

115TH CONGRESS
2D SESSION

S. 3326

To amend the Internal Revenue Code of 1986 to ensure proper allocation of lump-sum payments of disability insurance benefits for determinations of modified adjusted gross income under the refundable tax credit for coverage under a qualified health plan.

IN THE SENATE OF THE UNITED STATES

AUGUST 1, 2018

Mr. KING (for himself and Mr. RUBIO) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to ensure proper allocation of lump-sum payments of disability insurance benefits for determinations of modified adjusted gross income under the refundable tax credit for coverage under a qualified health plan.

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 “Tax Fairness for Dis-
5 abled Workers Act”.

1 **SEC. 2. ALLOCATION OF LUMP-SUM PAYMENTS OF SOCIAL**
 2 **SECURITY BENEFITS FOR DETERMINATIONS**
 3 **OF MODIFIED ADJUSTED GROSS INCOME**
 4 **UNDER THE REFUNDABLE TAX CREDIT FOR**
 5 **COVERAGE UNDER A QUALIFIED HEALTH**
 6 **PLAN.**

7 (a) **IN GENERAL.**—Section 36B(d)(2) of the Internal
 8 Revenue Code of 1986 is amended by inserting at the end
 9 the following new subparagraph:

10 “(C) **EXCLUSION OF CERTAIN AMOUNTS**
 11 **RECEIVED AS LUMP-SUM PAYMENT.**—For pur-
 12 poses of subparagraph (B), such amount shall
 13 not include any portion of a lump-sum payment
 14 of disability insurance benefits under section
 15 223 of the Social Security Act (42 U.S.C. 423)
 16 which is—

17 “(i) received during the taxable year,
 18 and

19 “(ii) attributable to prior taxable
 20 years.”.

21 (b) **EFFECTIVE DATE.**—The amendment made by
 22 this section shall apply to taxable years beginning after
 23 December 31, 2018.

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