

108TH CONGRESS
2D SESSION

H. R. 5179

To amend title II of the Social Security Act and the Internal Revenue Code of 1986 to provide for modest adjustments necessary to restore the old-age, survivors, and disability insurance program to long-term actuarial balance.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 29, 2004

Mr. OBEY introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend title II of the Social Security Act and the Internal Revenue Code of 1986 to provide for modest adjustments necessary to restore the old-age, survivors, and disability insurance program to long-term actuarial balance.

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 Sol-
5 vency Act of 2004”.

1 **SEC. 2. ADJUSTMENT TO RATE OF INCREASE IN CONTRIBU-**
2 **TION AND BENEFIT BASE.**

3 Section 230(b)(2) of the Social Security Act (42
4 U.S.C. 430(b)(2)) is amended to read as follows:

5 “(2) the sum of—

6 “(A) the ratio (expressed as a percentage)
7 of (i) the national average wage index (as de-
8 fined in section 209(k)(1)) for the calendar year
9 before the calendar year in which the deter-
10 mination under subsection (a) is made to (ii)
11 the national average wage index (as so defined)
12 for 1992, plus

13 “(B) for purposes of determining the con-
14 tribution and benefit base effective with respect
15 to remuneration paid during calendar years
16 after 2005 and before 2037 and self-employ-
17 ment income derived in taxable years beginning
18 with or during such calendar years, 2 percent-
19 age points,”.

20 **SEC. 3. APPLICATION OF THE CHAINED CONSUMER PRICE**
21 **INDEX FOR ALL URBAN CONSUMERS IN DE-**
22 **TERMINING COST-OF-LIVING INCREASES IN**
23 **BENEFITS.**

24 (a) IN GENERAL.—Section 215(i)(1) of the Social Se-
25 curity Act (42 U.S.C. 425(i)(1)) is amended—

1 are hereby repealed; and the Internal Revenue Code
2 of 1986 shall be applied as if such subtitles, and
3 amendments, had never been enacted.

4 (2)(A) Subsection (a) of section 901 of the Eco-
5 nomic Growth and Tax Relief Reconciliation Act of
6 2001 is amended by striking “this Act” and all that
7 follows and inserting “this Act (other than title V)
8 shall not apply to taxable, plan, or limitation years
9 beginning after December 31, 2010.”.

10 (B) Subsection (b) of such section 901 is
11 amended by striking “, estates, gifts, and transfers”.

12 (3) Subsections (d) and (e) of section 511 of
13 the Economic Growth and Tax Relief Reconciliation
14 Act of 2001, and the amendments made by such
15 subsections, are hereby repealed; and the Internal
16 Revenue Code of 1986 shall be applied as if such
17 subsections, and amendments, had never been en-
18 acted.

19 (c) TRANSFERS TO TRUST FUND.—

20 (1) IN GENERAL.—There are hereby appro-
21 priated to the Federal Old-Age and Survivors Insur-
22 ance Trust Fund amounts equivalent to the taxes re-
23 ceived in the Treasury under chapters 11 and 13 of
24 the Internal Revenue Code of 1986 (relating to es-

1 tate tax and tax on generation-skipping transfers,
2 respectively).

3 (2) TRANSFERS.—The amounts appropriated
4 by paragraph (1) shall be transferred from time to
5 time (but not less frequently than quarterly) from
6 the general fund of the Treasury on the basis of es-
7 timates made by the Secretary of the Treasury of
8 the amounts referred to in such paragraph. Any
9 such quarterly payment shall be made on the first
10 day of such quarter. Proper adjustments shall be
11 made in the amounts subsequently transferred to the
12 extent prior estimates were in excess of or less than
13 the amounts required to be transferred.

14 (3) REPORTS.—The Secretary of the Treasury
15 shall submit annual reports to the Congress and to
16 the Commissioner of Social Security regarding—

17 (A) the transfers made under this sub-
18 section during the year, and the methodology
19 used in determining the amount of such trans-
20 fers, and

21 (B) the anticipated operation of this sub-
22 section during the next 5 years.

1 **SEC. 5. FUTURE ADJUSTMENT OF EMPLOYMENT TAX**
2 **RATES TO KEEP SOCIAL SECURITY TRUST**
3 **FUNDS IN BALANCE.**

4 (a) STATEMENT OF PROJECTED INSOLVENCY IN AN-
5 NUAL REPORT OF BOARD OF TRUSTEES.—Section 201(c)
6 of the Social Security Act (42 U.S.C. 401(c)) is amended,
7 in the second sentence following clause (5), by striking
8 “Trustees.” and inserting “Trustees), the Board’s best
9 estimate of the date as of which, using intermediate as-
10 sumptions, the Trust Funds will, with no change in rates
11 of tax under chapters 2 and 21 of the Internal Revenue
12 Code of 1986, first have assets insufficient to pay sched-
13 uled benefits in full on a timely basis, and, if such date
14 is within 2 years after the date of the filing of the report,
15 the minimum increase necessary in such rates of tax
16 (using such assumptions and assuming pro rata adjust-
17 ments in the taxes applicable under sections 1401(a),
18 3101(a), and 3111(a) of such Code) necessary to take ef-
19 fect (effective for the calendar year and applicable taxable
20 years in which such date occurs) to preclude such an insuf-
21 ficiency (rounded, if not a multiple of 0.01 percent, to the
22 next higher multiple of 0.01 percent).”.

23 (b) EMPLOYEE CONTRIBUTION.—Subsection (a) of
24 section 3101 of the Internal Revenue Code of 1986 (relat-
25 ing to rate of tax for old-age, survivors, and disability in-
26 surance) is amended by adding at the end the following

1 flush sentence: “In the case of the year in which occurs
2 the date determined under section 201(c) of the Social Se-
3 curity Act to be the date as of which the Trust Funds
4 will first have assets insufficient to pay scheduled benefits
5 in full on a timely basis, the rate in effect under the pre-
6 ceding sentence for such year and each year thereafter
7 (without regard for this sentence) shall be increased to
8 the extent determined under section 201(c) of such Act
9 to be necessary to preclude such an insufficiency. Such
10 increase shall be prescribed by the Secretary.”.

11 (c) EMPLOYER CONTRIBUTION.—Subsection (a) of
12 section 3111 of such Code (relating to rate of tax for old-
13 age, survivors, and disability insurance) is amended by
14 adding at the end the following flush sentence: “In the
15 case of the year in which occurs the date determined under
16 section 201(c) of the Social Security Act to be the date
17 as of which the Trust Funds will first have assets insuffi-
18 cient to pay scheduled benefits in full on a timely basis,
19 the rate in effect under the preceding sentence for such
20 year and each year thereafter (without regard for this sen-
21 tence) shall be increased to the extent determined under
22 section 201(c) of such Act to be necessary to preclude such
23 an insufficiency. Such increase shall be prescribed by the
24 Secretary.”.

1 (d) SELF-EMPLOYMENT CONTRIBUTION.—Sub-
2 section (a) of section 1401 of such Code (relating to rate
3 of tax for old-age, survivors, and disability insurance) is
4 amended by adding at the end the following flush sen-
5 tence: “In the case of the year in which occurs the date
6 determined under section 201(c) of the Social Security Act
7 to be the date as of which the Trust Funds will first have
8 assets insufficient to pay scheduled benefits in full on a
9 timely basis, the rate in effect under the preceding sen-
10 tence for such year and each year thereafter (without re-
11 gard for this sentence) shall be increased to the extent
12 determined under section 201(c) of such Act to be nec-
13 essary to preclude such an insufficiency. Such increase
14 shall be prescribed by the Secretary.”.

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