

108TH CONGRESS  
1ST SESSION

# H. R. 2047

To amend the Internal Revenue Code of 1986 to modify the work opportunity credit and the welfare-to-work credit.

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IN THE HOUSE OF REPRESENTATIVES

MAY 9, 2003

Mr. HOUGHTON (for himself and Mr. RANGEL) introduced the following bill;  
which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to modify  
the work opportunity credit and the welfare-to-work credit.

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 “Encouraging Work Act  
5 of 2003”.

6 **SEC. 2. MODIFICATIONS TO WORK OPPORTUNITY CREDIT**

7 **AND WELFARE-TO-WORK CREDIT.**

8 (a) CREDIT MADE PERMANENT.—

1           (1) Subsection (c) of section 51 of the Internal  
2 Revenue Code of 1986 is amended by striking para-  
3 graph (4) (relating to termination).

4           (2) Section 51A of such Code is amended by  
5 striking subsection (f).

6           (b) ELIGIBILITY OF EX-FELONS DETERMINED  
7 WITHOUT REGARD TO FAMILY INCOME.—Paragraph (4)  
8 of section 51(d) of such Code is amended by adding “and”  
9 at the end of subparagraph (A), by striking “, and” at  
10 the end of subparagraph (B) and inserting a period, and  
11 by striking all that follows subparagraph (B).

12           (c) INCREASE IN MAXIMUM AGE FOR ELIGIBILITY OF  
13 FOOD STAMP RECIPIENTS.—Clause (i) of section  
14 51(d)(8)(A) of such Code is amended by striking “25” and  
15 inserting “40”.

16           (d) INCREASE IN MAXIMUM AGE FOR DESIGNATED  
17 COMMUNITY RESIDENTS.—

18           (1) IN GENERAL.—Paragraph (5) of section  
19 51(d) of such Code is amended to read as follows:

20           “(5) DESIGNATED COMMUNITY RESIDENTS.—

21           “(A) IN GENERAL.—The term ‘designated  
22 community resident’ means any individual who  
23 is certified by the designated local agency—

24           “(i) as having attained age 18 but not  
25 age 40 on the hiring date, and

1                   “(ii) as having his principal place of  
2                   abode within an empowerment zone, enter-  
3                   prise community, or renewal community.

4                   “(B) INDIVIDUAL MUST CONTINUE TO RE-  
5                   SIDE IN ZONE OR COMMUNITY.—In the case of  
6                   a designated community resident, the term  
7                   ‘qualified wages’ shall not include wages paid or  
8                   incurred for services performed while the indi-  
9                   vidual’s principal place of abode is outside an  
10                  empowerment zone, enterprise community, or  
11                  renewal community.”

12                  (2) CONFORMING AMENDMENT.—Subparagraph  
13                  (D) of section 51(d)(1) is amended to read as fol-  
14                  lows:

15                         “(D) a designated community resident,”.

16                  (e) CLARIFICATION OF TREATMENT OF INDIVIDUALS  
17                  UNDER INDIVIDUAL WORK PLANS.—Subparagraph (B)  
18                  of section 51(d)(6) of such Code (relating to vocational  
19                  rehabilitation referral) is amended by striking “or” at the  
20                  end of clause (i), by striking the period at the end of  
21                  clause (ii) and inserting “, or”, and by adding at the end  
22                  the following new clause:

23                         “(iii) an individual work plan devel-  
24                         oped and implemented by an employment  
25                         network pursuant to subsection (g) of sec-

1                   tion 1148 of the Social Security Act with  
2                   respect to which the requirements of such  
3                   subsection are met.”

4           (f) EFFECTIVE DATE.—The amendments made by  
5 this section shall apply to individuals who begin work for  
6 the employer after December 31, 2003.

7 **SEC. 3. CONSOLIDATION OF WORK OPPORTUNITY CREDIT**  
8 **WITH WELFARE-TO-WORK CREDIT.**

9           (a) IN GENERAL.—Paragraph (1) of section 51(d) of  
10 the Internal Revenue Code of 1986 is amended by striking  
11 “or” at the end of subparagraph (G), by striking the pe-  
12 riod at the end of subparagraph (H) and inserting “, or”,  
13 and by adding at the end the following new subparagraph:

14                   “(I) a long-term family assistance recipi-  
15                   ent.”

16           (b) LONG-TERM FAMILY ASSISTANCE RECIPIENT.—  
17 Subsection (d) of section 51 of such Code is amended by  
18 redesignating paragraphs (10) through (12) as para-  
19 graphs (11) through (13), respectively, and by inserting  
20 after paragraph (9) the following new paragraph:

21                   “(10) LONG-TERM FAMILY ASSISTANCE RECIPI-  
22                   ENT.—The term ‘long-term family assistance recipi-  
23                   ent’ means any individual who is certified by the  
24                   designated local agency—

1           “(A) as being a member of a family receiv-  
2           ing assistance under a IV–A program (as de-  
3           fined in paragraph (2)(B)) for at least the 18-  
4           month period ending on the hiring date,

5           “(B)(i) as being a member of a family re-  
6           ceiving such assistance for 18 months beginning  
7           after August 5, 1997, and

8           “(ii) as having a hiring date which is not  
9           more than 2 years after the end of the earliest  
10          such 18-month period, or

11          “(C)(i) as being a member of a family  
12          which ceased to be eligible for such assistance  
13          by reason of any limitation imposed by Federal  
14          or State law on the maximum period such as-  
15          sistance is payable to a family, and

16          “(ii) as having a hiring date which is not  
17          more than 2 years after the date of such ces-  
18          sation.”

19          (c) INCREASED CREDIT FOR EMPLOYMENT OF LONG-  
20          TERM FAMILY ASSISTANCE RECIPIENTS.—Section 51 of  
21          such Code is amended by inserting after subsection (d)  
22          the following new subsection:

23          “(e) CREDIT FOR SECOND-YEAR WAGES FOR EM-  
24          PLOYMENT OF LONG-TERM FAMILY ASSISTANCE RECIPI-  
25          ENTS.—

1           “(1) IN GENERAL.—With respect to the em-  
2           ployment of a long-term family assistance recipi-  
3           ent—

4                   “(A) the amount of the work opportunity  
5                   credit determined under this section for the tax-  
6                   able year shall include 50 percent of the quali-  
7                   fied second-year wages for such year, and

8                   “(B) in lieu of applying subsection (b)(3),  
9                   the amount of the qualified first-year wages,  
10                  and the amount of qualified second-year wages,  
11                  which may be taken into account with respect  
12                  to such a recipient shall not exceed \$10,000 per  
13                  year.

14           “(2) QUALIFIED SECOND-YEAR WAGES.—For  
15           purposes of this subsection, the term ‘qualified sec-  
16           ond-year wages’ means qualified wages—

17                   “(A) which are paid to a long-term family  
18                   assistance recipient, and

19                   “(B) which are attributable to service ren-  
20                   dered during the 1-year period beginning on the  
21                   day after the last day of the 1-year period with  
22                   respect to such recipient determined under sub-  
23                   section (b)(2).

24           “(3) SPECIAL RULES FOR AGRICULTURAL AND  
25           RAILWAY LABOR.—If such recipient is an employee

1 to whom subparagraph (A) or (B) of subsection  
2 (h)(1) applies, rules similar to the rules of such sub-  
3 paragraphs shall apply except that—

4 “(A) such subparagraph (A) shall be ap-  
5 plied by substituting ‘\$10,000’ for ‘\$6,000’, and

6 “(B) such subparagraph (B) shall be ap-  
7 plied by substituting ‘\$833.33’ for ‘\$500’.”.

8 (d) REPEAL OF SEPARATE WELFARE-TO-WORK  
9 CREDIT.—

10 (1) IN GENERAL.—Section 51A of such Code is  
11 hereby repealed.

12 (2) CLERICAL AMENDMENT.—The table of sec-  
13 tions for subpart F of part IV of subchapter A of  
14 chapter 1 of such Code is amended by striking the  
15 item relating to section 51A.

16 (e) EFFECTIVE DATE.—The amendments made by  
17 this section shall apply to individuals who begin work for  
18 the employer after December 31, 2003.

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