroad retirement benefits) is amended  
6 by adding at the end the following new sentence:

7 “This paragraph shall not apply to any taxable year  
8 beginning after December 31, 1998.”

9 (b) CONFORMING AMENDMENTS.—

10 (1) Paragraph (3) of section 871(a) of such  
11 Code is amended by striking “85 percent” in sub-  
12 paragraph (A) and inserting “50 percent”.

13 (2)(A) Subparagraph (A) of section 121(e)(1)  
14 of the Social Security Amendments of 1983 (Public  
15 Law 98–21) is amended—

16 (i) by striking “(A) There” and inserting  
17 “There”;

18 (ii) by striking “(i)” immediately following  
19 “amounts equivalent to”; and

20 (iii) by striking “, less (ii)” and all that  
21 follows and inserting a period.

22 (B) Paragraph (1) of section 121(e) of such Act  
23 is amended by striking subparagraph (B).

24 (C) Paragraph (3) of section 121(e) of such Act  
25 is amended by striking subparagraph (B) and by re-  
26 designating subparagraph (C) as subparagraph (B).

1 (D) Paragraph (2) of section 121(e) of such  
 2 Act is amended in the first sentence by striking  
 3 “paragraph (1)(A)” and inserting “paragraph (1)”.

4 (c) EFFECTIVE DATE.—The amendments made by  
 5 this section shall apply to taxable years beginning after  
 6 December 31, 1998.

7 **SEC. 3. REMOVAL OF LIMITATION UPON THE AMOUNT OF**  
 8 **OUTSIDE INCOME WHICH A SOCIAL SECU-**  
 9 **RITY BENEFICIARY MAY EARN WHILE RE-**  
 10 **CEIVING BENEFITS.**

11 (a) REPEAL OF PROVISIONS RELATING TO DEDUC-  
 12 TIONS ON ACCOUNT OF WORK.—

13 (1) IN GENERAL.—Subsections (b), (c)(1), (d),  
 14 (f), (h), (j), and (k) of section 203 of the Social Se-  
 15 curity Act (42 U.S.C. 403) are repealed.

16 (2) CONFORMING AMENDMENTS.—Section 203  
 17 of such Act (as amended by subsection (a)) is fur-  
 18 ther amended—

19 (A) in subsection (c), by redesignating  
 20 such subsection as subsection (b), and—

21 (i) by striking “Noncovered Work  
 22 Outside the United States or” in the head-  
 23 ing;

1 (ii) by redesignating paragraphs (2),  
 2 (3), and (4) as paragraphs (1), (2), and  
 3 (3), respectively;

4 (iii) by striking “For purposes of  
 5 paragraphs (2), (3), and (4)” and inserting  
 6 “For purposes of paragraphs (1), (2), and  
 7 (3)”; and

8 (iv) by striking the last sentence;

9 (B) in subsection (e), by redesignating  
 10 such subsection as subsection (c), and by strik-  
 11 ing “subsections (c) and (d)” and inserting  
 12 “subsection (b)”; and

13 (C) in subsection (g), by redesignating  
 14 such subsection as subsection (d), and by strik-  
 15 ing “subsection (c)” each place it appears and  
 16 inserting “subsection (b)”; and

17 (D) in subsection (l), by redesignating such  
 18 subsection as subsection (e), and by striking  
 19 “subsection (g) or (h)(1)(A)” and inserting  
 20 “subsection (d)”.

21 (b) ADDITIONAL CONFORMING AMENDMENTS.—

22 (1) PROVISIONS RELATING TO BENEFITS TER-  
 23 MINATED UPON DEPORTATION.—Section 202(n)(1)  
 24 of the Social Security Act (42 U.S.C. 402(n)(1)) is

1 amended by striking “Section 203 (b), (c), and (d)”  
2 and inserting “Section 203(b)”.

3 (2) PROVISIONS RELATING TO EXEMPTIONS  
4 FROM REDUCTIONS BASED ON EARLY RETIRE-  
5 MENT.—

6 (A) Section 202(q)(5)(B) of such Act (42  
7 U.S.C. 402(q)(5)(B)) is amended by striking  
8 “section 203(c)(2)” and inserting “section  
9 203(b)(1)”.

10 (B) Section 202(q)(7)(A) of such Act (42  
11 U.S.C. 402(q)(7)(A)) is amended by striking  
12 “deductions under section 203(b), 203(c)(1),  
13 203(d)(1), or 222(b)” and inserting “deduc-  
14 tions on account of work under section 203 or  
15 deductions under section 222(b)”.

16 (3) PROVISIONS RELATING TO EXEMPTIONS  
17 FROM REDUCTIONS BASED ON DISREGARD OF CER-  
18 TAIN ENTITLEMENTS TO CHILD’S INSURANCE BENE-  
19 FITS.—

20 (A) Section 202(s)(1) of such Act (42  
21 U.S.C. 402(s)(1)) is amended by striking  
22 “paragraphs (2), (3), and (4) of section 203(c)”  
23 and inserting “paragraphs (1), (2), and (3) of  
24 section 203(b)”.

1 (B) Section 202(s)(3) of such Act (42  
2 U.S.C. 402(s)(3)) is amended by striking “The  
3 last sentence of subsection (c) of section 203,  
4 subsection (f)(1)(C) of section 203, and sub-  
5 sections” and inserting “Subsections”.

6 (4) PROVISIONS RELATING TO SUSPENSION OF  
7 ALIENS’ BENEFITS.—Section 202(t)(7) of such Act  
8 (42 U.S.C. 402(t)(7)) is amended by striking “Sub-  
9 sections (b), (c), and (d)” and inserting “Subsection  
10 (b)”.

11 (5) PROVISIONS RELATING TO BENEFITS IN-  
12 CREASED ON ACCOUNT OF DELAYED RETIRE-  
13 MENT.—Section 202(w)(2)(B)(ii) of such Act (42  
14 U.S.C. 402(w)(2)(B)(ii)) is amended by striking “or  
15 203(c)”.

16 (6) PROVISIONS RELATING TO REDUCTIONS IN  
17 BENEFITS BASED ON MAXIMUM BENEFITS.—Section  
18 203(a)(3)(B)(iii) of such Act (42 U.S.C.  
19 403(a)(3)(B)(iii)) is amended by striking “and sub-  
20 sections (b), (c), and (d)” and inserting “and sub-  
21 section (b)”.

22 (7) PROVISIONS RELATING TO PENALTIES FOR  
23 MISREPRESENTATIONS CONCERNING EARNINGS FOR  
24 PERIODS SUBJECT TO DEDUCTIONS ON ACCOUNT OF  
25 WORK.—Section 208(a)(1)(C) of such Act (42

1 U.S.C. 408(a)(1)(C)) is amended by striking “under  
2 section 203(f) of this title for purposes of deductions  
3 from benefits” and inserting “under section 203 for  
4 purposes of deductions from benefits on account of  
5 work”.

6 (8) PROVISIONS TAKING INTO ACCOUNT EARN-  
7 INGS IN DETERMINING BENEFIT COMPUTATION  
8 YEARS.—Clause (I) in the next to last sentence of  
9 section 215(b)(2)(A) of such Act (42 U.S.C.  
10 415(b)(2)(A)) is amended by striking “no earnings  
11 as described in section 203(f)(5) in such year” and  
12 inserting “no wages, and no net earnings from self-  
13 employment (in excess of net loss from self-employ-  
14 ment), in such year”.

15 (9) PROVISIONS RELATING TO ROUNDING OF  
16 BENEFITS.—Section 215(g) of such Act (42 U.S.C.  
17 415(g)) is amended by striking “and any deduction  
18 under section 203(b)”.

19 (10) PROVISIONS RELATING TO EARNINGS  
20 TAKEN INTO ACCOUNT IN DETERMINING SUBSTAN-  
21 TIAL GAINFUL ACTIVITY OF BLIND INDIVIDUALS.—  
22 The second sentence of section 223(d)(4) of such  
23 Act (42 U.S.C. 423(d)(4)) is amended by striking  
24 “if section 102 of the Senior Citizens’ Right to  
25 Work Act of 1996 had not been enacted” and insert-

1       ing the following: “if the amendments to section 203  
2       made by section 102 of the Senior Citizens’ Right to  
3       Work Act of 1996 and by section 3 of the Senior  
4       Tax Relief Act of 1999 had not been enacted”.

5               (11) PROVISIONS DEFINING INCOME FOR PUR-  
6       POSES OF SSI.—Section 1612(a) of such Act (42  
7       U.S.C. 1382a(a)) is amended—

8               (A) by striking “as determined under sec-  
9       tion 203(f)(5)(C)” in paragraph (1)(A) and in-  
10       serting “as defined in the last two sentences of  
11       this subsection”; and

12              (B) by adding at the end (after and below  
13       paragraph (2)(F)) the following new sentences:  
14       “For purposes of paragraph (1)(A), the term ‘wages’  
15       means wages as defined in section 209, but computed  
16       without regard to the limitations as to amounts of remu-  
17       neration specified in paragraphs (1), (6)(B), (6)(C),  
18       (7)(B), and (8) of section 209(a). In making the computa-  
19       tion under the preceding sentence, (A) services which do  
20       not constitute employment as defined in section 210, per-  
21       formed within the United States by an individual as an  
22       employee or performed outside the United States in the  
23       active military or naval services of the United States, shall  
24       be deemed to be employment as so defined if the remu-  
25       neration for such services is not includible in computing



1 the individual's net earnings or net loss from self-employ-  
 2 ment for purposes of title II, and (B) the term 'wages'  
 3 shall be deemed not to include (i) the amount of any pay-  
 4 ment made to, or on behalf of, an employee or any of his  
 5 or her dependents (including any amount paid by an em-  
 6 ployer for insurance or annuities, or into a fund, to pro-  
 7 vide for any such payment) on account of retirement, or  
 8 (ii) any payment or series of payments by an employer  
 9 to an employee or any of his or her dependents upon or  
 10 after the termination of the employee's employment rela-  
 11 tionship because of retirement after attaining an age spec-  
 12 ified in a plan referred to in section 209(m)(2) or in a  
 13 pension plan of the employer.'".

14 (12) REPEAL OF DEDUCTIONS ON ACCOUNT OF  
 15 WORK UNDER THE RAILROAD RETIREMENT PRO-  
 16 GRAM.—Section 2 of the Railroad Retirement Act of  
 17 1974 (45 U.S.C. 231a) is amended by striking sub-  
 18 sections (f) and (g)(2).

19 (c) EFFECTIVE DATE.—The amendments and re-  
 20 peals made by this section shall apply with respect to tax-  
 21 able years ending on or after the date of the enactment  
 22 of this Act.

1 **SEC. 4. REPEAL OF ESTATE AND GIFT TAXES.**

2 (a) IN GENERAL.—Subtitle B of the Internal Reve-  
3 nue Code of 1986 (relating to estate, gift, and generation-  
4 skipping taxes) is hereby repealed.

5 (b) EFFECTIVE DATE.—The repeal made by sub-  
6 section (a) shall apply to estates of decedents dying, and  
7 transfers made, after the date of the enactment of this  
8 Act.

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