

**DESCRIPTION OF AN AMENDMENT
IN THE NATURE OF A SUBSTITUTE
TO THE PROVISIONS IN H.R. 4738**

Scheduled for a Markup by the
HOUSE COMMITTEE ON WAYS AND MEANS

On
October 9, 1998

Prepared by the Staff
of the
JOINT COMMITTEE ON TAXATION

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JCX-69-98

DESCRIPTION OF AN AMENDMENT IN THE NATURE OF A SUBSTITUTE TO THE PROVISIONS IN H.R. 4738

On October 9, 1998, the House Committee on Ways and Means has scheduled a markup of the provisions contained in H.R. 4738. A description of these provisions are contained in JCX-66-98 and JCX-67-98. The amendment in the nature of a substitute would adopt the provisions of H.R. 4738, with the following additional provision:¹

State Election to Exempt Student Employees From Social Security

Present Law

The Social Security Amendments of 1972 provided an opportunity for States to obtain exemptions from Social Security coverage for student employees of public schools, colleges, and universities. States choosing to opt out had to do so prior to January 1, 1974. Most States did. Student employees in these States do not have to pay FICA taxes on their wages, allowing them to keep more of their earnings.

Description of Proposal

The proposal would allow a limited window of time (January 1 through March 31, 1999) for States to modify existing State agreements to exempt students (including graduate assistants) from Social Security coverage who are employed by a public school, university, or college in a nonexempted State.

¹ This document may be cited as follows: Joint Committee on Taxation, *Description of an Amendment in the Nature of a Substitute to the Provisions in H.R. 4738* (JCX-69-98), October 9, 1998.