

110TH CONGRESS  
2D SESSION

# S. 2800

To increase the incentives for employers to hire qualified ex-felons by enhancing the effectiveness of the work opportunity tax credit, to reduce the backlog of applications pending certification under the work opportunity tax credit program, to enhance the effectiveness of the Federal bonding program, and to authorize a pilot program for employment-focused re-entry projects.

---

IN THE SENATE OF THE UNITED STATES

APRIL 2, 2008

Mr. SPECTER introduced the following bill; which was read twice and referred to the Committee on Finance

---

## A BILL

To increase the incentives for employers to hire qualified ex-felons by enhancing the effectiveness of the work opportunity tax credit, to reduce the backlog of applications pending certification under the work opportunity tax credit program, to enhance the effectiveness of the Federal bonding program, and to authorize a pilot program for employment-focused reentry projects.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2       This Act may be cited as the “Employment Access  
3 for Recidivism Reduction Nationwide” or the “EARN  
4 Act”.

5 **SEC. 2. ENHANCING INCENTIVES UNDER THE WORK OP-**  
6 **PORTUNITY TAX CREDIT.**

7       (a) IN GENERAL.—The Secretary of Labor shall  
8 carry out activities to—

9           (1) reduce and eliminate any backlogs of more  
10 than 6 months for employers who apply for certifi-  
11 cations from State workforce agencies for purposes  
12 of the work opportunity credit program under sec-  
13 tion 51 of the Internal Revenue Code of 1986;

14           (2) increase the awareness of employers of the  
15 Federal tax credits available for employers who em-  
16 ploy individuals who otherwise face barriers to em-  
17 ployment, such as recipients of long-term family as-  
18 sistance and ex-felons; and

19           (3) utilize the Internet to process pre-screening  
20 notices and certification requests for the work oppor-  
21 tunity credit determined under section 51 of the In-  
22 ternal Revenue Code of 1986.

23       (b) REPORT.—Not later than 90 days after the date  
24 of enactment of this Act, the Secretary of Labor shall sub-  
25 mit to the appropriate committees of Congress, a plan that  
26 outlines the steps that will be taken by the Department

1 of Labor to carry out activities this section to achieve the  
2 purposes of this Act.

3 (c) AUTHORIZATION OF APPROPRIATIONS.—There is  
4 authorized to be appropriated to carry out this section,  
5 \$5,000,000 for each of fiscal years 2009 through 2014.

6 **SEC. 3. IMPROVING THE FEDERAL BONDING PROGRAM.**

7 (a) IN GENERAL.—The Secretary of Labor shall  
8 carry out activities to increase by 25 percent the number  
9 of fidelity bonds purchased and issued by States through  
10 the Federal Bonding Program.

11 (b) AUTHORIZATION OF APPROPRIATIONS.—There is  
12 authorized to be appropriated to carry out this section,  
13 \$1,000,000 for each of fiscal years 2009 through 2014.

14 **SEC. 4. INCREASED WORK OPPORTUNITY CREDIT FOR**  
15 **QUALIFIED EX-OFFENDERS HIRED UNDER**  
16 **CERTIFIED PROGRAMS.**

17 (a) IN GENERAL.—Section 51 of the Internal Rev-  
18 enue Code of 1986 is amended by adding at the end the  
19 following new subsection:

20 “(1) INCREASED CREDIT FOR QUALIFIED EX-FEL-  
21 ONS HIRED UNDER CERTAIN PROGRAMS.—

22 “(1) IN GENERAL.—In the case of a taxpayer  
23 who employs a qualified ex-felon under a program  
24 described in paragraph (3), the credit allowed under  
25 this section for any taxable year shall be increased

1 by an amount equal to the amount which bears the  
2 same ratio to \$10,000 as—

3 “(A) the number of days during the tax-  
4 able year during which such qualified ex-felon  
5 was employed by the taxpayer, bears to

6 “(B) the number of days in the taxpayer’s  
7 taxable year.

8 “(2) LIMITATION.—

9 “(A) IN GENERAL.—The aggregate credits  
10 allowed under this subsection for all taxpayers  
11 shall not exceed \$10,000,000.

12 “(B) ALLOCATION OF CREDITS.—The Sec-  
13 retary, in consultation with the Secretary of  
14 Labor and the Attorney General, shall allocate  
15 the credit limitation under subparagraph (A)  
16 among taxpayers with programs described in  
17 paragraph (3).

18 “(3) QUALIFIED EX-FELON PROGRAM.—A pro-  
19 gram is described in this paragraph if such pro-  
20 gram—

21 “(A) is certified by the Secretary, in con-  
22 sultation with the Secretary of Labor and the  
23 Attorney general, and

24 “(B) provides that any qualified ex-felon  
25 hired under the program—

1                   “(i) is paid wages by the taxpayer in  
 2                   an amount equal to or greater than 150  
 3                   percent of the Federal minimum wage in  
 4                   effect under the Fair Labor Standards Act  
 5                   of 1938, and

6                   “(ii) is provided health care benefits  
 7                   by the taxpayer which meet such standards  
 8                   as promulgated by the Secretary, in con-  
 9                   sultation with the Secretary of Labor and  
 10                  the Attorney General.

11                  “(4) CERTAIN INDIVIDUALS INELIGIBLE.—  
 12                  Rules similar to the rules under paragraphs (1), (2),  
 13                  and (3)(B) of subsection (i) shall apply for purposes  
 14                  of this subsection.

15                  “(5) TERMINATION.—This subsection shall not  
 16                  apply with respect to any taxable year beginning  
 17                  after the date that is 2 years after the date of the  
 18                  enactment of this subsection.”.

19                  (b) STUDY AND REPORT.—

20                  (1) IN GENERAL.—Not later than 3 years after  
 21                  the date of the enactment of this Act, the Secretary  
 22                  of the Treasury, in consultation with the Secretary  
 23                  of Labor and the Attorney General, shall submit to  
 24                  Congress a report on the credits allowed under sec-

tion 51(l) of the Internal Revenue Code of 1986 (as added by this section).

(2) MATTERS REPORTED.—The report under paragraph (1) shall include—

(A) the number of taxpayers who applied for certification of a program described in section 51(l)(3) of the Internal Revenue Code of 1986;

(B) the number of taxpayer who received certification for such a program;

(C) the number of taxpayers who claimed a credit under section 51(l) of such Code;

(D) the total amount of credits allowed under such section;

(E) the number of qualified ex-offenders who participated in such a program and who continued to be employed under such a program—

(i) 6 months after the date of hire under such program;

(ii) 12 months after the date of hire under such program;

(iii) 18 months after the date of hire under such program; and

1 (iv) 24 months after the date of hire  
2 under such program; and

3 (F) the total number of qualified ex-of-  
4 fenders who participated in such a program and  
5 who were incarcerated at any time within the  
6 36-month period beginning with the date of hire  
7 under the program.

8 (c) EFFECTIVE DATE.—The amendment made in  
9 subsection (a) shall apply to taxable years beginning after  
10 the date of the enactment of this Act.

