

AMENDMENT TO
RULES COMMITTEE PRINT 119–3

OFFERED BY MR. LARSON OF CONNECTICUT

In title XI, at the appropriate place, insert the following new subtitle:

Subtitle E—Enhancing Social Security

SEC. 114001. ACROSS-THE-BOARD BENEFIT INCREASE.

(a) IN GENERAL.—Section 202 of the Social Security Act (42 U.S.C. 402) is amended by adding at the end the following:

“(aa) “(1) Subject to paragraph (2), every individual who is entitled to a benefit under this section or a disability insurance benefit under section 223(a) shall be entitled to an additional monthly benefit in an amount equal to \$167.

“(2) In the case of an individual who will, in any taxable year, pay fewer taxes as a result of the amendments made by subtitle E of title XI of the Act titled ‘An Act to provide for reconciliation pursuant to title II of H. Con. Res. 14’ or receive a greater monthly benefit as a result of the amendments made by such subtitle, such an individual shall not receive the additional monthly benefit described in paragraph (1) during a taxable year in which the total amount of the additional monthly benefits received in such taxable year is less than the sum of—

“(A) the difference of—

“(i) the amount of income taxes such individual would have paid based on the modified adjusted gross income calculated for the applicable taxable year under section 86 of the Internal Revenue Code of 1986 (as in effect on May 12, 2025), minus

“(ii) the amount of income taxes such individual paid based on the modified adjusted gross income calculated for

such taxable year under section 86 of the Internal Revenue Code of 1986 (as amended by subtitle E of title XI of such Act), plus

“(B) the difference of—

“(i) the total amount of the monthly benefits such individual received in the applicable taxable year based on the amendments made to section 215(a)(1) of the Social Security Act (42 U.S.C. 415(a)(1)) (as amended by subtitle E of title XI of the Act titled ‘An Act to provide for reconciliation pursuant to title II of H. Con. Res. 14’), minus

“(ii) the total amount of the monthly benefits such individual would have received during such taxable year based on section 215(a)(1) (as in effect on May 12, 2025).”.

(b) **EFFECTIVE DATE.**—The amendments made by this section shall apply to benefits paid for months beginning after December 31, 2026.

SEC. 114002. INCREASING THRESHOLD AMOUNTS FOR INCLUSION OF SOCIAL SECURITY BENEFITS IN INCOME.

(a) **IN GENERAL.**—Section 86 of the Internal Revenue Code of 1986 is amended by adding at the end the following:

“(g) **TERMINATION.**—This section shall not apply to any taxable year beginning after the date of enactment of this subsection.”.

(b) **TRANSFERS TO TRUST FUNDS.**—

(1) **HOSPITAL INSURANCE TRUST FUND HELD HARMLESS.**—Of the total revenue from taxation of social security benefits, there are appropriated to the Federal Hospital Insurance Trust Fund such amounts as would be transferred to such fund under section 121(e) of the Social Security Amendments of 1983 (42 U.S.C. 401 note) and section 86 of such Code as such sections were in effect on the day before the date of the enactment of this Act, at such times and in such manner as would be provided therein.

(2) TRANSFERS TO PAYOR FUNDS.—Of the balance of the total revenue from taxation of social security benefits remaining after appropriations under paragraph (1) have been made, there are appropriated to each payor fund amounts equivalent to the portion of such balance equal to a fraction—

(A) the numerator of which is the amount equivalent to the net revenues received in the Treasury attributable to the application of sections 86 and 871(a)(3) of such Code to payments from such payor fund made in taxable years beginning after December 31, 2026; and

(B) the denominator of which is the total revenue from taxation of social security benefits.

(3) TRANSFERS.—The amounts appropriated by paragraph (2) to any payor fund shall be transferred from time to time (but not less frequently than quarterly) from the general fund of the Treasury on the basis of estimates made by the Secretary of the Treasury of the amounts referred to in such paragraph. Any such quarterly payment shall be made on the first day of such quarter and shall take into account social security benefits estimated to be received during such quarter. Proper adjustments shall be made in the amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

(4) DEFINITIONS.—For purposes of this subsection—

(A) TOTAL REVENUE FROM TAXATION OF SOCIAL SECURITY BENEFITS.—The term “total revenue from taxation of social security benefits” means the amount equivalent to the net revenues received in the Treasury attributable to the application of sections 86 and 871(a)(3) of the Internal Revenue Code of 1986 to payments from any payor fund made in taxable years beginning after December 31, 2026.

(B) PAYOR FUND.—The term “payor fund” means any trust fund or account from which payments of social security benefits are made.

(C) SOCIAL SECURITY BENEFITS.—The term “social security benefits” has the meaning given such term by section 86(d)(1) of the Internal Revenue Code of 1986.

(5) CONFORMING AMENDMENT.—Section 121(e) of the Social Security Amendments of 1983 (42 U.S.C. 401 note) is repealed.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2026.

SEC. 114003. INCREASING THE MINIMUM BENEFIT FOR LONG-TERM LOW EARNERS.

(a) IN GENERAL.—Section 215(a)(1) of the Social Security Act (42 U.S.C. 415(a)(1)) is amended—

(1) by redesignating subparagraph (D) as subparagraph (E); and

(2) by inserting after subparagraph (C) the following new subparagraph:

“(D) (i) Effective with respect to the benefits of individuals who become eligible for old-age insurance benefits or disability insurance benefits (or die before becoming so eligible) after 2026, no primary insurance amount computed under subparagraph (A) may be less than the greater of—

“(I) the minimum monthly amount computed under subparagraph (C); or

“(II) in the case of an individual who has more than 10 years of work (as defined in clause (iv)(I)), the alternative minimum amount determined under clause (ii).

“(ii) (I) The alternative minimum amount determined under this clause is the applicable percentage of $\frac{1}{12}$ of the annual dollar amount determined under clause (iii) for the year in which the amount is determined.

“(II) For purposes of subclause (I), the applicable percentage is the percentage specified in connection with the number of years of work, as set forth in the following table:

“If the number of years of work is:	The applicable percentage is:
11	6.25 percent
12	12.50 percent
13	18.75 percent
14	25.00 percent
15	31.25 percent
16	37.50 percent
17	43.75 percent
18	50.00 percent
19	56.25 percent
20	62.50 percent
21	68.75 percent
22	75.00 percent
23	81.25 percent
24	87.50 percent
25	93.75 percent
26	100.00 percent
27	106.25 percent
28	112.50 percent
29	118.75 percent
30 or more	125.00 percent.

“(iii) The annual dollar amount determined under this clause is—

“(I) for calendar year 2027, the poverty guideline for 2026;
and

“(II) for any calendar year after 2027, the annual dollar amount established for the calendar year preceding such calendar year, or, if larger, the annual dollar amount for 2027 multiplied by the ratio of—

“(aa) the national average wage index (as defined in section 209(k)(1)) for the second calendar year preceding the calendar year for which the determination is made, to

“(bb) the national average wage index (as so defined) for 2025.

“(iv) For purposes of this subparagraph—

“(I) the term ‘year of work’ means, with respect to an individual, a year to which 4 quarters of coverage have been credited based on such individual’s wages and self-employment income; and

“(II) the term poverty guideline for 2026 means the annual poverty guideline for 2026 (as updated annually in the Federal Register by the Department of Health and Human Services under the authority of section 673(2) of the Omnibus Budget Reconciliation Act of 1981) as applicable to a single individual.”.

(b) CONFORMING AMENDMENT.—Section 209(k)(1) of such Act (42 U.S.C. 409(k)(1)) is amended by inserting “215(a)(1)(E),” after “215(a)(1)(D),”.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply with respect to monthly insurance benefits payable for months beginning after calendar year 2026.

(2) RECOMPUTATION OF PRIMARY INSURANCE AMOUNTS.—Notwithstanding section 215(f) of the Social Security Act, the Commissioner of Social Security shall recompute primary insurance amounts to the extent necessary to carry out the amendments made by this section.

SEC. 114004. ELIMINATING THE 5-MONTH WAITING PERIOD FOR DISABILITY BENEFITS.

(a) IN GENERAL.—Section 223(a) of the Social Security Act (42 U.S.C. 423(a)) is amended—

(1) in paragraph (1), in the matter following subparagraph (E), by striking “(i) for each month” and all that follows through “under such disability,” and inserting “for each month beginning with the first month during all of which the individual is under a disability and in which the individual becomes entitled to such insurance benefits”; and

(2) in paragraph (2)—

(A) by striking “as though he had attained age 62” and all that follows through “and as though” and inserting “as though he had attained age 62 in the first month for which he becomes entitled to such disability insurance benefits, and as though”; and

(B) by striking “in or before the first month referred to in subparagraph (A) or (B) of such sentence, as the case may be,” and inserting “in or before such month,”.

(b) DISABLED SURVIVING SPOUSES.—Section 202 of the Social Security Act (42 U.S.C. 402) is amended—

(1) in subsection (e)—

(A) in paragraph (1)—

(i) in subparagraph (C)(ii)(III), by striking “paragraph (8)” and inserting “paragraph (6)”; and

(ii) by striking “beginning with—” and all that follows through “and ending” and inserting “beginning with the first month in which she becomes so entitled to such insurance benefits and ending”; and

(B) by striking paragraph (5) and redesignating paragraphs (6) through (8) as paragraphs (5) through (7), respectively;

(2) in subsection (f)—

(A) in paragraph (1)—

(i) in subparagraph (C)(ii)(III), by striking “paragraph (8)” and inserting “paragraph (6)”; and

(ii) by striking “beginning with—” and all that follows through “and ending” and inserting “beginning with the first month in which he becomes so entitled to such insurance benefits and ending”; and

(B) by striking paragraph (5) and redesignating paragraphs (6) through (8) as paragraphs (5) through (7), respectively.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to any individual who becomes entitled to monthly insurance benefits in any case in which the period of disability during which the individual became so entitled begins in a month beginning after December 2026.

(d) SPECIAL RULE FOR NONAPPLICATION BEFORE 2027.—In the case of any individual who would be in a waiting period (as defined in section 223(c)(2) of the Social Security Act) as of January 2027, the last month of such individual’s waiting period shall be deemed to be December 2026.

**SEC. 114005. ESTABLISHING A GRADUAL OFFSET FOR
DISABILITY BENEFICIARIES WITH EARNINGS.**

(a) ELIMINATION OF TERMINATION OF BENEFITS DUE TO WORK
ACTIVITY.—

(1) DATE OF TERMINATION OF DISABILITY
BENEFITS; ELIMINATION OF EXTENDED PERIOD OF
ELIGIBILITY.—Section 223(a)(1) of the Social Security Act
(42 U.S.C. 423(a)(1)) is amended, in the matter following
subparagraph (E), by striking “the earlier of” and all that follows
through “the 36 months following such period of trial work in
which he engages or is determined able to engage in substantial

gainful activity” and inserting “the third month following the earliest month after the end of such period of trial work with respect to which such individual is determined to no longer be suffering from a disabling physical or mental impairment”.

(2) DATE OF TERMINATION OF CHILD’S BENEFITS.—Section 202(d)(1)(G)(i) of such Act (42 U.S.C. 402(d)(1)(G)(i)) is amended by striking “the earlier of” and all that follows through “substantial gainful activity),” and inserting “the third month following the earliest month after the end of such period of trial work with respect to which such individual is determined to no longer be suffering from a disabling physical or mental impairment,”.

(3) DATE OF TERMINATION OF WIDOW’S AND WIDOWER’S BENEFITS.—Subsections (e)(1) and (f)(1) of section 202 of such Act (42 U.S.C. 402) are each amended, in the matter following subparagraph (E), by striking “the earlier of” and all that follows through the end of the paragraph and inserting “the third month following the earliest month after the end of such period of trial work with respect to which such individual is determined to no longer be suffering from a disabling physical or mental impairment.”.

(4) ELIMINATION OF WORK-RELATED TERMINATION OF HOSPITAL INSURANCE BENEFITS.—Section 226(b) of such Act (42 U.S.C. 426(b)) is amended, in the matter following paragraph (2), by striking “For purposes of this subsection” and all that follows through the end.

(5) CONFORMING AMENDMENT RELATED TO EXPEDITED REINSTATEMENT.—Section 223 of such Act (42 U.S.C. 423) is amended by striking subsection (i).

(b) BENEFIT REDUCTION BASED ON EARNINGS DERIVED FROM SERVICES.—

(1) IN GENERAL.—Section 223(e) of such Act (42 U.S.C. 423(e)) is amended to read as follows:

“(e) (1) Any benefit otherwise payable to an individual for a month under subsection (d)(1)(B)(ii), (d)(6)(A)(ii), (d)(6)(B), (e)(1)(B)(ii), or (f)(1)(B)(ii) of section 202 or under subsection (a)(1) of this section shall be reduced by \$1 for each \$2 by which the individual’s earnings derived from services for such month exceeds the amount specified in paragraph (2) with respect to such month, except that—

“(A) in the case of an individual who has a period of trial work (as defined in section 222(c)), no reduction may be applied to any benefit of such individual under this title for any month prior to the third month after the end of the individual’s period of trial work; and

“(B) such benefit may not be reduced below \$0.

“(2) The amount specified in this paragraph with respect to a month shall be the amount of monthly earnings derived from services established by the Commissioner (under regulations issued pursuant to section 223(d)(4)(A)) to represent substantial gainful activity in the case of a blind individual for such month.

“(3) In the case of a benefit otherwise payable to an individual for a month under section 202 on the basis of the wages and self-employment income of an individual whose benefit is reduced pursuant to paragraph (1), such benefit shall be reduced for such month by the same proportion as the reduction made pursuant to paragraph (1).”.

(2) CONFORMING AMENDMENT.—Section 223(a)(2) of such Act (42 U.S.C. 423(a)(2)) is amended by striking “and section 215(b)(2)(A)(ii)” and inserting “, section 215(b)(2)(A)(ii), and subsection (e) of this section”.

(c) TICKET TO WORK EMPLOYMENT NETWORKS.—Section 1148(h)(5) of such Act (42 U.S.C. 1320b–19(h)(5)) is amended by redesignating subparagraph (C) as subparagraph (D) and inserting after subparagraph (B) the following:

“(C) The Commissioner may alter requirements to receive a payment under this section to the extent that the

Commissioner determines that altering such requirements is necessary to ensure that sufficient employment networks are available and that each beneficiary receiving services under the Program has reasonable access to employment services, vocational rehabilitation services, and other support services.”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to months beginning after calendar year 2026.

SEC. 114006. DETERMINING WAGES AND SELF-EMPLOYMENT INCOME ABOVE CONTRIBUTION AND BENEFIT BASE AFTER 2026.

(a) DETERMINATION OF WAGES ABOVE CONTRIBUTION AND BENEFIT BASE AFTER 2026.—

(1) AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1986.—

(A) REPEAL OF PRESENT LAW LIMITATION.—
Section 3121(a) of the Internal Revenue Code of 1986 is amended by striking paragraph (1).

(B) LIMITATION ON AMOUNT OF WAGES.—
Section 3121 of such Code is amended by adding at the end the following new subsection:

“(aa) LIMITATION ON AMOUNT OF WAGES.—

“(1) IN GENERAL.—In the case of any calendar year in which the contribution and benefit base (as determined under section 230 of the Social Security Act) is less than \$400,000, for purposes of the taxes imposed by sections 3101(a) and 3111(a), the term ‘wages’ does not include that part of the remuneration which, after remuneration equal to such contribution and benefit base with respect to employment has been paid to an individual by an employer during the calendar year with respect to which such contribution and benefit base is effective, is paid to such individual by such employer during the calendar year. The

preceding sentence shall not apply to that part of the remuneration paid to an individual after remuneration of \$400,000 with respect to employment has been paid to such individual by an employer (or any person related to, or acting on behalf of, such employer, as determined by the Secretary) during the calendar year.

“(2) SUCCESSOR EMPLOYER.—If an employer (hereinafter referred to as successor employer) during any calendar year, acquires substantially all the property used in a trade or business of another employer (hereinafter referred to as a predecessor), or used in a separate unit of a trade or business of a predecessor, and immediately after the acquisition employs in his trade or business an individual who immediately prior to the acquisition was employed in the trade or business of such predecessor, then, for the purpose of determining whether the successor employer has paid remuneration with respect to employment equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) to such individual during such calendar year, any remuneration with respect to employment paid (or considered under this paragraph as having been paid) to such individual by such predecessor during such calendar year and prior to such acquisition shall be considered as having been paid by such successor employer.

“(3) REMUNERATION.—For purposes of this subsection, the term ‘remuneration’ does not include remuneration referred to in any paragraph of subsection (a).”.

(C) APPLICATION TO RAILROAD RETIREMENT.—

(i) IN GENERAL.—Section 3231(e)(2)(A) of such Code is amended by adding at the end the following new clause:

“(iv) LIMITATION ON EXCLUSION.—For purposes of so much of the taxes imposed by sections 3201(a), 3211(a) and 3221(a) as are determined by

reference to the rate in effect under section 3101(a) or 3111(a)—

“(I) in the case of any calendar year in which the contribution and benefit base (as determined under section 230 of the Social Security Act) is less than \$400,000, clause (i) shall not apply to that part of the remuneration paid to an individual after remuneration of \$400,000 for services rendered as an employee has been paid to such individual by an employer (or any person related to, or acting on behalf of, such employer, as determined by the Secretary) during the calendar year, and

“(II) in the case of any calendar year in which such contribution and benefit base equals or exceeds \$400,000, clause (i) shall not apply.”.

(ii) EXCLUSION OF REMUNERATION WHICH IS NOT TREATED AS COMPENSATION.—Section 3231(e)(2)(A)(ii) of such Code is amended by inserting “or (iv)” after “under clause (i)”.

(D) CONFORMING AMENDMENT.—Section 3231(e)(2)(C) of such Code is amended by striking “the second sentence of section 3121(a)(1)” and inserting “section 3121(aa)(2)”.

(2) AMENDMENT TO THE SOCIAL SECURITY ACT.—Section 209(a)(1)(I) of the Social Security Act (42 U.S.C. 409(a)(1)(I)) is amended by inserting before the semicolon at the end the following: “except that this subparagraph shall apply only to calendar years for which the contribution and benefit base (as so determined) is less than \$400,000, and, for such calendar years, only to the extent that remuneration with respect to employment paid to such employee does not exceed \$400,000”.

(b) DETERMINATION OF SELF-EMPLOYMENT INCOME ABOVE CONTRIBUTION AND BENEFIT BASE AFTER 2026.—

(1) AMENDMENTS TO INTERNAL REVENUE CODE
OF 1986.—

(A) IN GENERAL.—Section 1402(b) of such Code is amended to read as follows:

“(b) SELF-EMPLOYMENT INCOME.—

“(1) IN GENERAL.—The term ‘self-employment income’ means the net earnings from self-employment derived by an individual, except that such term shall not include net earnings from self-employment if such net earnings for the taxable year are less than \$400.

“(2) LIMITATION ON OASDI TAX.—For purposes of section 1401(a), the term ‘self-employment income’ shall not exceed the sum of—

“(A) the total compensation not in excess of the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective for the calendar year in which such taxable year begins, reduced by the amount of wages not in excess of such base paid to such individual during the taxable year, plus

“(B) the total compensation in excess of the greater of—

“(i) \$400,000, or

“(ii) the amount of wages paid to such individual during the taxable year.

“(3) DEFINITION AND SPECIAL RULES.—

“(A) TOTAL COMPENSATION.—For purposes of paragraph (2), the term ‘total compensation’ means the sum of the net earnings from self-employment and the amount of wages paid to such individual during the taxable year.

“(B) WAGES.—For purposes of this subsection, the term ‘wages’—

“(i) shall be determined without regard to section 3121(aa); and

“(ii) includes—

“(I) such remuneration paid to an employee for services included under an agreement entered into pursuant to the provisions of section 3121(l) (relating to coverage of citizens of the United States who are employees of foreign affiliates of American employers) as would be wages under section 3121(a) if such services constituted employment under section 3121(b), and

“(II) compensation which is subject to the tax imposed by section 3201 or 3211 (or would be so subject but for paragraph (2) of section 3231(e)).

“(C) NONRESIDENT ALIENS.—A nonresident alien individual shall not be treated as an individual for purposes of paragraph (1), except as provided by an agreement under section 233 of the Social Security Act. An individual who is not a citizen of the United States but who is a resident of the Commonwealth of Puerto Rico, the Virgin Islands, Guam, or American Samoa shall not, for purposes of this chapter, be considered to be a nonresident alien individual.

“(D) CHURCH EMPLOYEE.—In the case of church employee income, the special rules of subsection (j)(2) shall apply for purposes of paragraph (1).”.

(B) CONFORMING AMENDMENTS.—

(i) Section 1402(j)(2)(A) of such Code is amended by striking all that precedes “shall be applied” and inserting:

“(A) SEPARATE APPLICATION OF DE MINIMIS RULE.—Subsection (b)(1)”.

(ii) Section 1402(j)(2)(B) of such Code is amended by striking “paragraph (2) of subsection (b)” and inserting “subsection (b)(1)”.

(2) AMENDMENT TO THE SOCIAL SECURITY ACT.—

(A) IN GENERAL.—Section 211(b) of the Social Security Act (42 U.S.C. 411(b)) is amended to read as follows:

“(b) SELF-EMPLOYMENT INCOME.—

“(1) IN GENERAL.—Subject to paragraph (2), the term ‘self-employment income’ means the net earnings from self-employment derived by an individual, except that such term shall not include net earnings from self-employment if such net earnings for the taxable year are less than \$400.

“(2) LIMITATION.—The term ‘self-employment income’ shall not exceed the sum of—

“(A) the total compensation not in excess of the contribution and benefit base (as determined under section 230) which is effective for the calendar year in which such taxable year begins, reduced by the amount of wages not in excess of such base paid to such individual during the taxable year, plus

“(B) the total compensation in excess of the greater of—

“(i) \$400,000, or

“(ii) the amount of wages paid to such individual during the taxable year.

“(3) DEFINITION AND SPECIAL RULES.—

“(A) TOTAL COMPENSATION.—For purposes of paragraph (2), the term ‘total compensation’ means the sum of the net earnings from self-employment and the amount of wages paid to such individual during the taxable year.

“(B) WAGES.—For purposes of this subsection, the term ‘wages’ shall be determined without regard to section 209(a)(1).

“(C) NONRESIDENT ALIENS.—A nonresident alien individual shall not be treated as an individual for purposes of paragraph (1), except as provided by an agreement under section 233. An individual who is not a citizen of the United States but who is a resident of the Commonwealth of Puerto Rico, the Virgin Islands, Guam, or American Samoa shall not, for purposes of this subsection, be considered to be a nonresident alien individual.

“(D) CHURCH EMPLOYEE.—In the case of church employee income, the special rules of subsection (i)(2) shall apply for purposes of paragraph (1).”.

(B) CONFORMING AMENDMENT.—Section 211(i)(2) of the Social Security Act (42 U.S.C. 411(i)(2)) is amended by striking “(b)(2)” and inserting “(b)(1)” each place it appears.

(c) SPECIAL RULE FOR WAGES FROM MULTIPLE EMPLOYERS WHICH TOTAL IN EXCESS OF \$400,000.—

(1) IN GENERAL.—Subchapter A of chapter 21 of such Code is amended by adding at the end the following new section:

“SEC. 3103. SPECIAL RULES FOR REMUNERATION FROM MULTIPLE EMPLOYERS.

“(a) IN GENERAL.—In the case of an employee receiving wages from more than one employer during a calendar year, there is hereby

imposed a tax on such employee (for the last taxable year beginning in the calendar year the wages are received) equal to the excess (if any) of—

“(1) the tax that would have been imposed by section 3101(a) if such wages had been received from one employer, over

“(2) the aggregate tax imposed by such section with respect to such wages.

“(b) COORDINATION WITH SPECIAL REFUND PROVISION.—No credit shall be determined under section 31(b) with respect to any employee for any taxable year unless the amount described in subsection (a)(1) with respect to wages received during the calendar year in which such taxable year begins exceeds the amount described in subsection (a)(2) with respect to such wages, and the amount of such credit so determined shall not exceed such excess.

“(c) WAGES.—For purposes of this section, the term ‘wages’ shall have the same meaning as when used in section 1402(b).

“(d) APPLICATION TO TIER I RAILROAD RETIREMENT TAX.—In the case of compensation (as defined in section 3231(e)), for purposes of applying subsections (a) and (b), the reference to the tax that would have been imposed by section 3101(a) shall be treated as including a reference to so much of the tax that would have been imposed on such compensation under section 3201(a) or 3211(a) (or would have been so imposed but for paragraph (2) of section 3231(e)) as is determined by reference to the rate of tax in effect under section 3101(a).”.

(2) FAILURE BY INDIVIDUAL TO PAY ESTIMATED INCOME TAX.—Subsection (m) of section 6654 of such Code is amended to read as follows:

“(m) SPECIAL RULE FOR CERTAIN EMPLOYMENT TAXES.—For purposes of this section, the tax imposed by sections 3101(b)(2) (to the extent not withheld) and the tax imposed by section 3103 shall be treated as taxes imposed by chapter 2.”.

(3) CLERICAL AMENDMENT.—The table of sections for subchapter A of chapter 21 of such Code is amended by adding at the end the following new item:

“Sec. 3103. Special rules for remuneration from multiple employers.”.

(d) CONFORMING CHANGE TO NATIONAL AVERAGE WAGE INDEX.—Section 209(k) of the Social Security Act (42 U.S.C. 409(k)) is amended—

(1) in paragraph (1), by inserting “and to paragraph (4)” after “paragraph (2)”; and

(2) by adding at the end the following:

“(4) For each calendar year after 2026, the national average wage index as defined in this section for such calendar year shall be deemed to be the national average wage index determined under the preceding paragraphs of this section increased by the following percentage:

“(A) For calendar years 2027 through 2032, 0.5 percent.

“(B) For calendar years 2033 through 2038, 0.6 percent.

“(C) For calendar years 2039 through 2044, 0.7 percent.

“(D) For calendar years 2045 through 2048, 0.8 percent.

“(E) For calendar years after 2048, 0.9 percent.”.

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by subsections (a) and (c) shall apply to remuneration paid in calendar years after 2026.

(2) SELF-EMPLOYMENT INCOME.—The amendments made by subsection (b) shall apply to net earnings from self-employment derived in taxable years beginning after December 31, 2026.

SEC. 114007. INCLUDING EARNINGS OVER \$400,000 IN SOCIAL SECURITY BENEFIT FORMULA (202).

(a) INCLUSION OF EARNINGS OVER \$400,000 IN DETERMINATION OF PRIMARY INSURANCE AMOUNTS.—Section 215(a)(1)(A) of the Social Security Act (42 U.S.C. 415(a)(1)(A)) is amended—

(1) in clause (ii), by striking “and” at the end;

(2) in clause (iii), by inserting “and” at the end; and

(3) by inserting after clause (iii) the following:

“(iv) 1 percent of the individual’s excess average indexed monthly earnings (as defined in subsection (b)(5)(A)).”.

(b) DEFINITION OF EXCESS AVERAGE INDEXED MONTHLY EARNINGS.—Section 215(b) of the Social Security Act (42 U.S.C. 415(b)) is amended—

(1) by striking “wages” and “self-employment income” each place such terms appear and inserting “basic wages” and “basic self-employment income”, respectively; and

(2) by adding at the end the following:

“(5) (A) An individual's excess average indexed monthly earnings shall be equal to the amount of the individual's average indexed monthly earnings that would be determined under this subsection by substituting ‘excess wages’ for ‘basic wages’ and ‘excess self-employment income’ for ‘basic self-employment income’ each place such terms appear in this subsection (except in this paragraph).

“(B) For purposes of this subsection—

“(i) the term ‘basic wages’ means that portion of the wages of an individual paid in a year that does not exceed the contribution and benefit base for the year;

“(ii) the term ‘basic self-employment income’ means that portion of the self-employment income of an individual credited

to a year that does not exceed an amount equal to the contribution and benefit base for the year minus the amount of the wages paid to the individual in the year;

“(iii) the term ‘excess wages’ means that portion of the wages of an individual paid in a year after 2026 that are not basic wages; and

“(iv) the term ‘excess self-employment income’ means that portion of the self-employment income of an individual credited to a year after 2026 that is not basic self-employment income.”.

(c) CONFORMING AMENDMENTS.—Title II of the Social Security Act is amended—

(1) in section 203(a)(6)(A) (42 U.S.C. 403(a)(6)(A)), by striking “85 percent of such individual's average indexed monthly earnings” and inserting “the sum of 85 percent of such individual's average indexed monthly earnings and 1 percent of such individual’s excess average indexed monthly earnings (as defined in section 215(b)(5)(A))”;

(2) in section 212 (42 U.S.C. 412), by inserting “excess average indexed monthly earnings,” after “average indexed monthly earnings,” each place it appears;

(3) in section 215(e)(1) (42 U.S.C. 415(e)(1)), by inserting “and before 2027” after “after 1974”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to remuneration paid in calendar years after 2026 and to net earnings from self-employment derived in taxable years beginning after December 31, 2026.

SEC. 114008. APPLICATION OF SOCIAL SECURITY TAX TO NET INVESTMENT INCOME (203).

(a) IN GENERAL.—Section 1411(a)(1) of the Internal Revenue Code of 1986 is amended by striking “3.8 percent” and all that follows and inserting “the sum of—

“(A) 3.8 percent of the lesser of—

“(i) net investment income for such taxable year, or

“(ii) the excess (if any) of—

“(I) the modified adjusted gross income for such taxable year, over

“(II) the medicare contribution threshold amount, plus

“(B) 12.4 percent of the lesser of—

“(i) net investment income for such taxable year, or

“(ii) the excess (if any) of—

“(I) the modified adjusted gross income for such taxable year, over

“(II) the social security contribution threshold amount.”.

(b) APPLICATION TO ESTATES AND TRUSTS.—Section 1411(a)(2) of such Code is amended by striking “3.8 percent” and all that follows and inserting “the sum of—

“(A) 3.8 percent of the lesser of—

“(i) the undistributed net investment income for such taxable year, or

“(ii) the excess (if any) of—

“(I) the adjusted gross income (as defined in section 67(e)) for such taxable year, over

“(II) the dollar amount at which the highest tax bracket in section 1(e) begins for such taxable year, plus

“(B) 12.4 percent of the lesser of—

“(i) the amount described in subparagraph (A)(i), or

“(ii) the excess described in subparagraph (A)(ii).”.

(c) THRESHOLD AMOUNTS.—Section 1411(b) of such Code is amended to read as follows:

“(b) THRESHOLD AMOUNTS.—For purposes of this section—

“(1) MEDICARE CONTRIBUTION THRESHOLD AMOUNT.—The term ‘medicare contribution threshold amount’ means—

“(A) in the case of a taxpayer making a joint return under section 6013 or a surviving spouse (as defined in section 2(a)), \$250,000,

“(B) in the case of a married taxpayer (as defined in section 7703) filing a separate return, $\frac{1}{2}$ of the dollar amount determined under subparagraph (A), and

“(C) in any other case, \$200,000.

“(2) SOCIAL SECURITY CONTRIBUTION THRESHOLD AMOUNT.—The term ‘social security contribution threshold amount’ means \$400,000.”.

(d) CLERICAL AMENDMENT.—The heading of chapter 2A of such Code (and the item relating to such chapter in the table of chapters for subtitle A of chapter 1 of such Code) are each amended by striking “medicare contribution” and inserting “contributions”.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2026.