

108TH CONGRESS
2D SESSION

H. R. 5079

To amend the Internal Revenue Code of 1986 to allow employers a \$1,000 credit against income tax for every 3 years that they employ a military reservist.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 15, 2004

Mr. SAXTON (for himself, Mr. WOLF, Mr. MILLER of Florida, Mr. SHERWOOD, Mrs. CHRISTENSEN, Mr. LOBIONDO, Mr. WILSON of South Carolina, Ms. BORDALLO, Mr. TANCREDO, Mr. SANDLIN, Mr. GIBBONS, Mr. BASS, Mr. TOWNS, and Mr. TIAHRT) 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 \$1,000 credit against income tax for every 3 years that they employ a military reservist.

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 “Reservists’ Employ-
5 ment Act of 2004”.

1 **SEC. 2. \$1,000 INCOME TAX CREDIT EVERY 3 YEARS FOR EM-**
 2 **PLOYING A MILITARY RESERVIST.**

3 (a) IN GENERAL.—Subpart D of part IV of sub-
 4 chapter A of chapter 1 of the Internal Revenue Code of
 5 1986 (relating to business related credits) is amended by
 6 inserting after section 45F the following new section:

7 **“SEC. 45G. EMPLOYER CREDIT FOR EVERY 3 YEARS OF**
 8 **FULL-TIME EMPLOYMENT OF MILITARY RE-**
 9 **SERVIST.**

10 “(a) IN GENERAL.—For purposes of section 38, the
 11 military reservist employment credit determined under
 12 this section for the taxable year is \$1,000 for each military
 13 reservist whose has a 3-year employment period ending
 14 during the taxable year.

15 “(b) DEFINITIONS.—For purposes of this section—

16 “(1) MILITARY RESERVIST.—The term ‘military
 17 reservist’ means any individual who is a member of
 18 a reserve component (as defined in section 101 of
 19 title 37, United States Code).

20 “(2) 3-YEAR EMPLOYMENT PERIOD.—A military
 21 reservist’s 3-year employment period is each 3-year
 22 period throughout which the individual is—

23 “(A) a military reservist, and

24 “(B) a full-time employee of the taxpayer
 25 (or a predecessor) in a trade or business.

1 A day of employment shall be taken into account
2 under the preceding sentence with respect to any
3 employment period only if not taken into account
4 with respect to any prior period.

5 “(c) SPECIAL RULES.—

6 “(1) INFLATION ADJUSTMENT.—In the case of
7 any taxable year beginning in a calendar year after
8 2005, the dollar amount contained in subsection (a)
9 shall be increased by an amount equal to—

10 “(A) such dollar amount, multiplied by

11 “(B) the cost-of-living adjustment deter-
12 mined under section 1(f)(3) for the calendar
13 year in which the taxable year begins, deter-
14 mined by substituting ‘calendar year 2004’ for
15 ‘calendar year 1992’ in subparagraph (B)
16 thereof.

17 Any increase determined under the preceding sen-
18 tence shall be rounded to the nearest multiple of
19 \$50.

20 “(2) OTHER RULES.—Rules similar to the rules
21 of section 52 shall apply for purposes of this sec-
22 tion.”

23 (b) CREDIT MADE PART OF GENERAL BUSINESS
24 CREDIT.—

1 (1) IN GENERAL.—Subsection (b) of section 38
 2 of such Code (relating to current year business cred-
 3 it) is amended by striking “plus” at the end of para-
 4 graph (14), by striking the period at the end of
 5 paragraph (15) and inserting “, plus”, and by add-
 6 ing at the end thereof the following new paragraph:

7 “(16) the military reservist employment credit
 8 determined under section 45G(a).”.

9 (2) LIMITATION ON CARRYBACK.—Subsection
 10 (d) of section 39 of such Code is amended by adding
 11 at the end the following new paragraph:

12 “(11) NO CARRYBACK OF MILITARY RESERVIST
 13 EMPLOYMENT CREDIT BEFORE EFFECTIVE DATE.—
 14 No portion of the unused business credit for any
 15 taxable year which is attributable to the credit deter-
 16 mined under section 45G may be carried back to any
 17 taxable year beginning on or before the date of the
 18 enactment of this paragraph.”.

19 (c) CLERICAL AMENDMENT.—The table of sections
 20 for subpart D of part IV of subchapter A of chapter 1
 21 of such Code is amended by inserting after the item relat-
 22 ing to section 45F the following new item:

 “Sec. 45G. Employer credit for every 3 years of full-time employ-
 ment of military reservist.”.

23 (d) EFFECTIVE DATE.—The amendments made by
 24 this section shall apply to taxable years beginning after

1 the date of the enactment of this Act; except that such
2 amendments shall take into account periods of employ-
3 ment on or before such date.

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