

107TH CONGRESS
2D SESSION

H. R. 3702

To amend the Internal Revenue Code of 1986 to allow employers a credit
against income tax for increasing employment.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 7, 2002

Ms. HART 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 allow em-
ployers a credit against income tax for increasing em-
ployment.

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 “Job Creation Tax
5 Credit Act of 2002”.

6 **SEC. 2. CREDIT FOR INCREASING EMPLOYMENT.**

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 (relating to business related credits) is amended by
10 adding at the end the following new section:

1 **“SEC. 45G. CREDIT FOR INCREASING EMPLOYMENT.**

2 “(a) GENERAL RULE.—For purposes of section 38,
3 the increased employment credit for any taxable year shall
4 be an amount equal to 50 percent of the excess of—

5 “(1) the aggregate unemployment insurance
6 wages paid during the calendar year ending during
7 such taxable year, over

8 “(2) 102 percent of the aggregate unemploy-
9 ment insurance wages paid during the preceding cal-
10 endar year.

11 “(b) MINIMUM PRECEDING YEAR WAGES.—For pur-
12 poses of determining the amount of the credit under sub-
13 section (a) with respect to any calendar year, the amount
14 described in subsection (a)(2) shall be deemed to be not
15 less than 50 percent of the amount of such wages paid
16 during such preceding calendar year.

17 “(c) TOTAL WAGES MUST INCREASE.—The amount
18 of the credit determined under this section for any taxable
19 year shall not exceed the amount which would be deter-
20 mined for such year under subsection (a) (without regard
21 to subsection (b)) if—

22 “(1) the aggregate amounts taken into account
23 as unemployment insurance wages were determined
24 without any dollar limitation, and

25 “(2) ‘105 percent’ were substituted for ‘102
26 percent’ in subsection (a).

1 “(d) \$100,000 PER YEAR LIMITATION ON CREDIT.—

2 The amount of the credit determined under this section
3 for any employer with respect to any calendar year shall
4 not exceed \$100,000.

5 “(e) UNEMPLOYMENT INSURANCE WAGES.—For
6 purposes of this section, the term ‘unemployment insur-
7 ance wages’ has the meaning given to the term ‘wages’
8 by section 3306(b).

9 “(f) SPECIAL RULES.—Rules similar to the following
10 rules shall apply for purposes of this section:

11 “(1) Section 51(f) (relating to remuneration
12 must be for trade or business employment).

13 “(2) Section 51(h)(1) (relating to special rules
14 for agricultural labor and railway labor).

15 “(3) Section 52 (relating to special rules for
16 work opportunity credit).

17 “(4) Section 41(f) (relating to adjustments for
18 certain acquisitions, etc.).

19 “(g) OTHER SPECIAL RULES.—

20 “(1) CHANGE IN STATUS FROM SELF-EM-
21 PLOYED TO EMPLOYEE.—If—

22 “(A) during any calendar year an indi-
23 vidual has net earnings from self-employment
24 (as defined in section 1402(a)) which are attrib-
25 utable to a trade or business, and

1 “(B) for any portion of the succeeding cal-
 2 endar year such individual is an employee of
 3 such trade or business,
 4 then, for purposes of determining the credit allow-
 5 able for a taxable year beginning in such succeeding
 6 calendar year, the employer’s aggregate unemploy-
 7 ment insurance wages for the calendar year pre-
 8 ceding the calendar year referred to in paragraph
 9 (1) shall be increased by an amount equal to so
 10 much of the net earnings referred to in subpara-
 11 graph (A) as does not exceed \$7,000.

12 “(2) \$50,000 LIMITATION IN THE CASE OF
 13 MARRIED INDIVIDUALS FILING SEPARATE RE-
 14 TURNS.—In the case of a husband or wife who files
 15 a separate return, the limitation under subsection
 16 (d) shall be \$50,000 in lieu of \$100,000. This sub-
 17 section shall not apply if the spouse of the taxpayer
 18 has no interest in a trade or business for the taxable
 19 year of such spouse which ends within or with the
 20 taxpayer’s taxable year.”.

21 (b) DENIAL OF DOUBLE BENEFIT.—Subsection (a)
 22 of section 280C of such Code is amended by inserting
 23 “45G(a),” after “45A(a),”.

24 (c) CREDIT TREATED AS BUSINESS CREDIT.—Sub-
 25 section (b) of section 38 of such Code is amended by strik-

1 ing “plus” at the end of paragraph (14), by striking the
2 period at the end of paragraph (15) and inserting “, plus”,
3 and by adding at the end the following:

4 “(16) the increased employment credit deter-
5 mined under section 45G(a).”.

6 (d) CLERICAL AMENDMENT.—The table of sections
7 for subpart D of part IV of subchapter A of chapter I
8 is amended by adding at the end the following:

“Sec. 45G. Credit for increasing employment.”.

9 (e) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to taxable years beginning after
11 December 31, 2002.

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