

119TH CONGRESS
1ST SESSION

S. 3265

To amend the Internal Revenue Code of 1986 to improve and enhance the work opportunity tax credit, to encourage longer-service employment, and to modernize the credit to make it more effective as a hiring incentive for targeted workers, and for other purposes.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 20, 2025

Mr. CASSIDY (for himself, Ms. HASSAN, Mr. BOOZMAN, Mr. KAINE, Mr. MARSHALL, Mr. WELCH, Mr. MORAN, Mr. JUSTICE, and Ms. CORTEZ MASTO) 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 improve and enhance the work opportunity tax credit, to encourage longer-service employment, and to modernize the credit to make it more effective as a hiring incentive for targeted workers, and for other purposes.

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 “Improve and Enhance
5 the Work Opportunity Tax Credit Act”.

1 **SEC. 2. IMPROVING AND ENHANCING WORK OPPORTUNITY**

2 **TAX CREDIT.**

3 (a) **EXTENSION.**—Section 51(c)(4) of the Internal
4 Revenue Code of 1986 is amended by striking “December
5 31, 2025” and inserting “December 31, 2030”.

6 (b) **ENHANCEMENT OF CREDIT.**—

7 (1) **IN GENERAL.**—Section 51(a) of the Internal
8 Revenue Code of 1986 is amended—

9 (A) by striking “shall be equal to 40 per-
10 cent” and all that follows and inserting the fol-
11 lowing: “shall be equal to the sum of—

12 “(1) 50 percent of so much of the qualified
13 first-year wages with respect to each individual for
14 such year as does not exceed \$6,000, plus

15 “(2) in the case of individuals who have per-
16 formed at least 400 hours of service for the em-
17 ployer, 50 percent of so much of the qualified first-
18 year wages with respect to each such individual for
19 such year as exceeds the dollar amount in effect
20 under paragraph (1) and does not exceed twice such
21 dollar amount.”.

22 (2) **INFLATION ADJUSTMENTS.**—Section 51 of
23 such Code is amended by adding at the end the fol-
24 lowing new subsection:

25 “(1) **INFLATION ADJUSTMENT.**—

1 “(1) IN GENERAL.—In the case of any taxable
 2 year beginning after 2025, the \$6,000 amount in
 3 subsections (a)(1) and each of the \$10,000 amount
 4 in subsection (e)(1) shall be increased by an amount
 5 equal to—

6 “(A) such dollar amount, multiplied by

7 “(B) the cost-of-living adjustment deter-
 8 mined under section 1(f)(3) for the calendar
 9 year in which the taxable year begins, deter-
 10 mined by substituting ‘calendar year 2024’ for
 11 ‘calendar year 2016’ in subparagraph (A)(ii)
 12 thereof.

13 “(2) ROUNDING.—Any increase determined
 14 under paragraph (1) shall be rounded to the next
 15 nearest multiple of \$100.”.

16 (3) CONFORMING AMENDMENTS.—

17 (A) LIMITATION ON WAGES TAKEN INTO
 18 ACCOUNT FOR CERTAIN VETERANS.—Section
 19 51(b)(3) of such Code is amended to read as
 20 follows:

21 “(3) INCREASED LIMITATION ON WAGES TAKEN
 22 INTO ACCOUNT FOR CERTAIN VETERANS.—

23 “(A) IN GENERAL.—In the case of any
 24 qualified veteran described in subparagraph

(B), subsection (a) shall be applied by substituting ‘the applicable amount’ for ‘\$6,000’.

“(B) APPLICABLE AMOUNT.—For purposes of this paragraph, the applicable amount is—

“(i) in the case of any individual who is a qualified veteran by reason of subsection (d)(3)(A)(ii)(I), 200 percent of the dollar amount in effect under subsection (a)(1),

“(ii) in the case of any individual who is a qualified veteran by reason of subsection (d)(3)(A)(iv), 250 percent of the dollar amount in effect under subsection (a)(1), and

“(iii) in the case of any individual who is a qualified veteran by reason of subsection (d)(3)(A)(ii)(II), 400 percent of the dollar amount in effect under subsection (a)(1).”.

(B) LONG-TERM FAMILY ASSISTANCE RECIPIENTS.—

(i) IN GENERAL.—Section 51(e)(1) of such Code is amended by striking “family assistance recipient—” and all that follows and inserting the following: “family assist-

ance recipient, in lieu of subsection (a), the amount of the work opportunity credit determined under this section for the taxable year shall be equal to—

“(1) 40 percent of so much of the qualified first-year wages with respect to such individual for such year as does not exceed \$10,000, and

“(2) 50 percent of so much of the qualified second-year wages with respect to such individual for such year as does not exceed \$10,000.”.

(ii) CLERICAL AMENDMENT.—The heading for section 51(e) of such Code is amended by striking “CREDIT FOR SECOND-YEAR WAGES” and inserting “SPECIAL RULES FOR DETERMINING CREDIT”.

(C) SUMMER YOUTH EMPLOYEES.—Section 51(d)(7)(B) of such Code is amended—

(i) by striking clause (ii),

(ii) by striking “, and” at the end of clause (i) and inserting a period,

(iii) by redesignating clause (i) (as so amended) as clause (v), and

(iv) by inserting before such clause (v) (as so redesignated) the following new clauses:

“(i) in lieu of the amount determined under subsection (a), the amount of the work opportunity credit determined under this section for the taxable year shall be equal to 40 percent of the qualified first-year wages for such year,

“(ii) in the case of an individual described in subsection (i)(3)(A), clause (i) shall be applied by substituting ‘25 percent’ for ‘40 percent’,

“(iii) in the case of an individual described in subsection (i)(3)(B), no wages shall be taken into account under clause (i),

“(iv) the amount of qualified first-year wages which may be taken into account with respect to such individual shall not exceed 50 percent of the dollar amount in effect under subsection (a)(1), and”.

(D) AGRICULTURAL AND RAILWAY

LABOR.—

(i) IN GENERAL.—Section 51(h)(1) of such Code is amended—

(I) in subparagraph (A), by striking “\$6,000” and inserting “the dol-

1 lar amount in effect under subsection
 2 (a)(1)”, and

3 (II) in subparagraph (B), by
 4 striking “\$500 per month” and in-
 5 serting “one-twelfth of the dollar
 6 amount in effect under subsection
 7 (a)(1) per month”.

8 (ii) RELATED CONFORMING AMEND-
 9 MENTS.—Section 51(e)(3) of such Code is
 10 amended by striking subparagraphs (A)
 11 and (B) and inserting the following:

12 “(A) such subparagraph (A) shall be ap-
 13 plied by substituting ‘the dollar amount in ef-
 14 fect under subsection (e)(1)’ for ‘the dollar
 15 amount in effect under subsection (a)(1)’, and

16 “(B) such subparagraph (B) shall be ap-
 17 plied by substituting ‘one-twelfth of the dollar
 18 amount in effect under subsection(e)(1)’ for
 19 ‘one-twelfth of the dollar amount in effect
 20 under subsection (a)(1)’.”.

21 (E) INDIVIDUALS NOT MEETING MINIMUM
 22 EMPLOYMENT PERIODS.—

23 (i) Subparagraphs (A) and (B) of sec-
 24 tion 51(i)(3) of such Code are each amend-

1 ed by striking “subsection (a)” and insert-
 2 ing “subsection (a)(1)”.

3 (ii) Section 51(i)(3)(A) of such Code
 4 is amended by striking “40 percent” and
 5 inserting “50 percent”.

6 (c) REMOVAL OF AGE LIMIT FOR QUALIFIED SUP-
 7 PLEMENTAL NUTRITION ASSISTANCE PROGRAM BENE-
 8 FITS RECIPIENT.—Section 51(d)(8)(A)(i) of such Code is
 9 amended by striking “but not age 40”.

10 (d) EFFECTIVE DATE.—The amendments made by
 11 this section shall apply to individuals who begin work for
 12 the employer after December 31, 2025.

13 **SEC. 3. ELIGIBILITY OF SPOUSES OF MILITARY PERSONNEL**
 14 **FOR THE WORK OPPORTUNITY CREDIT.**

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

20 “(K) a qualified military spouse.”.

21 (b) QUALIFIED MILITARY SPOUSE.—Subsection (d)
 22 of section 51 of such Code is amended by adding at the
 23 end the following new paragraph:

24 “(16) QUALIFIED MILITARY SPOUSE.—The
 25 term ‘qualified military spouse’ means any individual

1 who is certified by the designated local agency as
 2 being (as of the hiring date) a spouse of a member
 3 of the Armed Forces of the United States.”.

4 (c) EFFECTIVE DATE.—The amendments made by
 5 this section shall apply to amounts paid or incurred after
 6 the date of the enactment of this Act to individuals who
 7 begin work for the employer after such date.

8 **SEC. 4. PROMOTION OF TARGETED GROUP MEMBER HIR-**
 9 **ING TO CERTAIN INDUSTRIES.**

10 The Secretary of the Treasury, the Secretary of Com-
 11 merce, the Secretary of Labor, and the Administrator of
 12 the Small Business Administration (or their respective del-
 13 egates), in consultation with each other and consistent
 14 with applicable law, shall promote the hiring of members
 15 of a targeted group (as defined in section 51(d) of the
 16 Internal Revenue Code of 1986) to business leaders across
 17 critical industry sectors, including manufacturing, infra-
 18 structure, energy, health care, and construction.

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