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114TH CONGRESS
1ST SESSION

S. 379

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

IN THE SENATE OF THE UNITED STATES

FEBRUARY 5, 2015

Mr. COONS (for himself, Mr. MERKLEY, Mr. KING, Mr. MANCHIN, Ms. HEITKAMP, Mrs. SHAHEEN, Mr. KAINE, Mr. FRANKEN, and Ms. HIRONO) introduced the following bill; which was read twice and referred to the Committee on Finance

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A BILL

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

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Small Business Tax Credit Accessibility Act''.

SEC. 2. EXPANSION AND MODIFICATION OF CREDIT FOR EMPLOYEE HEALTH INSURANCE EXPENSES OF SMALL EMPLOYERS.

(a) EXPANSION OF DEFINITION OF ELIGIBLE SMALL EMPLOYER.—Subparagraph (A) of section 45R(d)(1) of the Internal Revenue Code of 1986 is amended by striking ''25'' and inserting ''50''.

(b) AMENDMENT TO PHASEOUT DETERMINATION.—Subsection (c) of section 45R of the Internal Revenue Code of 1986 is amended to read as follows:

''(c) PHASEOUT OF CREDIT AMOUNT BASED ON NUMBER OF EMPLOYEES AND AVERAGE WAGES.—The amount of the credit determined under subsection (b) (without regard to this subsection) shall be adjusted (but not below zero) by multiplying such amount by the product of—

''(1) the lesser of—

''(A) a fraction the numerator of which is the excess (if any) of 50 over the total number of full-time equivalent employees of the employer and the denominator of which is 30, and

''(B) 1, and

''(2) the lesser of—

''(A) a fraction—

''(i) the numerator of which is the excess (if any) of—

"(I) the dollar amount in effect under subsection (d)(3)(B) for the taxable year, multiplied by 3, over

"(II) the average annual wages of the employer for such taxable year, and

"(ii) the denominator of which is the dollar amount so in effect under subsection (d)(3)(B), multiplied by 2, and

"(B) 1.".

(c) EXTENSION OF CREDIT PERIOD.—Paragraph (2) of section 45R(e) of the Internal Revenue Code of 1986 is amended by striking "2-consecutive-taxable year period" and all that follows and inserting "3-consecutive-taxable year period beginning with the 1st taxable year beginning after 2014 in which—

"(A) the employer (or any predecessor) offers 1 or more qualified health plans to its employees through an Exchange, and

"(B) the employer (or any predecessor) claims the credit under this section.".

(d) AVERAGE ANNUAL WAGE LIMITATION.—Subparagraph (B) of section 45R(d)(3) of the Internal Revenue Code of 1986 is amended to read as follows:

"(B) DOLLAR AMOUNT.—For purposes of paragraph (1)(B) and subsection (c)(2), the dollar amount in effect under this paragraph is the amount equal to 110 percent of the poverty line (within the meaning of section 36B(d)(3)) for a family of 4.".

(e) ELIMINATION OF UNIFORM PERCENTAGE CONTRIBUTION REQUIREMENT.—Paragraph (4) of section 45R(d) of the Internal Revenue Code of 1986 is amended by striking "a uniform percentage (not less than 50 percent)" and inserting "at least 50 percent".

(f) ELIMINATION OF CAP RELATING TO AVERAGE LOCAL PREMIUMS.—Subsection (b) of section 45R of the Internal Revenue Code of 1986 is amended by striking "the lesser of" and all that follows and inserting "the aggregate amount of nonelective contributions the employer made on behalf of its employees during the taxable year under the arrangement described in subsection (d)(4) for premiums for qualified health plans offered by the employer to its employees through an Exchange.".

(g) CONFORMING AMENDMENT RELATING TO ANNUAL WAGE LIMITATION.—Subparagraph (B) of section 45R(d)(1) of the Internal Revenue Code of 1986 is amended by striking "twice" and inserting "three times".

(h) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred in taxable years beginning after December 31, 2014.

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