

107TH CONGRESS
1ST SESSION

H. R. 1414

To amend the Internal Revenue Code of 1986 to expand the work opportunity tax credit for small business jobs creation.

IN THE HOUSE OF REPRESENTATIVES

APRIL 4, 2001

Mr. RANGEL (for himself, Mr. McNULTY, Mr. TOWNS, Mr. LaFALCE, Ms. SLAUGHTER, Mr. HINCHEY, Mr. CROWLEY, Mrs. MALONEY of New York, Mr. SERRANO, and Mr. GILMAN) 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 expand the work opportunity tax credit for small business jobs creation.

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 “Small Business Jobs
5 Credit Act of 2001”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

8 (1) In many parts of the United States, smaller
9 cities and rural areas are experiencing population

1 loss and low-job growth that hurts the surrounding
2 communities.

3 (2) In areas hurt by low-job growth, people are
4 forced to leave the communities they have lived in
5 their whole life to secure a job.

6 (3) A small business tax credit to promote jobs
7 in areas suffering from low-job growth and popu-
8 lation loss would spur the economy and allow busi-
9 nesses to take advantage of an often underutilized
10 well-educated workforce.

11 **SEC. 3. EXPANSION OF WORK OPPORTUNITY TAX CREDIT.**

12 (a) IN GENERAL.—Section 51(d)(1) of the Internal
13 Revenue Code of 1986 (relating to members of targeted
14 groups) is amended by striking “or” at the end of sub-
15 paragraph (G), by striking the period at the end of sub-
16 paragraph (H) and inserting “, or”, and by adding at the
17 end the following:

18 “(I) a qualified small business employee.”.

19 (b) QUALIFIED SMALL BUSINESS EMPLOYEE.—Sec-
20 tion 51(d) of the Internal Revenue Code of 1986 is amend-
21 ed by redesignating paragraphs (10) through (12) as para-
22 graphs (11) through (13), respectively, and by inserting
23 after paragraph (9) the following:

24 “(10) QUALIFIED SMALL BUSINESS EM-
25 PLOYEE.—

1 “(A) IN GENERAL.—The term ‘qualified
2 small business employee’ means any
3 individual—

4 “(i) hired by a qualified small busi-
5 ness located in a development zone, or

6 “(ii) hired by a qualified small busi-
7 ness and who is certified by the designated
8 local agency as residing in such a develop-
9 ment zone.

10 “(B) QUALIFIED SMALL BUSINESS.—The
11 term ‘qualified small business’ has the meaning
12 given the term ‘small employer’ by section
13 4980D(d)(2).

14 “(C) DEVELOPMENT ZONE.—For purposes
15 of this section—

16 “(i) IN GENERAL.—The term ‘devel-
17 opment zone’ means any area—

18 “(I) which is nominated under
19 the procedures defined in sections
20 1400E(a)(1)(A) and 1400E(a)(4) for
21 renewal communities;

22 “(II) which the Secretary of
23 Housing and Urban Development des-
24 ignates as a development zone, after

1 consultation with the Secretary of
2 Commerce;

3 “(III) which has a population of
4 not less than 5,000 and not more
5 than 150,000;

6 “(IV) which has a poverty rate
7 not less than 20 percent (within the
8 meaning of section 1400E(c)(3)(C));

9 “(V) which has an average rate
10 of job growth of less than 1 percent
11 during the preceding 5-year period;
12 and

13 “(VI) which, during the period
14 beginning January 1, 1990 and end-
15 ing with the date of the enactment of
16 this Act, has a net out-migration of
17 inhabitants, or other population loss,
18 from the area of at least 3 percent of
19 the population of the area during such
20 period.

21 “(ii) NUMBER OF DESIGNATIONS.—
22 The Secretary of Housing and Urban De-
23 velopment may not designate more than
24 100 development zones.

1 “(D) SPECIAL RULES FOR DETERMINING
2 AMOUNT OF CREDIT.—For purposes of applying
3 this subpart to wages paid or incurred to any
4 qualified small business employee—

5 “(i) subsection (a) shall be applied by
6 substituting “20 percent of the qualified
7 first, second, third, fourth, or fifth year
8 wages” for “40 percent of the qualified
9 first year wages”, and

10 “(ii) in lieu of paragraphs (2) and (3)
11 of subsection (b), the following definitions
12 and special rule shall apply:

13 “(I) QUALIFIED FIRST-YEAR
14 WAGES.—The term ‘qualified first-
15 year wages’ means, with respect to
16 any individual, qualified wages attrib-
17 utable to service rendered during the
18 1-year period beginning with the day
19 the individual begins work for the em-
20 ployer.

21 “(II) QUALIFIED SECOND-YEAR
22 WAGES.—The term ‘qualified second-
23 year wages’ means, with respect to
24 any individual, qualified wages attrib-
25 utable to service rendered during the

1 1-year period beginning on the day
2 after the last day of the 1-year period
3 with respect to such individual deter-
4 mined under subclause (I).

5 “(III) QUALIFIED THIRD-YEAR
6 WAGES.—The term ‘qualified third-
7 year wages’ means, with respect to
8 any individual, qualified wages attrib-
9 utable to service rendered during the
10 1-year period beginning on the day
11 after the last day of the 1-year period
12 with respect to such individual deter-
13 mined under subclause (II).

14 “(IV) QUALIFIED FOURTH-YEAR
15 WAGES.—The term ‘qualified fourth-
16 year wages’ means, with respect to
17 any individual, qualified wages attrib-
18 utable to service rendered during the
19 1-year period beginning on the day
20 after the last day of the 1-year period
21 with respect to such individual deter-
22 mined under subclause (III).

23 “(V) QUALIFIED FIFTH-YEAR
24 WAGES.—The term ‘qualified fifth-
25 year wages’ means, with respect to

1 any individual, qualified wages attrib-
2 utable to service rendered during the
3 1-year period beginning on the day
4 after the last day of the 1-year period
5 with respect to such individual deter-
6 mined under subclause (IV).

7 “(VI) ONLY FIRST \$15,000 OF
8 WAGES PER YEAR TAKEN INTO AC-
9 COUNT.—The amount of the qualified
10 first, second, third, fourth, and fifth
11 year wages which may be taken into
12 account with respect to any individual
13 shall not exceed \$15,000 per year.”.

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

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