

112<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 674

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## AN ACT

To amend the Internal Revenue Code of 1986 to repeal the imposition of 3 percent withholding on certain payments made to vendors by government entities, to modify the calculation of modified adjusted gross income for purposes of determining eligibility for certain healthcare-related programs, 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,*

3 **SECTION 1. TABLE OF CONTENTS.**

4 The table of contents for this Act is as follows:

Sec. 1. Table of Contents.

TITLE I—THREE PERCENT WITHHOLDING REPEAL AND JOB  
 CREATION ACT

Sec. 101. Short title.

Sec. 102. Repeal of imposition of 3 percent withholding on certain payments  
 made to vendors by government entities.

TITLE II—MODIFICATION OF CALCULATION OF MODIFIED AD-  
 JUSTED GROSS INCOME FOR DETERMINING CERTAIN  
 HEALTHCARE PROGRAM ELIGIBILITY

Sec. 201. Modification of calculation of modified adjusted gross income for de-  
 termining certain healthcare program eligibility.

5 **TITLE I—THREE PERCENT WITH-**  
 6 **HOLDING REPEAL AND JOB**  
 7 **CREATION ACT**

8 **SEC. 101. SHORT TITLE.**

9 This title may be cited as the “3% Withholding Re-  
 10 peal and Job Creation Act”.

11 **SEC. 102. REPEAL OF IMPOSITION OF 3 PERCENT WITH-**  
 12 **HOLDING ON CERTAIN PAYMENTS MADE TO**  
 13 **VENDORS BY GOVERNMENT ENTITIES.**

14 (a) IN GENERAL.—Section 3402 of the Internal Rev-  
 15 enue Code of 1986 is amended by striking subsection (t).

16 (b) EFFECTIVE DATE.—The amendment made by  
 17 this section shall apply to payments made after December  
 18 31, 2011.

1 **TITLE II—MODIFICATION OF**  
2 **CALCULATION OF MODIFIED**  
3 **ADJUSTED GROSS INCOME**  
4 **FOR DETERMINING CERTAIN**  
5 **HEALTHCARE PROGRAM ELI-**  
6 **GIBILITY**

7 **SEC. 201. MODIFICATION OF CALCULATION OF MODIFIED**  
8 **ADJUSTED GROSS INCOME FOR DETER-**  
9 **MINING CERTAIN HEALTHCARE PROGRAM**  
10 **ELIGIBILITY.**

11 (a) IN GENERAL.—Subparagraph (B) of section  
12 36B(d)(2) of the Internal Revenue Code of 1986 is  
13 amended by striking “and” at the end of clause (i), by  
14 striking the period at the end of clause (ii) and inserting  
15 “, and”, and by adding at the end the following new  
16 clause:

17 “(iii) any amount of social security  
18 benefits of the taxpayer excluded from  
19 gross income under section 86.”.

1       (b) EFFECTIVE DATE.—The amendments made by  
2 this section shall take effect on the date of the enactment  
3 of this Act.

Passed the House of Representatives October 27,  
2011.

Attest:

*Clerk.*



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