

105<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 4369

To amend title II of the Social Security Act to provide for a more equitable formula for applying the earnings test during the first year of an individual's entitlement to benefits.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 31, 1998

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

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## A BILL

To amend title II of the Social Security Act to provide for a more equitable formula for applying the earnings test during the first year of an individual's entitlement to 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 Earn-  
5        ings Test Grace Year Act of 1998”.

1 **SEC. 2. MODIFICATION TO GRACE YEAR RULE IN APPLYING**  
2 **EARNINGS TEST TO FIRST YEAR OF ENTITLE-**  
3 **MENT.**

4 (a) IN GENERAL.—Section 203(f)(1) of the Social  
5 Security Act (42 U.S.C. 403(f)(1)) is amended—

6 (1) in the first sentence, by inserting “(A)” be-  
7 fore “The amount”;

8 (2) in the second sentence, by striking “Where  
9 an individual” and inserting the following:

10 “(B) Where an individual”;

11 (3) in the third sentence—

12 (A) by redesignating clauses (i) and (ii) in  
13 clause (E) as subclauses (I) and (II), respec-  
14 tively;

15 (B) by redesignating clauses (A) through  
16 (F) as clauses (i) through (vi), respectively; and

17 (C) by striking “Notwithstanding” and in-  
18 serting the following:

19 “(C) Notwithstanding”; and

20 (4) by adding at the end the following new sub-  
21 paragraph:

22 “(D) In any case in which an individual has ex-  
23 cess earnings for a taxable year but the first month  
24 of such taxable year is not a month to which such  
25 excess earnings are chargeable by reason of the ap-

1 plication of subparagraph (C), in determining excess  
2 earnings for such taxable year—

3 “(i) earnings for any month in such tax-  
4 able year preceding the first month in such tax-  
5 able year to which such excess earnings are  
6 chargeable shall not be taken into account, and

7 “(ii) for purposes of the first sentence of  
8 paragraph (3), and except as provided in the  
9 second sentence thereof, the number of months  
10 in such taxable year shall be deemed to be the  
11 number of months in such taxable year begin-  
12 ning with or after such first month.”.

13 (b) CONFORMING AMENDMENTS.—

14 (1) Section 203(f)(2) of such Act (42 U.S.C.  
15 403(f)(2)) is amended by striking “clauses (A), (B),  
16 (C), (D), (E), and (F) thereof” and inserting “sub-  
17 paragraph (C) thereof”.

18 (2) Section 203(f)(5)(A) of such Act (42 U.S.C.  
19 403(f)(5)(A)) is amended by striking “An individ-  
20 ual’s” and inserting “Subject to paragraph (1)(D),  
21 an individual’s”.

1 **SEC. 3. EFFECTIVE DATE.**

2       The amendments made by section 2 shall apply with  
3 respect to taxable years beginning after the date of the  
4 enactment of this Act.

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