

108TH CONGRESS  
1ST SESSION

# H. R. 2097

To amend the Internal Revenue Code of 1986 to change certain threshold and other tests in order to decrease the amount of farm labor wages that are subject to Social Security and Medicare taxes, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 14, 2003

Mr. LEWIS of Kentucky 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 change certain threshold and other tests in order to decrease the amount of farm labor wages that are subject to Social Security and Medicare taxes, 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,*

1 **SECTION 1. CHANGES IN THRESHOLD AND OTHER TESTS**  
2 **FOR DETERMINING AMOUNT OF WAGES PAID**  
3 **TO AGRICULTURAL WORKERS THAT ARE SUB-**  
4 **JECT TO SOCIAL SECURITY AND MEDICARE**  
5 **TAXES.**

6 (a) INCREASE IN \$150 REMUNERATION THRESHOLD  
7 TO \$1,000 AND INCREASE IN TOTAL FARM PAYROLL  
8 TEST.—

9 (1) INTERNAL REVENUE CODE OF 1986.—Sub-  
10 paragraph (B) of section 3121(a)(8) of the Internal  
11 Revenue Code of 1986 (relating to definition of  
12 wages) is amended—

13 (A) in clause (i), by striking “\$150” and  
14 inserting “\$1,000”; and

15 (B) in clause (ii), by striking “\$2500” and  
16 inserting “\$50,000”.

17 (2) SOCIAL SECURITY ACT.—Subparagraph (B)  
18 of section 209(a)(7) of the Social Security Act (42  
19 U.S.C. 409(a)(7)(B)) (relating to definition of  
20 wages) is amended—

21 (A) in clause (i), by striking “\$150” and  
22 inserting “\$1,000”; and

23 (B) in clause (ii), by striking “\$2500” and  
24 inserting “\$50,000”.

25 (b) ADJUSTMENT FOR INFLATION.—

(1) INTERNAL REVENUE CODE OF 1986.—Subsection (i) of section 3121 of the Internal Revenue Code of 1986 (relating to computation of wages in certain cases) is amended by adding at the end the following new paragraph:

“(6) AGRICULTURAL LABOR.—

“(A) IN GENERAL.—For purposes of this chapter, in the case of agricultural labor referred to in subsection (a)(8), in the case of a calendar year after 2003, the \$1,000 amount contained in subparagraph (B)(i), and the \$50,000 amount contained in subparagraph (B)(ii), shall each be increased by an amount equal to—

“(i) such dollar amount, multiplied by

“(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins by substituting ‘calendar year 2002’ for ‘calendar year 1992’ in subparagraph (B) thereof.

“(B) ROUNDING.—If any increase determined under subparagraph (A) is not a multiple of \$50, such increase shall be rounded to the next lowest multiple of \$50.”.

1           (2) SOCIAL SECURITY ACT.—Section 209 of the  
2       Social Security Act (42 U.S.C. 409) is amended by  
3       adding at the end the following new subsection:

4       “(l)(1) For purposes of this title, in the case of agri-  
5       cultural labor referred to in subsection (a)(7), in the case  
6       of a calendar year after 2003, the \$1,000 amount con-  
7       tained in subparagraph (B)(i), and the \$50,000 amount  
8       contained in subparagraph (B)(ii), shall each be increased  
9       in the same manner as the \$1,000 amount and the  
10      \$50,000 amount, respectively, contained in section  
11      3121(a)(8)(B) of the Internal Revenue Code of 1986 are  
12      increased pursuant to section 3121(i)(6) of such Code.”.

13       (c) EXEMPTION FOR SERVICE PERFORMED BY CER-  
14      TAIN FULL-TIME STUDENTS.—

15       (1) INTERNAL REVENUE CODE OF 1986.—Sec-  
16      tion 3121(b) of the Internal Revenue Code of 1986  
17      (relating to definition of employment) is amended by  
18      striking “or” at the end of paragraph (20), by strik-  
19      ing the period at the end of paragraph (21) and in-  
20      serting “; or”, and by adding at the end the fol-  
21      lowing new paragraph:

22       “(22) agricultural labor performed by a full-  
23      time student who has not attained 18 years of age.”.

1           (2) SOCIAL SECURITY ACT.—Section 210(a) of  
 2       the Social Security Act (42 U.S.C. 410(a)) is  
 3       amended—

4                   (A) by striking “or” at the end of para-  
 5       graph (20),

6                   (B) by striking the period at the end of  
 7       paragraph (21) and inserting “; or”, and

8                   (C) by inserting after paragraph (21) the  
 9       following new paragraph:

10           “(22) Agricultural labor performed by a full-  
 11       time student who has not attained 18 years of age.”.

12       (d) EFFECTIVE DATE.—The amendments made by  
 13       this section shall apply to remuneration paid after Decem-  
 14       ber 31, 2003.

15   **SEC. 2. COORDINATION OF COLLECTION OF AGRICUL-**  
 16                   **TURAL LABOR EMPLOYMENT TAXES WITH**  
 17                   **COLLECTION OF INCOME TAXES.**

18       (a) IN GENERAL.—Subsection (c) of section 3510 of  
 19       the Internal Revenue Code of 1986 (relating to coordina-  
 20       tion of collection of domestic service employment taxes  
 21       with collection of income taxes) is amended to read as fol-  
 22       lows:

23           “(c) ELIGIBLE EMPLOYMENT TAXES.—

24                   “(1) IN GENERAL.—For purposes of this sec-  
 25       tion, the term ‘eligible employment taxes’ means—

1           “(A) domestic service employment taxes,  
2           and

3           “(B) agricultural labor employment taxes.

4           “(2) DOMESTIC SERVICE EMPLOYMENT  
5 TAXES.—For purposes of paragraph (1), the term  
6 ‘domestic service employment taxes’ means—

7           “(A) any taxes imposed by chapter 21 or  
8           23 on remuneration paid for domestic service in  
9           a private home of the employer, and

10           “(B) any amount withheld from such re-  
11           muneration pursuant to an agreement under  
12           section 3402(p).

13           For purposes of this paragraph, the term ‘domestic  
14           service in a private home of the employer’ includes  
15           domestic service described in section 3121(g)(5).

16           “(3) AGRICULTURAL LABOR EMPLOYMENT  
17 TAXES.—For purposes of paragraph (1), the term  
18 ‘agricultural labor employment taxes’ means—

19           “(A) any taxes imposed by chapter 21 or  
20           23 on remuneration paid for agricultural labor,  
21           and

22           “(B) any amount withheld from such re-  
23           muneration pursuant to an agreement under  
24           section 3402(p).

1 For purposes of this paragraph, the term ‘agricul-  
2 tural labor’ has the meaning provided in section  
3 3121(g).”.

4 (b) CONFORMING AMENDMENTS.—

5 (1) The heading of section 3510 of such Code  
6 is amended by inserting “**AND AGRICUL-**  
7 **TURAL LABOR**” after “**DOMESTIC SERV-**  
8 **ICE**”.

9 (2) Subsections (a)(1), (b)(1), (e), and (f)(1) of  
10 such section are each amended by striking “domestic  
11 service employment taxes” and inserting “eligible  
12 employment taxes”.

13 (3) The heading of subsection (b) of such sec-  
14 tion is amended by striking “DOMESTIC SERVICE”  
15 and inserting “ELIGIBLE”.

16 (4) Subsection (d) and the first sentence of sub-  
17 section (f)(1) of such section are each amended by  
18 inserting before the period at the end the following:  
19 “or for agricultural labor”.

20 (5) Subsection (e) of such section is amended  
21 by inserting before the period at the end the fol-  
22 lowing: “and agricultural labor employers’ income  
23 taxes”.

1       (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to remuneration paid after Decem-  
3 ber 31, 2003.

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