

108TH CONGRESS
2D SESSION

H. R. 3868

To amend the Internal Revenue Code of 1986 to phaseout the 1993 income tax increase on Social Security benefits.

IN THE HOUSE OF REPRESENTATIVES

MARCH 2, 2004

Mr. SMITH of New Jersey 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 phaseout the 1993 income tax increase on Social Security benefits.

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 “Social Security Tax
5 Hike Phaseout Act of 2004”.

6 **SEC. 2. PHASEOUT OF 1993 INCOME TAX INCREASE ON SO-**
7 **CIAL SECURITY BENEFITS.**

8 (a) IN GENERAL.—Paragraph (2) of section 86(a) of
9 the Internal Revenue Code of 1986 is amended—

1 (1) by inserting “of taxable years beginning be-
 2 fore January 1, 2009,” after “In the case”, and

3 (2) by striking “85 percent” each place it ap-
 4 pears and inserting “the applicable percentage”.

5 (b) APPLICABLE PERCENTAGE.—Subsection (c) of
 6 section 86 of such Code is amended by adding at the end
 7 the following new paragraph:

8 “(3) APPLICABLE PERCENTAGE.—The term
 9 ‘applicable percentage’ means the percentage deter-
 10 mined in accordance with the following table:

“For taxable years beginning in calendar year—	The applicable percentage is—
2005	75
2006	70
2007	65
2008	60”.

11 (c) CONFORMING AMENDMENTS.—

12 (1) Subparagraph (A) of section 871(a)(3) of
 13 such Code is amended by striking “85 percent” and
 14 inserting “50 percent (in the case of calendar years
 15 2005 through 2008, the applicable percentage deter-
 16 mined under section 86(c)(3) with respect to such
 17 calendar year)”.

18 (2) Subparagraph (A) of section 121(e)(1) of
 19 the Social Security Amendments of 1983 (Public
 20 Law 98–21) is amended by inserting “(as modified
 21 by the amendments made by the Social Security Tax

1 Hike Phaseout Act of 2004)” before the period at
2 the end.

3 (3) The heading of subsection (c) of section 86
4 of such Code is amended to read as follows: “DEFI-
5 NITIONS.—”.

6 (d) EFFECTIVE DATES.—

7 (1) IN GENERAL.—Except as otherwise pro-
8 vided in this subsection, the amendments made by
9 this section shall apply to taxable years beginning
10 after December 31, 2004.

11 (2) SUBSECTION (C)(1).—The amendment
12 made by subsection (c)(1) shall apply to benefits
13 paid after December 31, 2004.

14 (3) SUBSECTION (C)(2).—The amendment
15 made by subsection (c)(2) shall apply to tax liabil-
16 ities for taxable years beginning after December 31,
17 2004.

18 **SEC. 3. MAINTENANCE OF TRANSFERS TO HOSPITAL IN-**
19 **SURANCE TRUST FUND.**

20 (a) IN GENERAL.—There are hereby appropriated to
21 the Federal Hospital Insurance Trust Fund established
22 under section 1817 of the Social Security Act amounts
23 equal to the reduction in revenues to the Treasury by rea-
24 son of the enactment of this Act. Amounts appropriated
25 by the preceding sentence shall be transferred from the

1 general fund at such times and in such manner as to rep-
2 licate to the extent possible the transfers which would have
3 occurred to such Trust Fund had this Act not been en-
4 acted.

5 (b) REPORTS.—The Secretary of the Treasury or the
6 Secretary's delegate shall annually report to the Com-
7 mittee on Ways and Means of the House of Representa-
8 tives and the Committee on Finance of the Senate the
9 amounts and timing of the transfers under this section.

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