To amend the Internal Revenue Code of 1986 to provide a tax credit for personal protective equipment to small businesses, non-profits, independent contractors, veterans’ organizations, and farmers, among other entities, in any year in which the President declares a national emergency relating to COVID-19.

IN THE HOUSE OF REPRESENTATIVES
JUNE 15, 2020

Mrs. LAWRENCE (for herself, Mr. BALDERSOON, Mr. QUIGLEY, Mr. JOYCE of Pennsylvania, Mr. DELGADO, Mr. MCKINLEY, Ms. SLOTKIN, and Mr. STIVERS) 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 provide a tax credit for personal protective equipment to small businesses, non-profits, independent contractors, veterans’ organizations, and farmers, among other entities, in any year in which the President declares a national emergency relating to COVID-19.

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 PPE Tax Credit Act”.

SEC. 2. FINDINGS.

Congress finds the following:

(1) On January 21, 2020, the United States confirmed the Nation’s first case of the 2019 novel coronavirus, which presents as the disease COVID–19.

(2) On March 11, 2020, the World Health Organization upgraded the COVID–19 outbreak from global health emergency status to a pandemic.

(3) On March 15, 2020, the Centers for Disease Control and Prevention recommended a restriction on gatherings of 50 or more people in the United States.

(4) Beginning in mid-March, the administration issued new guidelines on the pandemic and called for nationwide social distancing, among other precautions, to slow the spread of COVID–19.

(5) On March 17, 2020, Dr. Anthony Fauci, in his capacity as Director of the National Institute of Allergy and Infectious Diseases, explained that “social distancing is really physical separation of people, wherein circumstances where there are crowds, you remove yourself from very close contact.”

(6) Most Governors executed orders in States across the country to close or restrict operations of business across various industries on a temporary...
basis, in an effort to promote social distancing, stymie the rapid spread of the coronavirus, and flatten the curve so as not to overwhelm the Nation’s health care system’s capacity.

(7) Those closures or operating limitations have caused significant strain on America’s small businesses in the interest of public health.

(8) Small businesses are the engine of the United States economy, comprising 99 percent of all business ventures in the United States and accounting for half of the United States economy.

(9) In order to safely resume full operations, these small businesses need access to personal protective equipment; in some cases, States are requiring employers and employees use this personal protective equipment in order to allow public entry.

(10) Due to the fiscal strain of pandemic-related losses on these small businesses, they cannot and should not bear the financial burden of acquiring personal protective equipment without relief.

(11) Providing relief through a tax credit for the purchase and use of personal protective equipment will directly support small businesses returning to and exceeding pre-COVID-19 pandemic production levels.
(12) At a Small Business Committee forum on May 28, 2020, Mr. Charles “Tee” Rowe, President and Chief Executive Officer of America’s SBDC, testified to the potential value of such credits.

(13) Personal protective equipment tax credits will be instrumental in safely and responsibly restarting the engine of the United States economy.

SEC. 3. PERSONAL PROTECTIVE EQUIPMENT TAX CREDIT.

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

“SEC. 45U. PERSONAL PROTECTIVE EQUIPMENT CREDIT.

“(a) ALLOWANCE OF CREDIT.—For purposes of section 38, the personal protective equipment credit determined under this section for the taxable year is an amount equal to the amount paid by an eligible taxpayer in carrying on any trade or business for qualified personal protective equipment expenses during such year.

“(b) MAXIMUM CREDIT.—The credit determined under this section with respect to any eligible taxpayer for any taxable year shall not exceed $25,000.

“(c) DEFINITION AND SPECIAL RULES.—For purposes of this section—

“(1) ELIGIBLE TAXPAYER.—
“(A) IN GENERAL.—The term ‘eligible taxpayer’ means—

“(i) a small business concern,

“(ii) any business concern (including an enterprise that is engaged in the business of production of food and fiber, ranching and raising of livestock, aquaculture, and all other farming and agricultural related industries), non-profit organization that is described in section 501(c)(3) and exempt from tax under section 501(a), veterans organization, or Tribal business concern that employs not more than the greater of—

“(I) 500 employees, or

“(II) if applicable, the size standard in number of employees established by the Small Business Administration for the industry in which such business concern, non-profit organization, veterans organization, or Tribal business concern operates, or

“(iii) an individual who operates under a sole proprietorship, as an inde-
dependent contractor, or as a self-employed individual.

“(B) SMALL BUSINESS CONCERN.—The term ‘small business concern’ has the meaning given such term under section 3 of the Small Business Act (15 U.S.C. 632), and also includes—

“(i) any business concern that employs not more than 500 employees per physical location of such business concern and that is assigned a North American Industry Classification System code beginning with 72,

“(ii) any business concern operating as a franchise that is assigned a franchise identifier code by the Small Business Administration, and


“(C) DOCUMENTATION REQUIREMENTS.—The Secretary may establish such documenta-
tion requirements as are necessary to determine eligibility for a credit under this section.

“(2) QUALIFIED PERSONAL PROTECTIVE EQUIPMENT EXPENSES.—The term ‘qualified personal protective equipment expenses’ includes amounts paid or incurred—

“(A) for the purpose of reducing the risk of Coronavirus Disease 2019 (COVID–19) transmission between people on the premises of the business of the taxpayer, including—

“(i) gloves, medical masks, N–95 respirators, eye protection, gowns and aprons, boots or closed-toe work shoes, cleaning detergents, hand sanitizers, cleaning products and tools,

“(ii) retrofitting or installation of equipment, and

“(iii) any other relevant expense the Secretary, in consultation with the Secretary of Health and Human Services, determines necessary, and

“(B) at any time during a year in which, with respect to COVID–19—
“(i) the President declares a national emergency under the National Emergencies Act (50 U.S.C. 1601 et seq.), or

“(ii) an emergency involving Federal primary responsibility is determined to exist by the President under the section 501(b) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5191(b)).

“(d) Denial of Double Benefit.—No deduction shall be allowed under this chapter for any amount taken into account in determining the credit under this section.

“(e) Denial of Credit for Counterfeit Items.—No credit shall be allowed under this section with respect to any item if the Secretary determines such item to be counterfeit or sold or distributed in bad faith.”.

(b) Credit Made Part of General Business Credit.—Subsection (b) of section 38 of such Code is amended by striking “plus” at the end of paragraph (32), by striking the period at the end of paragraph (33) and inserting “, plus”, and by adding at the end the following new paragraph:

“(34) the personal protective equipment credit determined under section 45U.”.
(c) Clerical Amendment.—The table of sections for subpart D of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

“Sec. 45U. Personal Protective Equipment Credit.”.

(d) Effective Date.—The amendments made by this section shall apply to expenses made or incurred after December 31, 2019, in taxable years ending after such date.