

107TH CONGRESS
1ST SESSION

H. R. 1003

To amend the Internal Revenue Code of 1986 to increase the maximum amount of wages that a farmer can pay for agricultural labor without being subject to the Federal unemployment tax on that labor to reflect inflation since the unemployment tax was first established, and to provide for an annual inflation adjustment in such maximum amount of wages.

IN THE HOUSE OF REPRESENTATIVES

MARCH 13, 2001

Mr. SCHAFER (for himself, Mr. BISHOP, Mr. BLUNT, Mr. DOOLITTLE, Mr. CHAMBLISS, Mr. FLETCHER, Mr. HAYES, Mr. GOODE, Mr. LEWIS of Kentucky, Mr. MCHUGH, Mr. OTTER, Mr. PAUL, Mr. PICKERING, Mr. ROSS, Mr. SESSIONS, Mr. SHOWS, Mr. SIMPSON, Mr. WATKINS, and Mr. WATTS of Oklahoma) 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 increase the maximum amount of wages that a farmer can pay for agricultural labor without being subject to the Federal unemployment tax on that labor to reflect inflation since the unemployment tax was first established, and to provide for an annual inflation adjustment in such maximum amount of wages.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Tax Fairness for Agri-
3 cultural Employers Act”.

4 **SEC. 2. INFLATION ADJUSTMENT FOR MAXIMUM AMOUNT**
5 **OF WAGES FARMERS CAN PAY FOR AGRICUL-**
6 **TURAL LABOR WITHOUT BEING SUBJECT TO**
7 **FEDERAL UNEMPLOYMENT TAX ON THAT**
8 **LABOR.**

9 (a) IN GENERAL.—Paragraph (2) of section 3306(a)
10 of the Internal Revenue Code of 1986 (defining agricul-
11 tural labor) is amended to read as follows:

12 “(2) AGRICULTURAL LABOR.—

13 “(A) IN GENERAL.—In the case of agricul-
14 tural labor, the term ‘employer’ means, with re-
15 spect to any calendar year, any person who—

16 “(i)(I) during any calendar quarter in
17 the calendar year paid wages of the appli-
18 cable dollar amount (or more) for such cal-
19 endar year for agricultural labor, or

20 “(II) during any calendar quarter in
21 the preceding calendar year paid wages of
22 the applicable dollar amount (or more) for
23 such preceding calendar year for agricul-
24 tural labor, or

25 “(ii) on each of some 20 days during
26 the calendar year or during the preceding

1 calendar year, each day being in a dif-
2 ferent calendar week, employed at least 10
3 individuals in employment in agricultural
4 labor for some portion of the day.

5 “(B) APPLICABLE DOLLAR AMOUNT.—For
6 purposes of subparagraph (A), the term ‘appli-
7 cable dollar amount’ means \$50,000.

8 “(C) INFLATION ADJUSTMENT.—

9 “(i) IN GENERAL.—In the case of a
10 calendar year beginning after 2001, the
11 dollar amount contained in subparagraph
12 (B) shall be increased by an amount equal
13 to—

14 “(I) such dollar amount, multi-
15 plied by

16 “(II) the cost-of-living adjust-
17 ment determined under section 1(f)(3)
18 for the calendar year, determined by
19 substituting ‘calendar year 2000’ for
20 ‘calendar year 1992’ in subparagraph
21 (B) thereof.

22 “(ii) ROUNDING.—If any amount as
23 adjusted under clause (i) is not a multiple
24 of \$50, such amount shall be rounded to
25 the next lowest multiple of \$50.”.

1 (b) CONFORMING AMENDMENT.—Clause (i) of sec-
 2 tion 3306(c)(1)(A) of such Code is amended to read as
 3 follows:

4 “(i)(I) during any calendar quarter in
 5 the calendar year paid remuneration in
 6 cash of the applicable dollar amount (as
 7 defined in subsection (a)(2)(B)) or more
 8 for such calendar year to individuals em-
 9 ployed in agricultural labor (including
 10 labor performed by an alien referred to in
 11 subparagraph (B)), or

12 “(II) during any calendar quarter in
 13 the preceding calendar year paid remu-
 14 nation in cash of the applicable dollar
 15 amount (as defined in subsection
 16 (a)(2)(B)) or more for such preceding cal-
 17 endar year to individuals employed in agri-
 18 cultural labor (including labor performed
 19 by an alien referred to in subparagraph
 20 (B)), or”.

21 (c) EFFECTIVE DATE.—The amendments made by
 22 this Act shall take effect on January 1, 2002.

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