

111TH CONGRESS
1ST SESSION

H. R. 1058

To amend the Internal Revenue Code of 1986 to repeal the inclusion in gross income of Social Security benefits and tier 1 railroad retirement benefits.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 13, 2009

Mr. FRANKS of Arizona (for himself, Mr. BROUN of Georgia, Mr. PENCE, Mr. GOHMERT, Mr. THOMPSON of Pennsylvania, Mr. ALEXANDER, Mr. MCHENRY, Mr. GINGREY of Georgia, Mr. MARCHANT, Mr. LATTA, Mr. NEUGEBAUER, Mr. POSEY, Mr. MCCLINTOCK, Mr. RYAN of Wisconsin, Ms. FALLIN, Mr. PITTS, Mr. HARPER, and Mr. BOUSTANY) 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 repeal the inclusion in gross income of Social Security benefits and tier 1 railroad retirement 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 “Seniors Financial Se-
5 curity Act of 2009”.

1 **SEC. 2. REPEAL OF INCLUSION IN GROSS INCOME OF SO-**
2 **CIAL SECURITY BENEFITS AND TIER 1 RAIL-**
3 **ROAD RETIREMENT BENEFITS.**

4 (a) IN GENERAL.—Section 86 of the Internal Rev-
5 enue Code of 1986 (relating to taxation of Social Security
6 and tier 1 railroad retirement benefits) is hereby repealed.

7 (b) TECHNICAL AND CONFORMING AMENDMENTS.—

8 (1) Subparagraph (B) of section 22(c)(3) of
9 such Code (relating to treatment of certain work-
10 men’s compensation benefits) is amended by striking
11 “any amount treated as a social security benefit
12 under section 86(d)(3)” and inserting “if, by reason
13 of section 224 of the Social Security Act (or by rea-
14 son of section 3(a)(1) of the Railroad Retirement
15 Act of 1974), any benefit otherwise payable under
16 title II of the Social Security Act or the Railroad
17 Retirement Act of 1974 is reduced by reason of the
18 receipt of a benefit under a workmen’s compensation
19 act, the portion of such benefit received under the
20 workmen’s compensation act which equals such re-
21 duction”.

22 (2) Paragraph (3) of section 72(r) of such Code
23 (defining tier 1 railroad retirement benefit) is
24 amended by striking “has the meaning given such
25 term by section 86(d)(4)” and inserting “means—

1 “(A) the amount of the annuity under the
2 Railroad Retirement Act of 1974 equal to the
3 amount of the benefit to which the taxpayer
4 would have been entitled under the Social Secu-
5 rity Act if all of the service after December 31,
6 1936, of the employee (on whose employment
7 record the annuity is being paid) had been in-
8 cluded in the term ‘employment’ as defined in
9 the Social Security Act, and

10 “(B) a monthly annuity amount under sec-
11 tion 3(f)(3) of the Railroad Retirement Act of
12 1974.”.

13 (3) Section 135(c)(4)(B) of such Code is
14 amended by striking “86, 469,” and inserting
15 “469”.

16 (4) Sections 137(b)(3)(B), 199(d)(2)(A),
17 221(b)(2)(C)(ii), and 222(b)(2)(C)(ii) of such Code
18 are each amended by striking “86,”.

19 (5) Clause (i) of section 219(g)(3)(A) of such
20 Code is amended by striking “sections 86 and 469”
21 and inserting “section 469”.

22 (6) Subparagraph (F) of section 469(i)(3) of
23 such Code is amended by striking clause (i) and by
24 redesignating clauses (ii), (iii), and (iv) as clauses
25 (i), (ii), and (iii), respectively.

1 (7) Paragraph (8) of section 861(a) of such
2 Code (treating Social Security benefits as United
3 States sourced) is hereby repealed.

4 (8) Paragraph (3) of section 871(a) of such
5 Code (relating to taxation of Social Security benefits
6 by nonresident aliens) is hereby repealed.

7 (9) Subsection (g) of section 1441 of such Code
8 (relating to withholding of tax on nonresident aliens)
9 is hereby repealed.

10 (10) Subparagraph (C) of section 3402(p)(1) of
11 such Code is amended by striking clause (i) and by
12 redesignating clauses (ii), (iii), and (iv) as clauses
13 (i), (ii), and (iii), respectively.

14 (11) Paragraph (4) of section 6015(d) of such
15 Code is amended by striking the last sentence.

16 (12) Section 6050F of such Code (relating to
17 returns relating to Social Security benefits) is here-
18 by repealed.

19 (13) Paragraph (1) of section 6050G(a) of such
20 Code (relating to returns relating to certain railroad
21 retirement benefits) is amended by striking “section
22 86(d)(4)” and inserting “section 72(r)(3)”.

23 (14)(A) Section 6103(h) of such Code (relating
24 to disclosure) is amended by striking paragraph (5)

1 and by redesignating paragraph (6) as paragraph
2 (5).

3 (B) Paragraph (4) of section 6103(p) of such
4 Code is amended by striking “(h)(5),” each place it
5 appears.

6 (C) Subsection (k) of section 1113 of the Right
7 to Financial Privacy Act of 1978 is hereby repealed.

8 (15) The table of sections for part II of sub-
9 chapter B of chapter 1 of such Code is amended by
10 striking the item relating to section 86.

11 (16) The table of sections for subpart B of part
12 III of subchapter A of chapter 61 of such Code is
13 amended by striking the item relating to section
14 6050F.

15 (c) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to benefits received after December
17 31, 2008, in taxable years ending after such date.

18 (d) TRUST FUNDS HELD HARMLESS.—There are
19 hereby appropriated (out of any money in the Treasury
20 not otherwise appropriated) for each fiscal year to each
21 fund under the Social Security Act or the Railroad Retire-
22 ment Act of 1974 an amount equal to the reduction in
23 the transfers to such fund for such fiscal year by reason
24 of the amendments made by this section.

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