

109TH CONGRESS
1ST SESSION

S. 774

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

IN THE SENATE OF THE UNITED STATES

APRIL 13, 2005

Mr. BUNNING introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to repeal 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 Bene-
5 fits Tax Relief Act of 2005”.

6 **SEC. 2. REPEAL OF 1993 INCOME TAX INCREASE ON SOCIAL**
7 **SECURITY BENEFITS.**

8 (a) RESTORATION OF PRIOR LAW FORMULA.—Sub-
9 section (a) of section 86 of the Internal Revenue Code of

1 1986 (relating to social security and tier 1 railroad retire-
2 ment benefits) is amended to read as follows:

3 “(a) IN GENERAL.—Gross income for the taxable
4 year of any taxpayer described in subsection (b) (notwith-
5 standing section 207 of the Social Security Act) includes
6 social security benefits in an amount equal to the lesser
7 of—

8 “(1) one-half of the social security benefits re-
9 ceived during the taxable year, or

10 “(2) one-half of the excess described in sub-
11 section (b)(1).”

12 (b) REPEAL OF ADJUSTED BASE AMOUNT.—Sub-
13 section (c) of section 86 of the Internal Revenue Code of
14 1986 is amended to read as follows:

15 “(c) BASE AMOUNT.—For purposes of this section,
16 the term ‘base amount’ means—

17 “(1) except as otherwise provided in this sub-
18 section, \$25,000,

19 “(2) \$32,000 in the case of a joint return, and

20 “(3) zero in the case of a taxpayer who—

21 “(A) is married as of the close of the tax-
22 able year (within the meaning of section 7703)
23 but does not file a joint return for such year,
24 and

1 “(B) does not live apart from his spouse at
2 all times during the taxable year.”

3 (c) CONFORMING AMENDMENTS.—

4 (1) Subparagraph (A) of section 871(a)(3) of
5 the Internal Revenue Code of 1986 is amended by
6 striking “85 percent” and inserting “50 percent”.

7 (2)(A) Subparagraph (A) of section 121(e)(1)
8 of the Social Security Amendments of 1983 (Public
9 Law 98–21) is amended—

10 (i) by striking “(A) There” and inserting
11 “‘There’”;

12 (ii) by striking “(i)” immediately following
13 “amounts equivalent to”; and

14 (iii) by striking “, less (ii)” and all that
15 follows and inserting a period.

16 (B) Paragraph (1) of section 121(e) of such Act
17 is amended by striking subparagraph (B).

18 (C) Paragraph (3) of section 121(e) of such Act
19 is amended by striking subparagraph (B) and by re-
20 designating subparagraph (C) as subparagraph (B).

21 (D) Paragraph (2) of section 121(e) of such
22 Act is amended in the first sentence by striking
23 “paragraph (1)(A)” and inserting “paragraph (1)”.

24 (d) EFFECTIVE DATES.—

1 (1) IN GENERAL.—Except as otherwise pro-
2 vided in this subsection, the amendments made by
3 this section shall apply to taxable years beginning
4 after December 31, 2005.

5 (2) SUBSECTION (c)(1).—The amendment made
6 by subsection (c)(1) shall apply to benefits paid after
7 December 31, 2005.

8 (3) SUBSECTION (c)(2).—The amendments
9 made by subsection (c)(2) shall apply to tax liabil-
10 ities for taxable years beginning after December 31,
11 2005.

12 **SEC. 3. MAINTENANCE OF TRANSFERS TO HOSPITAL IN-**
13 **SURANCE TRUST FUND.**

14 There are hereby appropriated to the Federal Hos-
15 pital Insurance Trust Fund established under section
16 1817 of the Social Security Act (42 U.S.C. 1395i)
17 amounts equal to the reduction in revenues to the Treas-
18 ury by reason of the enactment of this Act. Amounts ap-
19 propriated by the preceding sentence shall be transferred
20 from the general fund at such times and in such manner
21 as to replicate to the extent possible the transfers which
22 would have occurred to such Trust Fund had this Act not
23 been enacted.

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