

106TH CONGRESS  
1ST SESSION

# H. R. 1316

To amend the Internal Revenue Code of 1986 to reduce employer and employee Social Security taxes to the extent there is a Federal budget surplus.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 25, 1999

Mr. DREIER (for himself and Mr. JEFFERSON) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on the Budget, 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 amend the Internal Revenue Code of 1986 to reduce employer and employee Social Security taxes to the extent there is a Federal budget surplus.

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 “Working Americans  
5       Gainful Employment (WAGE) Act”.

1 **SEC. 2. FEDERAL BUDGET SURPLUSES DEDICATED TO RE-**  
2 **DUCTION OF SOCIAL SECURITY TAXES.**

3 (a) IN GENERAL.—Section 3101 of the Internal Rev-  
4 enue Code of 1986 (relating to tax on employees under  
5 Federal Insurance Contributions Act) is amended by add-  
6 ing at the end the following new subsection:

7 “(d) FEDERAL BUDGET SURPLUSES TO REDUCE SO-  
8 CIAL SECURITY TAXES.—

9 “(1) IN GENERAL.—Not later than December  
10 15 of 1999, and each subsequent calendar year, the  
11 Secretary shall prescribe a rate for the social secu-  
12 rity retirement taxes which shall apply in lieu of the  
13 otherwise applicable rate to remuneration received in  
14 the succeeding calendar year.

15 “(2) METHOD OF DETERMINING RATE.—

16 “(A) IN GENERAL.—The rate determined  
17 under this paragraph for any calendar year  
18 shall be the rate estimated by the Secretary to  
19 reduce revenues to the United States during  
20 such year in an amount equal to the Federal  
21 budget surplus for the fiscal year ending during  
22 the preceding calendar year. Proper adjust-  
23 ments shall be made in subsequent such esti-  
24 mates to the extent prior estimates were in ex-  
25 cess of or less than the actual revenue reduc-  
26 tions.

1           “(B) FEDERAL BUDGET SURPLUS.—For  
2           purposes of subparagraph (A), the term ‘Fed-  
3           eral budget surplus’ means, with respect to any  
4           fiscal year, the amount by which total Federal  
5           revenues for such fiscal year exceed total Fed-  
6           eral budget outlays for such year. For purposes  
7           of the preceding sentence—

8                   “(i) revenues from social security re-  
9                   tirement taxes and the tax imposed by sec-  
10                  tion 1401(a) shall be included in total rev-  
11                  enues, and

12                  “(ii) disbursements from any trust  
13                  fund or account which are social security  
14                  benefits (as defined in section 86(d)) shall  
15                  be included in total Federal budget out-  
16                  lays.

17           “(3) SOCIAL SECURITY RETIREMENT TAXES.—  
18           For purposes of this subsection, the term ‘social se-  
19           curity retirement taxes’ means the taxes imposed  
20           by—

21                   “(A) section 3101(a) (relating to OASDI  
22                   tax on employees),

23                   “(B) section 3111(a) (relating to OASDI  
24                   tax on employers), and

1           “(C) sections 3201(a), 3211(a)(1), and  
 2           3221(a) (relating to tier 1 railroad retirement  
 3           taxes) to the extent attributable to the rate ap-  
 4           plicable under section 3101(a) or 3111(a).

5           “(4) TAX ON SELF-EMPLOYMENT INCOME.—If  
 6           the Secretary prescribes a rate under paragraph (1)  
 7           which applies to remuneration received in any cal-  
 8           endar year, the rate applicable under section  
 9           1401(a) for taxable years beginning in such calendar  
 10          year shall be equal to twice the rate so prescribed  
 11          for such calendar year.

12          “(5) DEPOSITS INTO SOCIAL SECURITY TRUST  
 13          FUNDS, ETC. UNAFFECTED.—The determination of  
 14          the amounts deposited into any trust fund or ac-  
 15          count shall be made without regard to the rates de-  
 16          termined under this subsection.”

17          (b) CROSS REFERENCES.—

18               (1) Subsection (a) of section 1401 of such Code  
 19               is amended by adding at the end the following flush  
 20               sentence:

21               “For potential reduction in the rate under this subsection,  
 22               see section 3101(d).”

23               (2) Subsection (a) of section 3111 of such Code  
 24               is amended by adding at the end the following flush  
 25               sentence:

1 “For potential reduction in the rate under this subsection,  
2 see section 3101(d).”

3 (c) EFFECTIVE DATE.—The amendments made by  
4 this section shall take effect on the date of the enactment  
5 of this Act.

6 **SEC. 2. TREATMENT UNDER PAY-AS-YOU-GO PROCEDURES.**

7 Any change in budget authority, outlays, or receipts  
8 resulting from the provisions of (or amendments made by)  
9 this Act shall not be considered for purposes of calculating  
10 the deficit increase for any year under section 252 of the  
11 Balanced Budget and Emergency Deficit Control Act of  
12 1985.

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