

108TH CONGRESS  
1ST SESSION

# H. R. 2105

To amend the Internal Revenue Code of 1986 to clarify that employees of a political subdivision of a State shall not lose their exemption from the hospital insurance tax by reason of the consolidation of the subdivision with the State.

IN THE HOUSE OF REPRESENTATIVES

MAY 14, 2003

Mr. NEAL of Massachusetts (for himself, Mr. CAPUANO, Mr. DELAHUNT, Mr. FRANK of Massachusetts, and Mr. MARKEY) introduced the following bill; which was referred to the Committee on Ways and Means

# A BILL

To amend the Internal Revenue Code of 1986 to clarify that employees of a political subdivision of a State shall not lose their exemption from the hospital insurance tax by reason of the consolidation of the subdivision with the State.

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. CLARIFICATION OF EMPLOYMENT RELATION-

**SHIP WHERE POLITICAL SUBDIVISION OF  
STATE IS CONSOLIDATED WITH STATE**

6 (a) IN GENERAL.—Subparagraph (D) of section  
7 3121(u)(2) of the Internal Revenue Code of 1986 (relating

1 to application of hospital insurance tax to Federal, State,  
2 and local employment) is amended by adding at the end  
3 the following new clause:

4                         “(iii) An employee of a political sub-  
5                         division of a State shall not be treated as  
6                         having terminated such employee’s employ-  
7                         ment relationship with such subdivision by  
8                         reason of the abolition of such subdivision  
9                         (or other consolidation of any agency or in-  
10                         strumentality of such subdivision with the  
11                         State) if, as a result of such abolition (or  
12                         other consolidation), such employee be-  
13                         comes an employee of the State and con-  
14                         tinues to hold the same or substantially the  
15                         same position with the State.”

16                 (b) EFFECTIVE DATE.—The amendment made by  
17 subsection (a) shall apply to all abolitions and other con-  
18 solidations, whether occurring before, on, or after the date  
19 of the enactment of this Act.

