

105TH CONGRESS  
1ST SESSION

# H. R. 1045

To amend the Internal Revenue Code of 1986 to treat a portion of welfare benefits which are contingent on employment as earned income for purposes of the earned income credit, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 12, 1997

Mrs. MINK of Hawaii introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to treat a portion of welfare benefits which are contingent on employment as earned income for purposes of the earned income credit, 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,*

1 **SECTION 1. PORTION OF WELFARE BENEFITS CONTINGENT**  
2 **ON EMPLOYMENT TREATED AS EARNED IN-**  
3 **COME FOR EARNED INCOME CREDIT.**

4 (a) IN GENERAL.—Paragraph (2) of section 32(c) of  
5 the Internal Revenue Code of 1986 (defining earned in-  
6 come) is amended by adding at the end the following new  
7 subparagraph:

8 “(C) If—

9 “(i) as a condition of receiving any  
10 payment or other amount under a State  
11 program funded under part A of title IV of  
12 the Social Security Act, the eligible individ-  
13 ual is required to perform services for any  
14 person, and

15 “(ii) such individual receives no com-  
16 pensation (other than such payment or  
17 other amount) for performing such serv-  
18 ices,

19 then the term ‘earned income’ includes an  
20 amount equal to the product of the number of  
21 hours during the taxable year that such services  
22 are performed and the minimum wage rate ap-  
23 plicable to the individual under section 6(a)(1)  
24 of the Fair Labor Standards Act of 1938 (de-  
25 termined without regard to section 3(m) of such  
26 Act). The preceding sentence shall also apply

1           for purposes of sections 21 and 129 (relating to  
2           dependent care credit and assistance).”

3       (b) **EFFECTIVE DATE.**—The amendment made by  
4 subsection (a) shall apply to taxable years beginning after  
5 the date of the enactment of this Act.

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