

116TH CONGRESS  
1ST SESSION

# H. R. 5250

To amend the Internal Revenue Code of 1986 to make permanent the work opportunity tax credit for veterans and to allow an exemption from an employer's employment taxes in an amount equivalent to the value of such credit in the case of veterans.

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## IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 21, 2019

Mr. WRIGHT (for himself and Mr. BISHOP of Georgia) 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 make permanent the work opportunity tax credit for veterans and to allow an exemption from an employer's employment taxes in an amount equivalent to the value of such credit in the case of veterans.

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 "Veterans Back to Work  
5 Act of 2019".

1 **SEC. 2. EXTENSION AND IMPROVEMENT OF WORK OPPOR-**  
2 **TUNITY TAX CREDIT FOR VETERANS.**

3 (a) CREDIT MADE PERMANENT FOR VETERANS.—  
4 Section 51(c)(4) of the Internal Revenue Code of 1986  
5 is amended by inserting “(other than a qualified veteran)”  
6 after “an individual”.

7 (b) ELECTION TO CLAIM CREDIT AS EXEMPTION  
8 FROM EMPLOYMENT TAXES.—

9 (1) IN GENERAL.—Section 3111 of the Internal  
10 Revenue Code of 1986 is amended by adding at the  
11 end the following new subsection:

12 “(g) SPECIAL EXEMPTION FOR CERTAIN VET-  
13 ERANS.—

14 “(1) IN GENERAL.—Subsection (a) shall not  
15 apply to first-year wages paid after the date of the  
16 enactment of this subsection by a qualified employer  
17 with respect to employment of any specified veteran  
18 for services performed—

19 “(A) in a trade or business of such quali-  
20 fied employer, or

21 “(B) in the case of a qualified employer ex-  
22 empt from tax under section 501(a), in further-  
23 ance of the activities related to the purpose or  
24 function constituting the basis of the employer’s  
25 exemption under section 501.

1           “(2) LIMITATION.—With respect to any speci-  
2           fied veteran employed by a qualified employer, the  
3           amount of wages to which paragraph (1) applies  
4           shall not exceed—

5                   “(A) \$125,490 in the case of an individual  
6                   who is a qualified veteran by reason of section  
7                   51(d)(3)(A)(ii)(II),

8                   “(B) \$73,203 in the case of an individual  
9                   who is a qualified veteran by reason of section  
10                  51(d)(3)(A)(iv),

11                  “(C) \$62,745 in the case of an individual  
12                  who is a qualified veteran by reason of section  
13                  51(d)(3)(A)(ii)(I), and

14                  “(D) \$31,373 in the case of any other  
15                  qualified veteran.

16           “(3) QUALIFIED EMPLOYER.—For purposes of  
17           this subsection—

18                   “(A) IN GENERAL.—The term ‘qualified  
19                   employer’ means any employer other than the  
20                   United States, any State, or any political sub-  
21                   division thereof, or any instrumentality of the  
22                   foregoing.

23                   “(B) TREATMENT OF EMPLOYEES OF  
24                   POST-SECONDARY EDUCATIONAL INSTITU-  
25                   TIONS.—Notwithstanding subparagraph (A),

1 the term ‘qualified employer’ includes any em-  
2 ployer which is a public institution of higher  
3 education (as defined in section 101(b) of the  
4 Higher Education Act of 1965).

5 “(4) SPECIFIED VETERAN.—For purposes of  
6 this subsection—

7 “(A) IN GENERAL.—The term ‘specified  
8 veteran’ means any individual who—

9 “(i) begins employment with a quali-  
10 fied employer after the date of the enact-  
11 ment of this subsection,

12 “(ii) certifies by signed affidavit,  
13 under penalties of perjury, that such indi-  
14 vidual is a qualified veteran and whether  
15 such individual is a qualified veteran de-  
16 scribed in subparagraph (A), (B), or (C) of  
17 paragraph (2),

18 “(iii) is not employed by the qualified  
19 employer to replace another employee of  
20 such employer unless such other employee  
21 separated from employment voluntarily or  
22 for cause, and

23 “(iv) is not an individual described in  
24 section 51(i)(1) (applied by substituting

1           ‘qualified employer’ for ‘taxpayer’ each  
2           place it appears).

3           “(B) QUALIFIED VETERAN.—The term  
4           ‘qualified veteran’ has the meaning given such  
5           term by section 51(d)(3), but applied without  
6           regard to whether such individual has been cer-  
7           tified by the designated local agency.

8           “(5) FIRST-YEAR WAGES.—For purposes of this  
9           subsection, the term ‘first-year wages’ means, with  
10          respect to any individual, wages for services ren-  
11          dered during the 1-year period beginning with the  
12          day the individual begins work for the employer.

13          “(6) COORDINATION WITH CREDIT FOR EM-  
14          PLOYMENT OF QUALIFIED VETERANS BY QUALIFIED  
15          TAX-EXEMPT ORGANIZATIONS.—This subsection  
16          shall not apply with respect to the first-year wages  
17          of any individual if such wages are taken into ac-  
18          count in determining the credit allowed under sub-  
19          section (e).

20          “(7) ELECTION.—A qualified employer may  
21          elect to have this subsection not apply with respect  
22          to the first-year wages of any individual. Such elec-  
23          tion shall be made in such manner as the Secretary  
24          may require.”.

1           (2) COORDINATION WITH WORK OPPORTUNITY  
2 CREDIT.—Section 51(c) of such Code is amended by  
3 adding at the end the following new paragraph:

4           “(6) COORDINATION WITH PAYROLL TAX EX-  
5 EMPTION FOR QUALIFIED VETERANS.—The credit  
6 determined under this section with respect to any  
7 qualified veteran for any taxable year shall be re-  
8 duced by an amount equal to 7.65 percent of the  
9 qualified first-year wages paid or incurred by the  
10 taxpayer to such veteran during such taxable year to  
11 which section 3111(g) or 3221(d) applied.”.

12           (3) COORDINATION WITH CREDIT FOR EMPLOY-  
13 MENT OF QUALIFIED VETERANS BY QUALIFIED TAX-  
14 EXEMPT ORGANIZATIONS.—Section 3111(e) of such  
15 Code is amended by adding at the end the following  
16 new paragraph:

17           “(6) ELECTION.—

18           “(A) IN GENERAL.—A qualified tax-ex-  
19 empt organization may elect to determine the  
20 credit allowed under this section without regard  
21 to the qualified first-year wages of any indi-  
22 vidual.

23           “(B) COORDINATION WITH EXEMPTION  
24 FOR FIRST-YEAR WAGES OF SPECIFIED VET-  
25 ERANS.—For exemption for first-year wages of

1 specified veterans to which this subsection does  
2 not apply, see subsection (f).”.

3 (4) TRANSFERS TO FEDERAL OLD-AGE AND  
4 SURVIVORS INSURANCE TRUST FUND.—There are  
5 hereby appropriated to the Federal Old-Age and  
6 Survivors Trust Fund and the Federal Disability In-  
7 surance Trust Fund established under section 201  
8 of the Social Security Act (42 U.S.C. 401) amounts  
9 equal to the reduction in revenues to the Treasury  
10 by reason of the amendments made by paragraph  
11 (1). Amounts appropriated by the preceding sen-  
12 tence shall be transferred from the general fund at  
13 such times and in such manner as to replicate to the  
14 extent possible the transfers which would have oc-  
15 curred to such Trust Fund had such amendments  
16 not been enacted.

17 (5) APPLICATION TO RAILROAD RETIREMENT  
18 TAXES.—

19 (A) IN GENERAL.—Section 3221 of the In-  
20 ternal Revenue Code of 1986 is amended by re-  
21 designating subsection (d) as subsection (e) and  
22 by inserting after subsection (c) the following  
23 new subsection:

24 “(d) SPECIAL EXEMPTION FOR CERTAIN VET-  
25 ERANS.—

1           “(1) IN GENERAL.—In the case of first-year  
2           compensation paid by a qualified employer after the  
3           date of the enactment of this subsection with respect  
4           to having a specified veteran in the employer’s em-  
5           ploy for services rendered to such qualified employer,  
6           the applicable percentage under subsection (a) shall  
7           be equal to the rate of tax in effect under section  
8           3111(b) for the calendar year.

9           “(2) LIMITATION.—With respect to any speci-  
10          fied veteran employed by a qualified employer, the  
11          amount of compensation to which paragraph (1) ap-  
12          plies shall not exceed—

13                 “(A) \$125,490 in the case of an individual  
14                 who is a qualified veteran by reason of section  
15                 51(d)(3)(A)(ii)(II),

16                 “(B) \$73,203 in the case of an individual  
17                 who is a qualified veteran by reason of section  
18                 51(d)(3)(A)(iv),

19                 “(C) \$62,745 in the case of an individual  
20                 who is a qualified veteran by reason of section  
21                 51(d)(3)(A)(ii)(I), and

22                 “(D) \$31,373 in the case of any other  
23                 qualified veteran.

24           “(3) QUALIFIED EMPLOYER.—The term ‘quali-  
25          fied employer’ means any employer other than the



1 United States, any State, or any political subdivision  
2 thereof, or any instrumentality of the foregoing.

3 “(4) SPECIFIED VETERAN.—For purposes of  
4 this subsection—

5 “(A) IN GENERAL.—The term ‘specified  
6 veteran’ means any individual who—

7 “(i) begins employment with a quali-  
8 fied employer after the date of the enact-  
9 ment of this subsection,

10 “(ii) certifies by signed affidavit,  
11 under penalties of perjury, that such indi-  
12 vidual is a qualified veteran and whether  
13 such individual is a qualified veteran de-  
14 scribed in subparagraph (A), (B), or (C) of  
15 paragraph (2),

16 “(iii) is not employed by the qualified  
17 employer to replace another employee of  
18 such employer unless such other employee  
19 separated from employment voluntarily or  
20 for cause, and

21 “(iv) is not an individual described in  
22 section 51(i)(1) (applied by substituting  
23 ‘qualified employer’ for ‘taxpayer’ each  
24 place it appears).

1           “(B) QUALIFIED VETERAN.—The term  
2           ‘qualified veteran’ has the meaning given such  
3           term by section 51(d)(3), but applied without  
4           regard to whether such individual has been cer-  
5           tified by the designated local agency.

6           “(5) FIRST-YEAR COMPENSATION.—For pur-  
7           poses of this subsection, the term ‘first-year com-  
8           pensation’ means, with respect to any individual,  
9           compensation for services rendered during the 1-year  
10          period beginning with the day the individual begins  
11          work for the employer.

12          “(6) ELECTION.—A qualified employer may  
13          elect to have this subsection not apply. Such election  
14          shall be made in such manner as the Secretary may  
15          require.”.

16                 (B) TRANSFERS TO SOCIAL SECURITY  
17                 EQUIVALENT BENEFIT ACCOUNT.—There are  
18                 hereby appropriated to the Social Security  
19                 Equivalent Benefit Account established under  
20                 section 15A(a) of the Railroad Retirement Act  
21                 of 1974 (45 U.S.C. 231n-1(a)) amounts equal  
22                 to the reduction in revenues to the Treasury by  
23                 reason of the amendments made by subpara-  
24                 graph (A). Amounts appropriated by the pre-  
25                 ceding sentence shall be transferred from the

1           general fund at such times and in such manner  
2           as to replicate to the extent possible the trans-  
3           fers which would have occurred to such Account  
4           had such amendments not been enacted.

5           (c) EFFECTIVE DATES.—

6           (1) IN GENERAL.—The amendments made by  
7           subsection (a) shall apply to individuals who begin  
8           work for the employer after December 31, 2019.

9           (2) EXEMPTION FROM EMPLOYMENT TAXES.—  
10          The amendments made by subsection (b) shall apply  
11          to amounts paid after the date of the enactment of  
12          this Act.

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