

111TH CONGRESS
2D SESSION

H. R. 4730

To amend the Internal Revenue Code of 1986 to allow employers a refundable credit for increasing employment.

IN THE HOUSE OF REPRESENTATIVES

MARCH 2, 2010

Mr. SCHAUER introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to allow employers a refundable credit for increasing employment.

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 “Tax Credits for Jobs
5 Now Act of 2010”.

6 **SEC. 2. CREDIT FOR INCREASING EMPLOYMENT.**

7 (a) IN GENERAL.—Subpart C of part IV of sub-
8 chapter A of chapter 1 of the Internal Revenue Code of
9 1986 (relating to refundable credits) is amended by insert-
10 ing after section 36A the following new section:

1 **“SEC. 36B. CREDIT FOR INCREASING EMPLOYMENT.**

2 “(a) IN GENERAL.—There shall be allowed as a cred-
3 it against the tax imposed by this subtitle—

4 “(1) for any taxable year beginning in 2010, an
5 amount equal to 60 percent of the excess of—

6 “(A) the aggregate wages paid during
7 2010, over

8 “(B) the aggregate wages paid during
9 2009, and

10 “(2) for any taxable year beginning in 2011, an
11 amount equal to 40 percent of the excess of—

12 “(A) the aggregate wages paid during
13 2011, over

14 “(B) the aggregate inflation-adjusted
15 wages paid during 2010.

16 “(b) HIGHER CREDIT FOR INCREASED EMPLOYMENT
17 IN STATES WITH HIGH UNEMPLOYMENT.—

18 “(1) IN GENERAL.—The amount of credit al-
19 lowable by subsection (a) (without regard to this
20 subsection) shall be increased by—

21 “(A) 30 percent of the increased high un-
22 employment State wages for any taxable year
23 beginning in 2010, and

24 “(B) 20 percent of such wages for any tax-
25 able year beginning in 2011.

1 “(2) DEFINITIONS.—For purposes of this sub-
2 section—

3 “(A) INCREASED HIGH UNEMPLOYMENT
4 STATE WAGES.—The term ‘increased high un-
5 employment State wages’ means, with respect
6 to each high unemployment State, the excess
7 which would be determined under subsection (a)
8 for the taxable year (after the application of
9 subsections (e) and (f)) if only wages paid to
10 qualified employees with respect to such State
11 were taken into account.

12 “(B) QUALIFIED EMPLOYEE.—The term
13 ‘qualified employee’ means, with respect to any
14 State, any employee of an employer if—

15 “(i) substantially all of the services
16 performed during the taxable year by such
17 employee for such employer are performed
18 within such State in a trade or business of
19 the employer, and

20 “(ii) the principal place of abode of
21 such employee while performing such serv-
22 ices is within such State.

23 Rules similar to the rules of paragraphs (2) and
24 (3) of section 1396(d) shall apply for purposes
25 of this subparagraph.

1 “(C) HIGH UNEMPLOYMENT STATE.—The
2 term ‘high unemployment State’ means any
3 State having an unemployment rate (using the
4 most recent available data) as of the beginning
5 of the taxable year for which the credit is being
6 determined of at least 8.5 percent.

7 “(3) MAXIMUM WAGES TAKEN INTO AC-
8 COUNT.—The aggregate increased high unemploy-
9 ment State wages which may be taken into account
10 with respect to all high unemployment States for
11 any taxable year shall not exceed the excess deter-
12 mined under subsection (a) for such year.

13 “(c) MAXIMUM CREDIT.—The amount of the credit
14 allowable under this section for any employer with respect
15 to any calendar year shall not exceed \$500,000.

16 “(d) SPECIAL RULES FOR EMPLOYERS WHICH ARE
17 EXEMPT FROM INCOME TAX OR WHICH HAVE INSUFFI-
18 CIENT INCOME TAX LIABILITY.—

19 “(1) IN GENERAL.—In the case of an employer
20 to which this subsection applies for any payroll pe-
21 riod, the payroll taxes otherwise required to be paid
22 to the Secretary with respect to such payroll period
23 shall be reduced (but not below zero) by such peri-
24 od’s proportionate share of the employer’s estimated

1 credit under subsection (a) for the taxable year
2 which includes such period.

3 “(2) EMPLOYERS WHO WHICH SUBSECTION AP-
4 PLIES.—This subsection shall apply to—

5 “(A) any employer which is exempt from
6 tax under section 501(a), and

7 “(B) any employer which estimates that
8 the tax imposed by this subtitle for the taxable
9 year will not exceed the credit allowable under
10 subsection (a) for such year.

11 “(3) PAYROLL TAXES.—For purposes of this
12 subsection, the term ‘payroll taxes’ means—

13 “(A) amounts required to be deducted and
14 withheld for the payroll period under section
15 3401 (relating to wage withholding),

16 “(B) amounts required to be deducted for
17 the payroll period under section 3102 (relating
18 to FICA employee taxes), and

19 “(C) amounts of the taxes imposed for the
20 payroll period under section 3111 (relating to
21 FICA employer taxes).

22 “(4) AMOUNTS TREATED AS PAID TO SEC-
23 RETARY.—The amount of the reduction under para-
24 graph (1) shall be treated as paid to the Secretary

1 on the day such amount would be required to be so
2 paid without regard to this subsection.

3 “(5) RECONCILIATION.—

4 “(A) IN GENERAL.—If there is a reduction
5 under this subsection for 1 or more payroll pe-
6 riods ending during a taxable year, then the tax
7 imposed by this chapter for such taxable year
8 shall be increased by the aggregate amount of
9 such reductions.

10 “(B) RECONCILIATION.—Any increase in
11 tax under subparagraph (A) shall not be treat-
12 ed as tax imposed by this chapter for purposes
13 of determining the amount of any credit (other
14 than the credit under subsection (a)) allowable
15 under this part.

16 “(e) MINIMUM PRECEDING YEAR WAGES.—For pur-
17 poses of subsection (a)—

18 “(1) the amount taken into account under para-
19 graph (1)(B) thereof shall not be less than 50 per-
20 cent of the amount described in paragraph (1)(A)
21 thereof, and

22 “(2) the amount taken into account under para-
23 graph (2)(B) thereof shall not be less than 50 per-
24 cent of the amount described in paragraph (2)(A)
25 thereof.

1 “(f) TOTAL WAGES MUST INCREASE.—The amount
2 of credit allowed under this section for any taxable year
3 shall not exceed the amount which would be so allowed
4 for such year (without regard to subsection (e)) if—

5 “(1) the aggregate amounts taken into account
6 as wages were determined without any dollar limita-
7 tion, and

8 “(2) 103 percent of the amount of wages other-
9 wise required to be taken into account under sub-
10 section (a)(1)(B) or subsection (a)(2)(B), as the
11 case may be, were taken into account.

12 “(g) WAGES; INFLATION-ADJUSTED WAGES.—For
13 purposes of this section—

14 “(1) IN GENERAL.—Except as provided in para-
15 graph (2), the term ‘wages’ has the meaning given
16 to such term by section 3306(b).

17 “(2) RAILWAY AND AGRICULTURAL LABOR.—
18 Rules similar to the rules of section 51(h) shall
19 apply for purposes of this section.

20 “(3) INFLATION-ADJUSTED WAGES.—The term
21 ‘inflation-adjusted wages’ means the aggregate
22 wages paid during 2010 increased by an amount
23 equal to—

24 “(A) such aggregate wages, multiplied by

1 “(B) the cost-of-living adjustment deter-
2 mined under section 1(f)(3) for 2010, deter-
3 mined by substituting ‘calendar year 2008’ for
4 ‘calendar year 1992’ in subparagraph (B)
5 thereof.

6 Any increase determined under the preceding sen-
7 tence shall be rounded in such manner as the Sec-
8 retary shall prescribe.

9 “(h) SPECIAL RULES.—

10 “(1) ADJUSTMENTS FOR CERTAIN ACQUISI-
11 TIONS, ETC.—

12 “(A) ACQUISITIONS.—If, after December
13 31, 2008, an employer acquires the major por-
14 tion of a trade or business of another person
15 (hereinafter in this subparagraph referred to as
16 the ‘predecessor’) or the major portion of a sep-
17 arate unit of a trade or business of a prede-
18 cessor, then, for purposes of applying this sec-
19 tion for any calendar year ending after such ac-
20 quisition, the amount of wages deemed paid by
21 the employer during periods before such acqui-
22 sition shall be increased by so much of such
23 wages paid by the predecessor with respect to
24 the acquired trade or business as is attributable

1 to the portion of such trade or business ac-
2 quired by the employer.

3 “(B) DISPOSITIONS.—If, after December
4 31, 2008—

5 “(i) an employer disposes of the major
6 portion of any trade or business of the em-
7 ployer or the major portion of a separate
8 unit of a trade or business of the employer
9 in a transaction to which subparagraph
10 (A) applies, and

11 “(ii) the employer furnishes the ac-
12 quiring person such information as is nec-
13 essary for the application of subparagraph
14 (A),

15 then, for purposes of applying this section for
16 any calendar year ending after such disposition,
17 the amount of wages deemed paid by the em-
18 ployer during periods before such disposition
19 shall be decreased by so much of such wages as
20 is attributable to such trade or business or sep-
21 arate unit.

22 “(2) CHANGE IN STATUS FROM SELF-EM-
23 PLOYED TO EMPLOYEE.—If—

24 “(A) during 2009 or 2010 an individual
25 has net earnings from self-employment (as de-

1 fined in section 1402(a)) which are attributable
2 a trade or business, and

3 “(B) for any portion of the succeeding cal-
4 endar year such individual is an employee of
5 such trade or business,

6 then, for purposes of determining the credit allow-
7 able for a taxable year beginning in such succeeding
8 calendar year, the employer’s aggregate wages for
9 2009 or 2010, as the case may be, shall be increased
10 by an amount equal to so much of the net earnings
11 referred to in subparagraph (A) as does not exceed
12 the median household income in the United States
13 for 2009 or 2010, as the case may be.

14 “(3) CERTAIN OTHER RULES TO APPLY.—Rules
15 similar to the following rules shall apply for pur-
16 poses of this section:

17 “(A) Section 51(f) (relating to remunera-
18 tion must be for trade or business employment).

19 “(B) Section 51(1)(1) (relating to related
20 individuals ineligible).

21 “(C) Section 51(k) (relating to treatment
22 of successor employers; treatment of employees
23 performing services for other persons).

24 “(D) Section 52 (relating to special rules).

1 “(4) SHORT TAXABLE YEARS.—If the employer
2 has more than 1 taxable year beginning in 2010 or
3 2011, the credit under this section shall be deter-
4 mined for the employer’s last taxable year beginning
5 in 2010 or 2011, as the case may be.

6 “(i) TAX-EXEMPT EMPLOYERS TREATED AS TAX-
7 PAYERS.—Solely for purposes of this section and section
8 6402, employers exempt from tax under section 501(a)
9 shall be treated as taxpayers.”.

10 (b) DENIAL OF DOUBLE BENEFIT.—Subsection (a)
11 of section 280C of such Code is amended by inserting
12 “36B(a),” before “45A(a)”.

13 (c) CONFORMING AMENDMENTS.—

14 (1) Section 1324(b)(2) of title 31, United
15 States Code, is amended by inserting “36B,” after
16 “36A,”.

17 (2) The table of sections for subpart C of part
18 IV of subchapter A of chapter 1 of such Code is
19 amended by inserting after the item relating to sec-
20 tion 36A the following new item:

 “Sec. 36B. Credit for increasing employment.”.

21 (d) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to taxable years beginning after
23 December 31, 2009.

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