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119TH CONGRESS
1ST SESSION

H. R. 609

To amend the Social Security Act and the Internal Revenue Code of 1986 to include net investment income tax imposed in the Federal Hospital Insurance Trust Fund and to modify the net investment income tax.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 22, 2025

Mr. DOGGETT (for himself, Ms. ADAMS, Ms. BARRAGÁN, Mr. BOYLE of Pennsylvania, Ms. BROWNLEY, Mr. CARSON, Mr. CASAR, Mr. CASTRO of Texas, Ms. CHU, Mr. COHEN, Mr. DAVIS of Illinois, Ms. DEGETTE, Ms. DELAURO, Mr. DELUZIO, Mrs. DINGELL, Ms. ESCOBAR, Mr. ESPAILLAT, Mr. FIELDS, Mr. FROST, Mr. GARAMENDI, Mr. GOLDMAN of New York, Mr. GRIJALVA, Mr. HUFFMAN, Ms. JAYAPAL, Mr. JOHNSON of Georgia, Mr. KHANNA, Ms. LEE of Pennsylvania, Mr. LEVIN, Ms. MOORE of Wisconsin, Ms. NORTON, Ms. OCASIO-CORTEZ, Ms. PINGREE, Mr. POCAN, Mrs. RAMIREZ, Ms. SALINAS, Ms. SÁNCHEZ, Ms. SCHAKOWSKY, Ms. TLAIB, Mr. TONKO, Mr. TURNER of Texas, Mr. VEASEY, Ms. VELÁZQUEZ, Ms. WILLIAMS of Georgia, and Ms. WILSON of Florida) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Social Security Act and the Internal Revenue Code of 1986 to include net investment income tax imposed in the Federal Hospital Insurance Trust Fund and to modify the net investment income tax.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Assuring Medicare's Promise Act of 2025''.

SEC. 2. INCLUSION OF NET INVESTMENT INCOME TAX IN HOSPITAL INSURANCE TRUST FUND.

(a) IN GENERAL.—Section 1817(a) of the Social Security Act (42 U.S.C. 1395i(a)) is amended—

(1) by striking ''and'' at the end of paragraph (1);

(2) by striking the period at the end of paragraph (2) and inserting ''; and''; and

(3) by inserting after paragraph (2) the following new paragraph:

''(3) the taxes imposed by section 1411 of the Internal Revenue Code of 1986 reported to the Secretary of the Treasury or the Secretary's delegate on tax returns under subtitle F of such Code.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to taxes imposed for taxable years beginning after December 31, 2025.

SEC. 3. APPLICATION OF NET INVESTMENT INCOME TAX TO TRADE OR BUSINESS INCOME OF CERTAIN HIGH INCOME INDIVIDUALS.

(a) IN GENERAL.—Section 1411 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

"(f) APPLICATION TO CERTAIN HIGH INCOME INDIVIDUALS.—

"(1) IN GENERAL.—In the case of any individual whose modified adjusted gross income for the taxable year exceeds the high income threshold amount, subsection (a)(1) shall be applied by substituting 'the greater of specified net income or net investment income' for 'net investment income' in subparagraph (A) thereof.

"(2) PHASE-IN OF INCREASE.—The increase in the tax imposed under subsection (a)(1) by reason of the application of paragraph (1) of this subsection shall not exceed the amount which bears the same ratio to the amount of such increase (determined without regard to this paragraph) as—

"(A) the excess described in paragraph (1), bears to

"(B) \$100,000 (½ such amount in the case of a married taxpayer (as defined in section 7703) filing a separate return).

"(3) HIGH INCOME THRESHOLD AMOUNT.—For purposes of this subsection, the term 'high income threshold amount' means—

"(A) except as provided in subparagraph (B) or (C), \$400,000, "(B) in the case of a taxpayer making a joint return under section 6013 or a surviving spouse (as defined in section 2(a)), $500,000, and

"(C) in the case of a married taxpayer (as defined in section 7703) filing a separate return, ½ of the dollar amount determined under subparagraph (B).

"(4) SPECIFIED NET INCOME.—For purposes of this section, the term 'specified net income' means net investment income determined—

"(A) without regard to the phrase 'other than such income which is derived in the ordinary course of a trade or business not described in paragraph (2),' in subsection (c)(1)(A)(i),

"(B) without regard to the phrase 'described in paragraph (2)' in subsection (c)(1)(A)(ii),

"(C) without regard to the phrase 'other than property held in a trade or business not described in paragraph (2)' in subsection (c)(1)(A)(iii),

"(D) without regard to paragraphs (2), (3), and (4) of subsection (c), and

"(E) by treating paragraphs (5) and (6) of section 469(c) (determined without regard to the phrase 'To the extent provided in regulations,' in such paragraph (6)) as applying for purposes of subsection (c) of this section.".

(b) APPLICATION TO TRUSTS AND ESTATES.—Section 1411(a)(2)(A) of such Code is amended by striking "undistributed net investment income" and inserting "the greater of undistributed specified net income or undistributed net investment income".

(c) CLARIFICATIONS WITH RESPECT TO DETERMINATION OF NET INVESTMENT INCOME.—

(1) CERTAIN EXCEPTIONS.—Section 1411(c)(6) of such Code is amended to read as follows:

"(6) SPECIAL RULES.—Net investment income shall not include—

"(A) any item taken into account in determining self-employment income for such taxable year on which a tax is imposed by section 1401(b),

"(B) wages received with respect to employment on which a tax is imposed under section 3101(b) or 3201(a) (including amounts taken into account under section 3121(v)(2)), and

"(C) wages received from the performance of services earned outside the United States for a foreign employer.".

(2) NET OPERATING LOSSES NOT TAKEN INTO ACCOUNT.—Section 1411(c)(1)(B) of such Code is amended by inserting "(other than section 172)" after "this subtitle".

(3) INCLUSION OF CERTAIN FOREIGN INCOME.—

(A) IN GENERAL.—Section 1411(c)(1)(A) of such Code is amended by striking "and" at the end of clause (ii), by striking "over" at the end of clause (iii) and inserting "and", and by adding at the end the following new clause:

"(iv) any amount includible in gross income under section 951, 951A, 1293, or 1296, over".

(B) PROPER TREATMENT OF CERTAIN PREVIOUSLY TAXED INCOME.—Section 1411(c) of such Code is amended by adding at the end the following new paragraph:

"(7) CERTAIN PREVIOUSLY TAXED INCOME.—The Secretary shall issue regulations or other guidance providing for the treatment of—

"(A) distributions of amounts previously included in gross income for purposes of chapter 1 but not previously subject to tax under this section, and

"(B) distributions described in section 962(d).".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2025.

(e) TRANSITION RULE.—The regulations or other guidance issued by the Secretary under section 1411(c)(7) of the Internal Revenue Code of 1986 (as added by this section) shall include provisions which provide for the proper coordination and application of clauses (i) and (iv) of section 1411(c)(1)(A) with respect to—

(1) taxable years beginning on or before December 31, 2025, and

(2) taxable years beginning after such date.

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