

108TH CONGRESS
1ST SESSION

H. R. 454

To amend the Internal Revenue Code of 1986 to provide to employers a tax credit for compensation paid during the period employees are performing service as members of the Ready Reserve or the National Guard.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 29, 2003

Mr. GRAVES 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 provide to employers a tax credit for compensation paid during the period employees are performing service as members of the Ready Reserve or the National Guard.

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. READY RESERVE-NATIONAL GUARD EMPLOYEE**

4 **CREDIT ADDED TO GENERAL BUSINESS**

5 **CREDIT.**

6 (a) READY RESERVE-NATIONAL GUARD CREDIT.—

7 Subpart D of part IV of subchapter A of chapter 1 of
8 the Internal Revenue Code of 1986 (relating to business-

1 related credits) is amended by adding at the end the fol-
 2 lowing new section:

3 **“SEC. 45G. READY RESERVE-NATIONAL GUARD EMPLOYEE**
 4 **CREDIT.**

5 “(a) GENERAL RULE.—For purposes of section 38,
 6 the Ready Reserve-National Guard employee credit deter-
 7 mined under this section for the taxable year is an amount
 8 equal to 50 percent of the actual compensation amount
 9 for the taxable year.

10 “(b) DEFINITION OF ACTUAL COMPENSATION
 11 AMOUNT.—For purposes of this section, the term ‘actual
 12 compensation amount’ means the amount of compensation
 13 paid or incurred by an employer with respect to a Ready
 14 Reserve-National Guard employee on any day during a
 15 taxable year when the employee was absent from employ-
 16 ment for the purpose of performing qualified active duty.

17 “(c) LIMITATION.—No credit shall be allowed under
 18 subsection (a) with respect to a Ready Reserve-National
 19 Guard employee who performs qualified active duty on any
 20 day on which the employee was not scheduled to work (for
 21 a reason other than to participate in qualified active duty)
 22 and ordinarily would not have worked.

23 “(d) DEFINITIONS.—For purposes of this section—

24 “(1) QUALIFIED ACTIVE DUTY.—The term
 25 ‘qualified active duty’ means—

1 “(A) active duty, other than the training
2 duty specified in section 10147 of title 10,
3 United States Code (relating to training re-
4 quirements for the Ready Reserve), or section
5 502(a) of title 32, United States Code (relating
6 to required drills and field exercises for the Na-
7 tional Guard), in connection with which an em-
8 ployee is entitled to reemployment rights and
9 other benefits or to a leave of absence from em-
10 ployment under chapter 43 of title 38, United
11 States Code, and

12 “(B) hospitalization incident to such duty.

13 “(2) COMPENSATION.—The term ‘compensa-
14 tion’ means any remuneration for employment,
15 whether in cash or in kind, which is paid or incurred
16 by a taxpayer and which is deductible from the tax-
17 payer’s gross income under section 162(a)(1).

18 “(3) READY RESERVE-NATIONAL GUARD EM-
19 PLOYEE.—The term ‘Ready Reserve-National Guard
20 employee’ means an employee who is a member of
21 the Ready Reserve or of the National Guard.

22 “(4) NATIONAL GUARD.—The term ‘National
23 Guard’ has the meaning given such term by section
24 101(c)(1) of title 10, United States Code.

1 “(5) READY RESERVE.—The term ‘Ready Re-
 2 serve’ has the meaning given such term by section
 3 10142 of title 10, United States Code.”.

4 (b) CREDIT TO BE PART OF GENERAL BUSINESS
 5 CREDIT.—Subsection (b) of section 38 of such Code (re-
 6 lating to general business credit) is amended by striking
 7 “plus” at the end of paragraph (14), by striking the period
 8 at the end of paragraph (15) and inserting “, plus”, and
 9 by adding at the end the following new paragraph:

10 “(16) the Ready Reserve-National Guard em-
 11 ployee credit determined under section 45G(a).”.

12 **SEC. 2. CONFORMING AMENDMENT.**

13 The table of sections for subpart D of part IV of sub-
 14 chapter A of chapter 1 of the Internal Revenue Code of
 15 1986 is amended by inserting after the item relating to
 16 section 45F the following new item:

 “Sec. 45G. Ready Reserve-National Guard employee credit.”.

17 **SEC. 3. EFFECTIVE DATE.**

18 The amendments made by this Act shall apply to tax-
 19 able years beginning after December 31, 2002.

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