

108TH CONGRESS
2D SESSION

H. R. 4307

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

IN THE HOUSE OF REPRESENTATIVES

MAY 6, 2004

Mr. CHOCOLA (for himself, Mr. DAVIS of Tennessee, Mr. COLE, Mr. BEAUPREZ, Mr. HOSTETTLER, Mrs. WILSON of New Mexico, Mr. MILLER of Florida, Mr. FEENEY, Mr. CHABOT, Mr. WILSON of South Carolina, Mrs. MYRICK, Mr. JONES of North Carolina, Mrs. MUSGRAVE, Mr. GARRETT of New Jersey, Mr. SHADEGG, Mr. KLINE, Mr. FRANKS of Arizona, Ms. GINNY BROWN-WAITE of Florida, Mr. GREEN of Wisconsin, Mr. PENCE, Mr. DUNCAN, Mr. PEARCE, Mr. HASTINGS of Washington, Mr. CARTER, Mr. EHLERS, Mr. MURPHY, Mr. BARRETT of South Carolina, Mr. SENSENBRENNER, Ms. HART, Mr. DOOLITTLE, Mr. CANNON, Mr. TURNER of Ohio, Mr. BOYD, Mr. GOODE, Mr. MARIO DIAZ-BALART of Florida, Mr. SOUDER, Mr. QUINN, and Mr. GERLACH) 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 employers a credit against income tax for increasing employment.

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 Creation Act of 2004”.

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

2 (a) IN GENERAL.—Subpart D of part IV of sub-
3 chapter A of chapter 1 of the Internal Revenue Code of
4 1986 (relating to business related credits) is amended by
5 adding at the end the following new section:

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

7 “(a) GENERAL RULE.—For purposes of section 38,
8 in the case of an eligible employer, the increased employ-
9 ment credit for any taxable year shall be an amount equal
10 to 50 percent of the excess of—

11 “(1) the aggregate unemployment insurance
12 wages paid during the calendar year ending during
13 such taxable year, over

14 “(2) 102 percent of the aggregate unemploy-
15 ment insurance wages paid during the preceding cal-
16 endar year.

17 “(b) ELIGIBLE EMPLOYER.—For purposes of this
18 section—

19 “(1) IN GENERAL.—The term ‘eligible em-
20 ployer’ means any employer having gross receipts for
21 the taxable year of less than \$25,000,000.

22 “(2) GROSS RECEIPTS.—For purposes of this
23 subsection, gross receipts for any taxable year shall
24 be reduced by returns and allowances made during
25 the taxable year.

1 “(c) MINIMUM PRECEDING YEAR WAGES.—For pur-
2 poses of determining the amount of the credit under sub-
3 section (a) with respect to any calendar year, the amount
4 described in subsection (a)(2) shall be deemed to be not
5 less than 50 percent of the amount of such wages paid
6 during such preceding calendar year.

7 “(d) TOTAL WAGES MUST INCREASE.—The amount
8 of the credit determined under this section for any taxable
9 year shall not exceed the amount which would be deter-
10 mined for such year under subsection (a) (without regard
11 to subsection (b)) if—

12 “(1) the aggregate amounts taken into account
13 as unemployment insurance wages were determined
14 without any dollar limitation, and

15 “(2) ‘105 percent’ were substituted for ‘102
16 percent’ in subsection (a).

17 “(e) \$100,000 PER YEAR LIMITATION ON CREDIT.—
18 The amount of the credit determined under this section
19 for any employer with respect to any calendar year shall
20 not exceed \$100,000.

21 “(f) UNEMPLOYMENT INSURANCE WAGES.—For pur-
22 poses of this section, the term ‘unemployment insurance
23 wages’ has the meaning given to the term ‘wages’ by sec-
24 tion 3306(b).

1 “(g) SPECIAL RULES.—Rules similar to the following
2 rules shall apply for purposes of this section:

3 “(1) Section 51(g) (relating to United States
4 Employment Service to notify employers of avail-
5 ability of credit).

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

8 “(3) Section 52 (relating to special rules for
9 work opportunity credit).

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

12 “(h) OTHER SPECIAL RULES.—

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

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

19 “(B) for any portion of the succeeding cal-
20 endar year such individual is an employee of
21 such trade or business,

22 then, for purposes of determining the credit allow-
23 able for a taxable year beginning in such succeeding
24 calendar year, the employer’s aggregate unemploy-
25 ment insurance wages for the calendar year pre-

1 ceding the calendar year referred to in subparagraph
2 (A) shall be increased by an amount equal to so
3 much of the net earnings referred to in subpara-
4 graph (A) as does not exceed \$7,000.

5 “(2) \$50,000 LIMITATION IN THE CASE OF
6 MARRIED INDIVIDUALS FILING SEPARATE RE-
7 TURNS.—In the case of a husband or wife who files
8 a separate return, the limitation under subsection
9 (e) shall be \$50,000 in lieu of \$100,000. This sub-
10 section shall not apply if the spouse of the taxpayer
11 has no interest in a trade or business for the taxable
12 year of such spouse which ends within or with the
13 taxpayer’s taxable year.

14 “(i) TERMINATION.—This section shall not apply to
15 any taxable year beginning after 2009.”.

16 (b) DENIAL OF DOUBLE BENEFIT.—Subsection (a)
17 of section 280C of such Code is amended by inserting
18 “45G(a),” after “45A(a),”.

19 (c) CREDIT TREATED AS BUSINESS CREDIT.—Sub-
20 section (b) of section 38 of such Code is amended by strik-
21 ing “plus” at the end of paragraph (14), by striking the
22 period at the end of paragraph (15) and inserting “, plus”,
23 and by adding at the end the following:

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

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

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

4 (e) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to taxable years beginning after
6 December 31, 2004.

○