

113TH CONGRESS
2D SESSION

S. 2618

To amend the Internal Revenue Code of 1986 to provide a credit to employers who provide paid family and medical leave.

IN THE SENATE OF THE UNITED STATES

JULY 16, 2014

Mrs. FISCHER (for herself and Mr. KING) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide a credit to employers who provide paid family and medical leave.

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 “Strong Families Act”.

5 **SEC. 2. EMPLOYER CREDIT FOR PAID FAMILY AND MED-**
6 **ICAL LEAVE.**

7 (a) IN GENERAL.—Subpart D of part IV of sub-
8 chapter A of chapter 1 of the Internal Revenue Code of
9 1986 is amended by adding at the end the following new
10 section:

1 **“SEC. 45S. EMPLOYER CREDIT FOR PAID FAMILY AND MED-**
 2 **ICAL LEAVE.**

3 “(a) IN GENERAL.—For purposes of section 38, in
 4 the case of an eligible employer, the paid family and med-
 5 ical leave credit is an amount equal to 25 percent of the
 6 amount of wages paid to qualifying employees during any
 7 period in which such employees are on family and medical
 8 leave.

9 “(b) LIMITATION.—The credit allowed under sub-
 10 section (a) with respect to any employee shall not exceed
 11 \$4,000 per employee per year. In the case of any employee
 12 who is not paid on an hourly basis, the wages of such em-
 13 ployee shall be prorated to an hourly basis under regula-
 14 tions established by the Secretary, in consultation with the
 15 Secretary of Labor.

16 “(c) ELIGIBLE EMPLOYER.—For purposes of this
 17 section—

18 “(1) IN GENERAL.—The term ‘eligible em-
 19 ployer’ means any employer who has in place a pol-
 20 icy that provides—

21 “(A) all qualifying full-time employees with
 22 not less than 4 weeks of paid family and med-
 23 ical leave,

24 “(B) all qualifying employees who are not
 25 full-time employees with an amount of paid

1 family and medical leave that bears the same
2 ratio to 4 weeks as—

3 “(i) the number of hours the employee
4 is expected to work during any week, bears
5 to

6 “(ii) the number of hours an equiva-
7 lent qualifying full-time employee is ex-
8 pected to work during the week, and

9 “(C) the maximum amount of time eligible
10 employers may provide is twelve weeks.

11 “(2) SPECIAL RULE FOR CERTAIN EMPLOY-
12 ERS.—

13 “(A) IN GENERAL.—An added employer
14 shall not be treated as an eligible employer un-
15 less such employer provides paid family and
16 medical leave under a policy with a provision
17 that states that the employer—

18 “(i) will not interfere with, restrain,
19 or deny the exercise of or the attempt to
20 exercise, any right provided under the pol-
21 icy, and

22 “(ii) will not discharge or in any other
23 manner discriminate against any individual
24 for opposing any practice prohibited by the
25 policy.

1 “(B) ADDED EMPLOYER; ADDED EM-
2 PLOYEE.—For purposes of this paragraph—

3 “(i) ADDED EMPLOYEE.—The term
4 ‘added employee’ means a qualifying em-
5 ployee who is not covered by title I of the
6 Family and Medical Leave Act of 1993.

7 “(ii) ADDED EMPLOYER.—The term
8 ‘added employer’ means an eligible em-
9 ployer (determined without regard to this
10 paragraph), whether or not covered by that
11 title I, who offers paid family and medical
12 leave to added employees.

13 “(3) TREATMENT OF STATE-PAID BENEFITS.—
14 For purposes of paragraph (1), any leave which is
15 paid by a State or local government shall not be
16 taken into account in determining the amount of
17 paid family and medical leave provided by the em-
18 ployer.

19 “(4) NO INFERENCE.—Nothing in this sub-
20 section shall be construed as subjecting an employer
21 to any penalty, liability, or other consequence (other
22 than ineligibility for the credit allowed by reason of
23 subsection (a)) for failure to comply with the re-
24 quirements of this subsection.

1 “(d) QUALIFYING EMPLOYEES.—For purposes of
 2 this section, the term ‘qualifying employee’ means any em-
 3 ployee (as defined in section 3(e) of the Fair Labor Stand-
 4 ards Act of 1938) who has been employed by the employer
 5 for one year or more.

6 “(e) FAMILY AND MEDICAL LEAVE.—For purposes
 7 of this section, the term ‘family and medical leave’ means
 8 leave for any purpose described under subparagraph (A),
 9 (B), (C), (D), or (E) of paragraph (1), or paragraph (3),
 10 of section 102(a) of the Family and Medical Leave Act
 11 of 1993, whether the leave is provided under that Act or
 12 by a policy of the employer. Such term shall not include
 13 any leave provided as paid vacation leave, personal leave,
 14 or medical or sick leave (within the meaning of those 3
 15 terms under section 102(d)(2) of that Act).

16 “(f) WAGES.—For purposes of this section, the term
 17 ‘wages’ has the meaning given such term by subsection
 18 (b) of section 3306 (determined without regard to any dol-
 19 lar limitation contained in such section).”.

20 (b) CREDIT PART OF GENERAL BUSINESS CREDIT.—
 21 Section 38(b) of the Internal Revenue Code of 1986 is
 22 amended by striking “plus” at the end of paragraph (35),
 23 by striking the period at the end of paragraph (36) and
 24 inserting “, plus”, and by adding at the end the following
 25 new paragraph:

1 “(37) in the case of an eligible employer (as de-
2 fined in section 45S(c)), the paid family and medical
3 leave credit determined under section 45S(a).”.

4 (c) CLERICAL AMENDMENT.—The table of sections
5 for subpart D of part IV of subchapter A of chapter 1
6 of the Internal Revenue Code of 1986 is amended by add-
7 ing at the end the following new item:

 “Sec. 45S. Employer credit for paid family and medical leave.”.

8 (d) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to taxable years beginning after
10 the date of the enactment of this Act.

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