

114TH CONGRESS
1ST SESSION

H. R. 1984

To amend the Internal Revenue Code of 1986 and title II of the Social Security Act to repeal the cap on compensation subject to the payroll tax, to reallocate payroll tax revenue to the Social Security Trust Funds, to apply the CPI-E to Social Security cost-of-living increases, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 23, 2015

Mr. DEFAZIO (for himself, Mr. CONYERS, Ms. DELBENE, Mr. GRIJALVA, Ms. PINGREE, and Ms. SLAUGHTER) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Education and the Workforce, 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

A BILL

To amend the Internal Revenue Code of 1986 and title II of the Social Security Act to repeal the cap on compensation subject to the payroll tax, to reallocate payroll tax revenue to the Social Security Trust Funds, to apply the CPI-E to Social Security cost-of-living increases, 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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Fair Adjustment and
3 Income Revenue for Social Security Act” or the “FAIR
4 Social Security Act”.

5 **SEC. 2. REPEAL OF CAP ON COMPENSATION SUBJECT TO**
6 **FEDERAL INSURANCE CONTRIBUTIONS ACT.**

7 (a) WAGES.—Section 3121(a) of the Internal Rev-
8 enue Code of 1986 is amended by striking paragraph (1).

9 (b) SELF-EMPLOYMENT INCOME.—The first sentence
10 of section 1402(b) of the Internal Revenue Code of 1986
11 is amended by striking “include—” and all that follows
12 and inserting “include the net earnings from self-employ-
13 ment if such net earnings for the taxable year are less
14 than \$400.”.

15 (c) CONFORMING AMENDMENTS.—

16 (1) Section 6413(c) of the Internal Revenue
17 Code of 1986 is amended—

18 (A) by striking paragraph (1), and

19 (B) in paragraph (2)(A) by striking “, not
20 to exceed an amount equal to the contribution
21 and benefit base (as determined under section
22 230 of the Social Security Act) for any calendar
23 year with respect to which such contribution
24 and benefit base is effective,”.

25 (2) Section 3122 of the Internal Revenue Code
26 of 1986 is amended by striking “The person making

1 such return may, for convenience of administration,
2 make payments of the tax imposed under section
3 3111 with respect to such service without regard to
4 the contribution and benefit base limitation in sec-
5 tion 3121(a)(1), and he shall not be required to ob-
6 tain a refund of the tax paid under section 3111 on
7 that part of the remuneration not included in wages
8 by reason of section 3121(a)(1).”.

9 (3) Section 3125 of the Internal Revenue Code
10 of 1986 is amended by striking “without regard to
11 the contribution and benefit base limitation in sec-
12 tion 3121(a)(1)” each place it appears.

13 (4) Section 3231(e)(2)(C) of the Internal Rev-
14 enue Code of 1986 is amended by inserting “(as in
15 effect on the date of the enactment of the Fair Ad-
16 justment and Income Revenue for Social Security
17 Act” after “employers)”.

18 (5) Section 3511(b) of the Internal Revenue
19 Code of 1986 is amended by striking “3121(a)(1),
20 3231(e)(2)(C),” and inserting “3231(e)(2)(C)”.

21 (d) EFFECTIVE DATE.—The amendments made by
22 this section shall apply with respect to remuneration re-
23 ceived, and taxable years beginning, after December 31,
24 2015.

1 **SEC. 3. REALLOCATION OF PAYROLL TAX REVENUE.**

2 (a) ALLOCATION OF 2016 PAYROLL TAX REV-
 3 ENUE.—With respect to that portion of wages (as defined
 4 in section 3121 of the Internal Revenue Code of 1986)
 5 paid during calendar year 2016 that would not be consid-
 6 ered wages but for the amendment made by section 2(a),
 7 and with respect to that portion of self-employment in-
 8 come (as defined in section 1402 of the Internal Revenue
 9 Code of 1986) reported for any taxable year beginning
 10 during such calendar year that would not be considered
 11 self-employment income but for the amendment made by
 12 section 2(b), paragraphs (1)(R) and (2)(R) of section
 13 201(b) of the Social Security Act (42 U.S.C. 401(b)) shall
 14 each be applied by substituting “12.40 per centum” for
 15 “1.80 per centum”.

16 (b) WAGES.—Section 201(b)(1) of the Social Security
 17 Act (42 U.S.C. 401(b)(1)) is amended by striking “and
 18 (R) 1.80 per centum of the wages (as so defined) paid
 19 after December 31, 1999, and so reported” and inserting
 20 “(R) 1.80 per centum of the wages (as so defined) paid
 21 after December 31, 1999, and before January 1, 2033,
 22 and so reported, (S) 1.60 per centum of the wages (as
 23 so defined) paid after December 31, 2032, and before Jan-
 24 uary 1, 2050, and so reported, and (T) 1.80 per centum
 25 of the wages (as so defined) paid after December 31,
 26 2049, and so reported”.

1 (c) SELF-EMPLOYMENT INCOME.—Section 201(b)(2)
 2 of such Act (42 U.S.C. 401(b)(2)) is amended by striking
 3 “and (R) 1.80 per centum of the amount of self-employ-
 4 ment income (as so defined) so reported for any taxable
 5 year beginning after December 31, 1999” and inserting
 6 “(R) 1.80 per centum of the amount of self-employment
 7 income (as so defined) so reported for any taxable year
 8 beginning after December 31, 1999, and before January
 9 1, 2033, (S) 1.60 per centum of the amount of self-em-
 10 ployment income (as so defined) so reported for any tax-
 11 able year beginning after December 31, 2032, and before
 12 January 1, 2050, (T) 1.80 per centum of the amount of
 13 self-employment income (as so defined) so reported for
 14 any taxable year beginning after December 31, 2049”.

15 (d) EFFECTIVE DATE.—The amendments made by
 16 this section shall apply with respect to wages paid after
 17 December 31, 2015, and self-employment income for tax-
 18 able years beginning after such date.

19 **SEC. 4. CONSUMER PRICE INDEX FOR ELDERLY CON-**
 20 **SUMERS.**

21 (a) PUBLICATION.—

22 (1) IN GENERAL.—The Bureau of Labor Statis-
 23 tics of the Department of Labor shall prepare and
 24 publish an index for each calendar month to be
 25 known as the “Consumer Price Index for Elderly

1 Consumers” that indicates changes over time in ex-
 2 penditures for consumption which are typical for in-
 3 dividuals in the United States who are 62 years of
 4 age or older.

5 (2) EFFECTIVE DATE.—Subsection (a) shall
 6 apply with respect to calendar months ending on or
 7 after July 31 of the calendar year following the cal-
 8 endar year in which this Act is enacted.

9 (3) AUTHORIZATION OF APPROPRIATIONS.—
 10 There are authorized to be appropriated such sums
 11 as are necessary to carry out the provisions of this
 12 section.

13 (b) COMPUTATION OF COST-OF-LIVING IN-
 14 CREASES.—

15 (1) AMENDMENTS TO TITLE II.—

16 (A) IN GENERAL.—Section 215(i)(1) of the
 17 Social Security Act (42 U.S.C. 415(i)(1)) is
 18 amended by adding at the end the following
 19 new subparagraph:

20 “(H) the term ‘Consumer Price Index’ means
 21 the Consumer Price Index for Elderly Consumers
 22 (CPI-E, as published by the Bureau of Labor Sta-
 23 tistics of the Department of Labor).”.

24 (B) APPLICATION TO PRE-1979 LAW.—

1 (i) IN GENERAL.—Section 215(i)(1) of
 2 the Social Security Act as in effect in De-
 3 cember 1978, and as applied in certain
 4 cases under the provisions of such Act as
 5 in effect after December 1978, is amended
 6 by adding at the end the following new
 7 subparagraph:

8 “(D) the term ‘Consumer Price Index’ means
 9 the Consumer Price Index for Elderly Consumers
 10 (CPI-E, as published by the Bureau of Labor Sta-
 11 tistics of the Department of Labor).”.

12 (ii) CONFORMING CHANGE.—Section
 13 215(i)(4) of the Social Security Act (42
 14 U.S.C. 415(i)(4)) is amended by inserting
 15 “and by section 4 of the Fair Adjustment
 16 and Income Revenue for Social Security
 17 Act” after “1986”.

18 (C) EFFECTIVE DATE.—The amendments
 19 made by subparagraphs (A) and (B) shall apply
 20 to determinations made with respect to cost-of-
 21 living computation quarters ending on or after
 22 September 30 of the second calendar year fol-
 23 lowing the calendar year in which this Act is
 24 enacted.

25 (2) AMENDMENTS TO TITLE XVIII.—

1 (A) IN GENERAL.—Title XVIII of such Act
2 (42 U.S.C. 1395 et seq.) is amended—

3 (i) in section 1814(i)(2)(B) (42
4 U.S.C. 1395f(i)(2)(B)), by inserting “(i)
5 for accounting years ending before October
6 1 of the second calendar year following the
7 calendar year in which the Fair Adjust-
8 ment and Income Revenue for Social Secu-
9 rity Act was enacted,” after “for a year
10 is”, and by inserting after “fifth month of
11 the accounting year” the following: “, and
12 (ii) for accounting years ending after Octo-
13 ber 1 of such calendar year, the cap
14 amount determined under clause (i) for the
15 last accounting year referred to in such
16 clause, increased or decreased by the same
17 percentage as the percentage increase or
18 decrease, respectively, in the medical care
19 expenditure category (or corresponding
20 category) of the Consumer Price Index for
21 Elderly Consumers, published by the Bu-
22 reau of Labor Statistics, from March of
23 such calendar year to the fifth month of
24 the accounting year”;

1 (ii) in section 1821(c)(2)(C)(ii)(II)
2 (42 U.S.C. 1395i-5(c)(2)(C)(ii)(II)), by
3 striking “consumer price index for all
4 urban consumers (all items; United States
5 city average)” and inserting “Consumer
6 Price Index for Elderly Consumers”;

7 (iii) in section 1833(h)(2)(A)(i) (42
8 U.S.C. 1395l(h)(2)(A)(i)) by striking
9 “Consumer Price Index for All Urban Con-
10 sumers (United States city average)” and
11 inserting “Consumer Price Index for El-
12 derly Consumers”;

13 (iv) in section 1833(i)(2)(C)(i) (42
14 U.S.C. 1395l(i)(2)(C)(i)), by striking
15 “Consumer Price Index for all urban con-
16 sumers (U.S. city average)” and inserting
17 “Consumer Price Index for Elderly Con-
18 sumers”;

19 (v) in section 1834(a)(14)(L) (42
20 U.S.C. 1395m(a)(14)(L)), by striking
21 “consumer price index for all urban con-
22 sumers (U.S. urban average)” and insert-
23 ing “applicable consumer price index”;

24 (vi) in section 1834(h)(4)(A)(xi)(I)
25 (42 U.S.C. 1395m(h)(4)(A)(xi)(I)), by

1 striking “consumer price index for all
 2 urban consumers (United States city aver-
 3 age)” and inserting “Consumer Price
 4 Index for Elderly Consumers”;

5 (vii) in section 1834(l)(3)(B) (42
 6 U.S.C. 1395m(l)(3)(B)), by striking “con-
 7 sumer price index for all urban consumers
 8 (U.S. city average)” and inserting “Con-
 9 sumer Price Index for Elderly Con-
 10 sumers”;

11 (viii) in section 1839(i)(5)(A)(ii) (42
 12 U.S.C. 1395r(i)(5)(A)(ii)), by striking
 13 “Consumer Price Index (United States city
 14 average)” and inserting “Consumer Price
 15 Index for Elderly Consumers”;

16 (ix) in section 1842(s)(1)(B)(ii)(I) (42
 17 U.S.C. 1395u(s)(1)(B)(ii)(I)), by striking
 18 “consumer price index for all urban con-
 19 sumers (United States city average)” and
 20 inserting “Consumer Price Index for El-
 21 derly Consumers”;

22 (x) in each of subparagraphs (D)(ii)
 23 and (E)(i)(II) of section 1860D–14(a)(3)
 24 (42 U.S.C. 1395w–114(a)(3)) and in sec-
 25 tion 1860D–14(a)(4)(A)(ii) (42 U.S.C.

1 1395w-114(a)(4)(A)(ii)), by striking “con-
 2 sumer price index (all items; U.S. city av-
 3 erage)” and inserting “Consumer Price
 4 Index for Elderly Consumers”;

5 (xi) in section 1882(p)(11)(C)(ii) (42
 6 U.S.C. 1395ss(p)(11)(C)(ii)), by striking
 7 “Consumer Price Index for all urban con-
 8 sumers (all items; U.S. city average)” and
 9 inserting “Consumer Price Index for El-
 10 derly Consumers”;

11 (xii) in each of clauses (iv) and
 12 (vi)(II) of section 1886(h)(2)(E) (42
 13 U.S.C. 1395ww(h)(2)(E)), by striking “for
 14 all urban consumers”; and

15 (xiii) in section 1886(h)(5)(B) (42
 16 U.S.C. 1395ww(h)(5)(B)), by striking
 17 “Consumer Price Index for All Urban Con-
 18 sumers (United States city average)” and
 19 inserting “Consumer Price Index for El-
 20 derly Consumers”.

21 (B) EFFECTIVE DATE.—The amendments
 22 made by subparagraph (A) shall apply with re-
 23 spect to determinations made for periods ending
 24 after December 31 of the second calendar year

1 following the calendar year in which this Act
2 was enacted.

