To amend the Internal Revenue Code of 1986 to include individuals who have exhausted all rights to emergency unemployment compensation under title IV of the Supplemental Appropriations Act, 2008 as a targeted group for purposes of the work opportunity tax credit.

IN THE HOUSE OF REPRESENTATIVES

JUNE 3, 2011

Ms. JACKSON LEE of Texas 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 include individuals who have exhausted all rights to emergency unemployment compensation under title IV of the Supplemental Appropriations Act, 2008 as a targeted group for purposes of the work opportunity tax credit.

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

SECTION 1. FINDINGS.

The Congress finds the following:

(1) 99ers are a group of people whose numbers have increased six fold in the past 3 years, and com-
prise nearly 10 percent of the unemployment in the third quarter of 2010 (Department of Labor).

(2) From December 2007 to October 2010, the unemployment rate for persons unemployed for more than 99 weeks rose from 0.1 percent to 1.0 percent with an estimate taken in October of 2010 of 1.4 million very long-term unemployed (CRS – R41559).

(3) Before extended benefits expired on November 30, 2010, 24 States and Washington, District of Columbia, offered the full 99 weeks of unemployment benefits, 6 States offered unemployment benefits for 93 weeks, 5 States had unemployment benefits for 86 weeks, 9 States allowed 73 weeks, and 5 States were at 60 weeks, with only Mississippi offering 79 weeks of unemployment benefits (The Center on Budget and Policy Priorities).

(4) The number of unemployed persons in December 2010 dropped to 14.5 million with an unemployment rate of 9.4 percent (Department of Labor).

SEC. 2. WORK OPPORTUNITY CREDIT FOR 99ERS.

(a) IN GENERAL.—Paragraph (1) of section 51(d) of the Internal Revenue Code of 1986 is amended by striking “or” at the end of subparagraph (H), by striking the period at the end of subparagraph (I) and inserting “, or”, and by adding at the end the following:
“(J) a 99er.”

(b) 99ER DEFINED.—Subsection (d) of section 51 of such Code is amended by redesignating paragraphs (11) through (14) as paragraphs (12) through (15), respectively, and by inserting after paragraph (10) the following:

“(11) 99ER.—

“(A) IN GENERAL.—The term ‘99er’ means an individual who, before the end of the 2-year period beginning on the date of the enactment of this paragraph, is certified by the designated local agency as having exhausted all rights to emergency unemployment compensation under title IV of the Supplemental Appropriations Act, 2008 during the period beginning on December 1, 2007, and ending on the hiring date.

“(B) EXHAUSTION OF RIGHTS.—An individual shall be considered to satisfy subparagraph (A) only if—

“(i) no payments of emergency unemployment compensation under title IV of the Supplemental Appropriations Act, 2008 can be made because—

“(I) such individual has received the maximum level of regular com-
pensation, extended compensation, and emergency unemployment compen-
sation within their State, or

“(II) such individual’s rights to such compensation have been termi-
nated by reason of section 4007(b)(3) of such Act, and

“(ii) in the case of an individual to whom an election described in section 4001(e) of such Act applies, no payments of extended compensation can be made under the applicable State law because—

“(I) such individual has ex-
hausted the maximum level of regular compensation, extended compensation, and emergency unemployment compen-
sation applicable within their State, or

“(II) such individual’s rights to such compensation have been termi-
nated by reason of such individual has exhausted the maximum level of such compensation applicable within their State.
“(C) DEFINITIONS.—For purposes of this paragraph—

“(i) the terms ‘regular compensation’, ‘extended compensation’, and ‘State law’ have the respective meanings given them under section 205 of the Federal-State Extended Unemployment Compensation Act of 1970, and

“(ii) the term ‘employment’ has the meaning given such term under the applicable State law.

“(D) SPECIAL RULES.—

“(i) FIRST-YEAR CREDIT AMOUNT FOR INDIVIDUALS PERFORMING BETWEEN 120 AND 400 HOURS OF SERVICE.—Notwithstanding subsection (i)(3)(B), in the case of qualified first year wages paid to a 99er who has performed at least 120 hours, but less than 400 hours, of service for the employer, subsection (a) shall be applied by substituting ‘25 percent’ for ‘40 percent’.

“(ii) SECOND-YEAR CREDIT AMOUNT.—With respect to the employment of a 99er, the amount of the work opportunity credit determined under this section
for the taxable year shall include 25 percent of the qualified second-year wages for such year.

“(E) Qualified second-year wages.—

The term ‘qualified second-year wages’ means qualified wages—

“(i) which are paid to a 99er, and

“(ii) which are attributable to service rendered during the 1-year period beginning on the day after the last day of the 1-year period with respect to such recipient determined under subsection (b)(2).

“(F) Limitation on wages per year taken into account.—For purposes of this paragraph, the amount of the qualified first-year wages and qualified second-year wages which may be taken into account with respect to any individual shall not exceed $10,000 per year.

“(G) Credit made refundable.—

“(i) In general.—In the case of an eligible employer of an employee, the aggregate credits allowed to a taxpayer under subpart C shall be increased by the credit which would be allowed under this section
by reason of subsection (d)(1)(J), without regard to this subparagraph and sections 38(c) and 52(c).

The amount of the credit allowed under this subparagraph shall not be treated as a credit allowed under section 38.

“(ii) ELIGIBLE EMPLOYER.—For purposes of this subsection, the term ‘eligible employer’ means an employer which is—

“(I) a State or political subdivision thereof, the District of Columbia, a possession of the United States, or an agency or instrumentality of any of the foregoing, or

“(II) any organization described in section 501(c) and exempt from taxation under section 501(a).”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to individuals who begin work for the employer after the date of the enactment of this Act.