

113TH CONGRESS  
1ST SESSION

# H. R. 3046

To amend the Internal Revenue Code of 1986 to expand and simplify the credit for employee health insurance expenses of small employers.

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IN THE HOUSE OF REPRESENTATIVES

AUGUST 2, 2013

Mr. PALLONE 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 expand and simplify the credit for employee health insurance expenses of small employers.

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 “Small Business Health  
5 Care Tax Credit Improvement Act of 2013”.

6 **SEC. 2. EXPANSION AND SIMPLIFICATION OF CREDIT FOR**  
7 **EMPLOYEE HEALTH INSURANCE EXPENSES**  
8 **OF SMALL EMPLOYERS.**

9 (a) INCREASE IN MAXIMUM NUMBER OF ELIGIBLE  
10 FULL-TIME EMPLOYEES.—Subparagraph (A) of section

1 45R(d)(1) of the Internal Revenue Code of 1986 is  
2 amended by striking “25 full-time equivalent employees”  
3 and inserting “50 full-time equivalent employees”.

4 (b) MODIFICATION OF PHASEOUT OF CREDIT  
5 AMOUNT.—

6 (1) IN GENERAL.—Subsection (c) of section  
7 45R of such Code is amended to read as follows:

8 “(c) PHASEOUT OF CREDIT AMOUNT BASED ON  
9 NUMBER OF EMPLOYEES AND AVERAGE WAGES.—

10 “(1) IN GENERAL.—The amount of the credit  
11 determined under subsection (b) shall be adjusted by  
12 multiplying—

13 “(A) the amount determined under sub-  
14 section (b), by

15 “(B) the product of the amount deter-  
16 mined under paragraph (2) and the amount de-  
17 termined under paragraph (3).

18 “(2) EMPLOYEE ADJUSTMENT.—The amount  
19 determined under this paragraph is a fraction (not  
20 more than 1) the numerator of which is the number  
21 by which the total number of full-time equivalent  
22 employees of the eligible employer is less than 50  
23 and the denominator of which is 30.

24 “(3) WAGES ADJUSTMENT.—The amount deter-  
25 mined under this paragraph is a fraction (not more

1 than 1) the numerator of which is the amount by  
2 which the average annual wages of the eligible em-  
3 ployer is less than twice the dollar amount in effect  
4 under subsection (d)(3)(B) and the denominator of  
5 which is such dollar amount.”.

6 (2) CONFORMING AMENDMENTS.—

7 (A) Subsection (a) of section 45R of such  
8 Code is amended by inserting “, as adjusted  
9 under subsection (c)” after “the amount deter-  
10 mined under subsection (b)”.

11 (B) Subsection (b) of section 45R of such  
12 Code is amended by striking “Subject to sub-  
13 section (c), the” and inserting “The”.

14 (C) Subparagraph (B) of section  
15 45R(d)(3) of such Code is amended by striking  
16 “subsection (c)(2)” and inserting “subsection  
17 (c)(3)”.

18 (c) AVERAGE ANNUAL WAGE LIMITATION IN-

19 CREASE.—

20 (1) 2012 AND 2013.—Clause (i) of section  
21 45R(d)(3)(B) of such Code is amended to read as  
22 follows:

23 “(i) 2010, 2011, 2012, AND 2013.—The  
24 dollar amount in effect under this para-  
25 graph is—

1                   “(I) for taxable years beginning  
2                   in 2010, 2011, or 2012, \$25,000, and  
3                   “(II) for taxable years beginning  
4                   in 2013, \$28,500.”.

5                   (2) SUBSEQUENT YEARS.—Clause (ii) of section  
6                   45R(d)(3)(B) of such Code is amended by striking  
7                   “\$25,000” and inserting “\$28,500”.

8                   (d) REPEAL OF UNIFORMITY REQUIREMENT FOR  
9                   CONTRIBUTIONS.—Paragraph (4) of section 45R(d) of  
10                  such Code is amended—

11                  (1) by striking “in an amount equal to a uni-  
12                  form percentage (not less than 50 percent) of the  
13                  premium cost of the qualified health plan”, and

14                  (2) by inserting “(in an amount not less than  
15                  50 percent of the premium cost of the qualified  
16                  health plan)” after “nonelective contribution”.

17                  (e) REPEAL OF LIMITATION BASED ON STATE AVER-  
18                  AGE PREMIUMS.—

19                  (1) IN GENERAL.—Subsection (b) of section  
20                  45R of such Code is amended to read as follows:

21                  “(b) HEALTH INSURANCE CREDIT AMOUNT.—Sub-  
22                  ject to subsection (c), the amount determined under this  
23                  subsection with respect to any eligible small employer is  
24                  equal to 50 percent (35 percent in the case of a tax-exempt  
25                  eligible small employer) of the aggregate amount of non-

1 elective contributions the employer made on behalf of its  
2 employees during the taxable year under the arrangement  
3 described in subsection (d)(4) for premiums for qualified  
4 health plans offered by the employer to its employees  
5 through an Exchange.”.

6           (2) CONFORMING AMENDMENT.—Paragraph (2)  
7 of section 45R(g) of such Code is amended by in-  
8 serting “and” at the end of subparagraph (A), by  
9 striking “, and” at the end of subparagraph (B) and  
10 inserting a period, and by striking subparagraph  
11 (C).

12           (f) EFFECTIVE DATE.—The amendments made by  
13 this section shall apply to taxable years beginning after  
14 December 31, 2012.

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