

112TH CONGRESS  
1ST SESSION

# H. R. 1944

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.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 23, 2011

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

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## 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 2011”.

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6 and tier 1 railroad retirement benefits) is hereby repealed.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) Section 861(a) of such Code is amended by  
2 striking paragraph (8) and by redesignating para-  
3 graph (9) as paragraph (8).

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, 2010, 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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