

109<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 2472

To amend the Internal Revenue Code of 1986 to impose a tax on the amount of wages in excess of the contribution and benefit base, to extend the pay-as-you-go requirement of the Balanced Budget and Emergency Deficit Control Act of 1985, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 18, 2005

Mr. WEXLER introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Rules, and 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 impose a tax on the amount of wages in excess of the contribution and benefit base, to extend the pay-as-you-go requirement of the Balanced Budget and Emergency Deficit Control Act of 1985, 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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Social Security Forever  
5 Act of 2005”.

1 **SEC. 2. TAX IMPOSED ON WAGES IN EXCESS OF CONTRIBU-**  
2 **TION AND BENEFIT BASE.**

3 (a) TAX ON EMPLOYEES.—Section 3101 of the Inter-  
4 nal Revenue Code of 1986 (relating to rate of tax) is  
5 amended by adding at the end the following new sub-  
6 section:

7 “(d) WAGES RECEIVED IN EXCESS OF CONTRIBU-  
8 TION AND BENEFIT BASE.—In addition to the taxes im-  
9 posed by subsections (a) and (b) and notwithstanding sub-  
10 section (c), there is hereby imposed on the income of every  
11 individual a tax equal to 3 percent of the excess (if any)  
12 of—

13 “(1) the wages (as defined in section 3121(a))  
14 received by him with respect to employment (as de-  
15 fined in section 3121(b)) during the calendar year,  
16 over

17 “(2) so much of such wages as does not exceed  
18 the contribution and benefit base, as determined  
19 under section 230 of the Social Security Act for  
20 such calendar year.”.

21 (b) TAX ON EMPLOYERS.—Section 3111 of such  
22 Code (relating to rate of tax) is amended by adding at  
23 the end the following new subsection:

24 “(d) WAGES PAID IN EXCESS OF CONTRIBUTION  
25 AND BENEFIT BASE.—In addition to the taxes imposed  
26 by subsections (a) and (b) and notwithstanding subsection

1 (c), there is hereby imposed on every employer an excise  
2 tax, with respect to having individuals in his employ, equal  
3 to 3 percent of the excess (if any) of—

4 “(1) the wages (as defined in section 3121(a))  
5 paid by him with respect to employment (as defined  
6 in section 3121(b)) during the calendar year, over

7 “(2) so much of such wages as does not exceed  
8 the contribution and benefit base, as determined  
9 under section 230 of the Social Security Act for  
10 such calendar year.”.

11 (c) RAILROAD RETIREMENT.—

12 (1) TAX ON EMPLOYEES.—Section 3201 of  
13 such Code (relating to rate of tax) is amended by re-  
14 designating subsection (c) as subsection (d) and by  
15 inserting after subsection (b) the following new sub-  
16 section:

17 “(c) WAGES RECEIVED IN EXCESS OF CONTRIBU-  
18 TION AND BENEFIT BASE.—In addition to other taxes,  
19 there is hereby imposed on the income of each employee  
20 a tax equal to 3 percent of the excess (if any) of—

21 “(1) the compensation (determined without re-  
22 gard to section 3231(e)(2)) received during any cal-  
23 endar year by such employee for services rendered  
24 by such employee, over

1           “(2) so much of such compensation as does not  
2           exceed the contribution and benefit base, as deter-  
3           mined under section 230 of the Social Security Act  
4           for such calendar year.”.

5           (2) TAX ON EMPLOYEE REPRESENTATIVES.—  
6           Section 3211 of such Code (relating to rate of tax)  
7           is amended by redesignating subsection (c) as sub-  
8           section (d) and by inserting after subsection (b) the  
9           following new subsection:

10          “(c) WAGES RECEIVED IN EXCESS OF CONTRIBU-  
11          TION AND BENEFIT BASE.—In addition to other taxes,  
12          there is hereby imposed on the income of each employee  
13          representative a tax equal to 3 percent of the excess (if  
14          any) of—

15                 “(1) the compensation (determined without re-  
16                 gard to section 3231(e)(2)) received during any cal-  
17                 endar year by such employee representative for serv-  
18                 ices rendered by such employee representative, over

19                 “(2) so much of such compensation as does not  
20                 exceed the contribution and benefit base, as deter-  
21                 mined under section 230 of the Social Security Act  
22                 for such calendar year.”.

23           (3) TAX ON EMPLOYERS.—Section 3221 of such  
24           Code (relating to rate of tax) is amended by redesi-  
25           gnating subsection (c) as subsection (d) and by in-

1       serting after subsection (b) the following new sub-  
2       section:

3       “(c) WAGES PAID IN EXCESS OF CONTRIBUTION AND  
4       BENEFIT BASE.—In addition to other taxes, there is here-  
5       by imposed on every employer an excise tax, with respect  
6       to having individuals in his employ, equal to 3 percent of  
7       the excess (if any) of—

8               “(1) the compensation (determined without re-  
9               gard to section 3231(e)(2)) paid during any calendar  
10              year by such employer for services rendered to such  
11              employer, over

12             “(2) so much of such compensation as does not  
13             exceed the contribution and benefit base, as deter-  
14             mined under section 230 of the Social Security Act  
15             for such calendar year.”.

16       (d) TAX ON SELF-EMPLOYMENT INCOME.—Section  
17       1401 of such Code (relating to rate of tax) is amended  
18       by adding at the end the following new subsection:

19       “(d) WAGES RECEIVED IN EXCESS OF CONTRIBU-  
20       TION AND BENEFIT BASE.—In addition to the taxes im-  
21       posed by subsections (a) and (b) and notwithstanding sub-  
22       section (c), there shall be imposed for each taxable year,  
23       on the self-employment income of every individual, a tax  
24       equal to 6 percent of the excess (if any) of—

1           “(1) the self-employment income for such tax-  
2           able year, over

3           “(2) so much of such self-employment income  
4           as does not exceed the contribution and benefit base,  
5           as determined under section 230 of the Social Secu-  
6           rity Act, which is effective for the calendar year in  
7           which such taxable year begins.”.

8           (e) CONFORMING AMENDMENTS.—

9           (1) Section 24(d)(2)(A) of such Code is amend-  
10          ed—

11                  (A) in clause (i) by inserting “(other than  
12                  subsection (d) thereof)” after “3101”, and

13                  (B) in clause (ii) by inserting “(other than  
14                  subsection (d) thereof)” after “1401”.

15           (2) Section 45B(b)(1) of such Code is amended  
16          by inserting “(other than subsection (d) thereof)”  
17          after “section 3111”.

18           (3) Section 406(b)(2)(B) of such Code is  
19          amended by inserting “(other than subsection (d)  
20          thereof)” after “3101”.

21           (4) Section 3121(l)(1)(A) of such Code is  
22          amended by striking “sections 3101 and 3111” and  
23          inserting “sections 3101 (other than subsection (d)  
24          thereof) and 3111 (other than subsection (d) there-  
25          of)”.

1           (5) Section 6051(a)(6) of such Code is amended  
2           by inserting “(stated separately with respect to the  
3           taxes imposed by subsections (a), (b), and (d) there-  
4           of)”.

5           (6) Section 6053(b) of such Code is amended—

6                   (A) by striking “section 3101 or section  
7                   3201” and inserting “section 3101 (without re-  
8                   gard to subsection (d) thereof) or section 3201  
9                   (without regard to subsection (d) thereof)”, and

10                   (B) by inserting “with respect to sections  
11                   3101(a) and (b) and 3201(a) and (b)” after  
12                   “as the case may be” the second place it ap-  
13                   pears.

14           (f) EFFECTIVE DATE.—

15                   (1) IN GENERAL.—Except as provided in para-  
16                   graph (2), the amendments made by this section  
17                   shall apply with respect to remuneration paid after  
18                   December 31, 2005.

19                   (2) SELF-EMPLOYMENT INCOME.—The amend-  
20                   ment made by subsection (d) shall apply to taxable  
21                   years beginning after December 31, 2005.

1 **SEC. 3. POINT OF ORDER AGAINST DIRECT SPENDING OR**  
2 **REVENUE LEGISLATION THAT IS NOT FULLY**  
3 **OFFSET.**

4 (a) POINT OF ORDER.—Section 401 of the Congres-  
5 sional Budget Act of 1974 is amended by adding at the  
6 end the following:

7 “(d) PAY-AS-YOU-GO RULE.—

8 “(1) POINT OF ORDER.—

9 “(A) IN GENERAL.—Notwithstanding any  
10 other provision law, it shall not be in order in  
11 the Senate or the House of Representatives to  
12 consider any direct spending or revenue legisla-  
13 tion that would decrease a unified-budget sur-  
14 plus or cause or increase a unified-budget def-  
15 icit, for any applicable time period.

16 “(B) APPLICABLE TIME PERIOD.—For  
17 purposes of subparagraph (A), the term ‘appli-  
18 cable time period’ means any of the following  
19 three periods:

20 “(i) The current year and the budget  
21 year.

22 “(ii) The current year and the five  
23 subsequent fiscal years.

24 “(iii) The five fiscal years following  
25 the period described in clause (ii).

1           “(C) EXCLUSION.—For purposes of this  
2 paragraph, the terms ‘direct-spending legisla-  
3 tion’ and ‘revenue legislation’ do not include  
4 any provision of legislation that affects the full  
5 funding of, and continuation of, the deposit in-  
6 surance guarantee commitment in effect on the  
7 date of the enactment of the Social Security  
8 Forever Act of 2005.

9           “(D) CALCULATIONS.—Calculations pre-  
10 pared pursuant to this paragraph shall employ  
11 the baseline used for the most recently adopted  
12 concurrent resolution on the budget.

13           “(E) USE OF ENACTED SAVINGS.—If di-  
14 rect spending or revenue legislation decreases a  
15 unified-budget surplus or causes or increases a  
16 unified-budget deficit when taken individually,  
17 then it must also do so when taken together  
18 with all direct spending and revenue legislation  
19 enacted since the beginning of the calendar year  
20 not accounted for in the baseline under sub-  
21 paragraph (D).

22           “(2) WAR.—The current-year and budget-year  
23 costs of legislation shall not be counted for purposes  
24 of paragraph (1) whenever a declaration of war is in  
25 effect.



1 tures of the President of the United States and the Sec-  
2 retary of the Treasury.”.

3 (b) CLERICAL AMENDMENT.—The table of sections  
4 for chapter 31, United States Code, is amended by adding  
5 after the item relating to section 3130 the following new  
6 item:

“3131. Signatures on obligations issued or guaranteed under this chapter.”.

7 (c) EFFECTIVE DATE.—The amendments made by  
8 this section shall apply to obligations issued after 3  
9 months after the date of the enactment of this Act.

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