

112TH CONGRESS  
1ST SESSION

# H. R. 3571

To direct the Commissioner of Internal Revenue to establish a self-employment tax initiative grant program, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

DECEMBER 6, 2011

Ms. CHU introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To direct the Commissioner of Internal Revenue to establish a self-employment tax initiative grant program, and for other purposes.

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 “Entrepreneur Startup  
5       Growth Act of 2011”.

1 **SEC. 2. SELF-EMPLOYMENT TAX INITIATIVE GRANT PRO-**  
2 **GRAM.**

3 (a) ESTABLISHMENT.—Not later than 90 days after  
4 the date of enactment of this Act, the Commissioner of  
5 Internal Revenue, in consultation with the Administrator  
6 of the Small Business Administration, shall establish a  
7 self-employment tax initiative grant program (in this sec-  
8 tion referred to as the “program”) to provide to covered  
9 individuals affordable tax preparation and business devel-  
10 opment assistance.

11 (b) GRANT AUTHORITY AND ELIGIBLE ENTITIES.—  
12 Under the program, the Commissioner may make a grant  
13 to the following:

- 14 (1) A community-based organization.
- 15 (2) A microlender.
- 16 (3) A nonprofit organization.
- 17 (4) An institution of higher education.
- 18 (5) A local government.
- 19 (6) A consortium of entities described in any of  
20 paragraphs (1) through (5).

21 (c) GRANT USES.—A grant made under the program  
22 shall be used for the following:

- 23 (1) Providing affordable tax preparation assist-  
24 ance to a covered individual.
- 25 (2) Providing business development assistance  
26 to a covered individual, including individual coun-

1       seling, classroom training, or other activities de-  
2       signed to assist a covered individual to improve the  
3       profitability, efficiency, or readiness for financing of  
4       the individual's business.

5           (3) Conducting culturally and linguistically ap-  
6       propriate outreach to underserved communities in  
7       the area in which assistance described in paragraph  
8       (1) or (2) is provided.

9       (d) APPLICATIONS FOR GRANTS.—To be eligible for  
10   a grant under the program an entity specified in sub-  
11   section (b) shall submit to the Commissioner an applica-  
12   tion at such time, in such form, and containing such infor-  
13   mation as the Commissioner may require, but which, at  
14   a minimum, shall—

15           (1) include the plan of the entity to provide as-  
16       sistance and outreach described in subsection (c)  
17       throughout each year; and

18           (2) demonstrate that the entity has experience  
19       providing the assistance described in paragraph (1)  
20       and the assistance described in paragraph (2) of  
21       subsection (c).

22       (e) GRANT AMOUNT.—A grant made under the pro-  
23   gram may not be in an amount that exceeds \$75,000.

24       (f) GAO STUDY AND REPORT.—

1           (1) STUDY.—The Comptroller General of the  
2           United States shall conduct a study on the program,  
3           including program outcomes.

4           (2) REPORT.—Not later than 3 years after the  
5           date on which the program is established, the Comp-  
6           troller General shall submit to Congress a report on  
7           the results of the study conducted under paragraph  
8           (1), which shall include the following:

9                   (A) An analysis of the impact of the pro-  
10                  gram on covered individuals and the businesses  
11                  of such individuals.

12                  (B) An identification of the best practices  
13                  of grant recipients with respect to activities car-  
14                  ried out with grant funds.

15                  (C) Recommendations for improving the  
16                  program.

17       (g) AUTHORIZATION OF APPROPRIATIONS.—

18           (1) IN GENERAL.—There is authorized to be  
19           appropriated to carry out the program \$1,500,000  
20           for each of fiscal years 2012 through 2016.

21           (2) ADMINISTRATIVE COSTS.—Of the funds  
22           made available to carry out the program each fiscal  
23           year, the Commissioner may use not more than 10  
24           percent for the administrative costs of the program.

1 (h) DEFINITIONS.—In this section, the following defi-  
2 nitions apply:

3 (1) COVERED INDIVIDUAL.—The term “covered  
4 individual” means, with respect to any taxable year,  
5 an individual who—

6 (A) is engaged in an active trade or busi-  
7 ness as a sole proprietor during such taxable  
8 year;

9 (B) is required to report income or loss on  
10 Schedule C to Form 1040 for such taxable  
11 year; and

12 (C) has modified adjusted gross income of  
13 \$50,000 or less for the preceding taxable year.

14 (2) INSTITUTION OF HIGHER EDUCATION.—The  
15 term “institution of higher education” has the  
16 meaning given that term in section 102 of the High-  
17 er Education Act of 1965 (20 U.S.C. 1002).

18 (3) MICROLENDER.—The term “microlender”  
19 means a private organization that provides—

20 (A) loans of \$50,000 or less to entre-  
21 preneurs, small business owners, and nonprofit  
22 child care providers; and

23 (B) marketing, management, and technical  
24 assistance to loan recipients and potential loan  
25 recipients.

1           (4) MODIFIED ADJUSTED GROSS INCOME.—The  
2       term “modified adjusted gross income” means the  
3       adjusted gross income (as defined in section 62 of  
4       the Internal Revenue Code of 1986) of the taxpayer  
5       for a taxable year increased by any amount excluded  
6       from gross income under section 911, 931, or 933  
7       of such Code.

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