

110TH CONGRESS  
1ST SESSION

# H. R. 2442

To provide job creation and assistance, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 22, 2007

Mr. MCHUGH introduced the following bill; which was referred to the Committee on Education and Labor, and in addition to the Committees on Ways and Means, Judiciary, and Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To provide job creation and assistance, and for other purposes.

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 “Rural America Job  
5 Assistance and Creation Act”.

6 **SEC. 2. GRANTS FOR REGIONAL SKILLS ALLIANCE SKILL**  
7 **DEVELOPMENT.**

8 (a) AUTHORIZATION.—

1           (1) IN GENERAL.—The Secretary of Labor, in  
2           consultation with the Secretary of Commerce, shall  
3           award grants to eligible entities described in sub-  
4           section (b) to assist such entities to improve the job  
5           skills necessary for employment in specific indus-  
6           tries.

7           (2) ELIGIBLE ENTITIES DESCRIBED.—

8           (A) IN GENERAL.—An eligible entity de-  
9           scribed in this subsection is a consortium  
10          that—

11                   (i) shall consist of representatives  
12                   from not less than 5 businesses, or a lesser  
13                   number of businesses if such lesser number  
14                   of businesses employs at least 30 percent  
15                   of the employees in the industry involved  
16                   in the region (or a nonprofit organization  
17                   that represents such businesses);

18                   (ii) may consist of representatives  
19                   from—

20                           (I) labor organizations;

21                           (II) State and local government;

22                           and

23                           (III) educational institutions;

24                   (iii) is established to serve one or  
25                   more particular industries; and

1 (iv) is established to serve a particular  
2 geographic region.

3 (B) MAJORITY OF REPRESENTATIVES.—A  
4 majority of the representatives comprising the  
5 consortium shall be representatives described in  
6 subparagraph (A)(i).

7 (3) PRIORITY FOR SMALL BUSINESSES.—In  
8 providing grants under paragraph (1), the Secretary  
9 of Labor shall give priority to an eligible entity if a  
10 majority of representatives forming the entity rep-  
11 resent small-business concerns (as defined in section  
12 3(a) of the Small Business Act (15 U.S.C. 632(a))).

13 (4) MAXIMUM AMOUNT OF GRANT.—The  
14 amount of a grant awarded to an eligible entity  
15 under paragraph (1) may not exceed \$1,000,000 for  
16 any fiscal year.

17 (b) USE OF AMOUNTS.—

18 (1) IN GENERAL.—The Secretary of Labor may  
19 not award a grant under subsection (a) to an eligible  
20 entity unless such entity agrees to use amounts re-  
21 ceived from such grant to improve the job skills nec-  
22 essary for employment by businesses in the industry  
23 with respect to which such entity was established.

24 (2) CONDUCT OF PROGRAM.—

1 (A) IN GENERAL.—In carrying out the  
2 program described in paragraph (1), the eligible  
3 entity may provide for—

4 (i) an assessment of training and job  
5 skill needs for the industry;

6 (ii) the development of a sequence of  
7 skill standards that are benchmarked to  
8 advanced industry practices;

9 (iii) the development of curriculum  
10 and training methods, including, where ap-  
11 propriate, e-learning or technology-based  
12 training;

13 (iv) the purchase, lease, or receipt of  
14 donations of training equipment;

15 (v) the identification of training pro-  
16 viders and the development of partnerships  
17 between the industry and educational insti-  
18 tutions, including community colleges;

19 (vi) the development of apprenticeship  
20 programs;

21 (vii) the development of training pro-  
22 grams for workers, including dislocated  
23 workers;

24 (viii) the development of training  
25 plans for businesses; and

1 (ix) the development of the member-  
2 ship of the entity.

3 (B) ADDITIONAL REQUIREMENT.—In car-  
4 rying out the program described in paragraph  
5 (1), the eligible entity shall provide for the de-  
6 velopment and tracking of performance outcome  
7 measures for the program and the training pro-  
8 viders involved in the program.

9 (3) ADMINISTRATIVE COSTS.—The eligible enti-  
10 ty may use not more than 10 percent of the amount  
11 of a grant to pay for administrative costs associated  
12 with the program described in paragraph (1).

13 (c) REQUIREMENT OF MATCHING FUNDS.—

14 (1) IN GENERAL.—The Secretary of Labor may  
15 not award a grant under subsection (a) to an eligible  
16 entity unless such entity agrees that the entity will  
17 make available non-Federal contributions toward the  
18 costs of carrying out activities under the grant in an  
19 amount that is not less than \$2 for each \$1 of Fed-  
20 eral funds provided under the grant, of which—

21 (A) \$1 shall be provided by the businesses  
22 participating in the entity; and

23 (B) \$1 shall be provided by the State or  
24 local government involved.

25 (2) OTHER CONTRIBUTIONS.—

1 (A) EQUIPMENT.—Equipment donations to  
2 facilities that are not owned or operated by the  
3 members of the eligible entity involved and that  
4 are shared by such members may be included in  
5 determining compliance with paragraph (1).

6 (B) LIMITATION.—An eligible entity may  
7 not include in-kind contributions in complying  
8 with the requirement of paragraph (1). The  
9 Secretary of Labor may consider such dona-  
10 tions in ranking applications.

11 (d) LIMIT ON ADMINISTRATIVE EXPENSES.—The  
12 Secretary of Labor may use not more than 5 percent of  
13 the amounts made available to carry out this section to  
14 pay the Federal administrative costs associated with  
15 awarding grants under this section.

16 (e) AUTHORIZATION OF APPROPRIATIONS.—There  
17 are authorized to be appropriated to carry out this section  
18 \$50,000,000 for each of fiscal years 2007, 2008, and  
19 2009, and such sums as are necessary for each fiscal year  
20 thereafter.

21 **SEC. 3. GRANTS FOR REGIONAL SKILLS ALLIANCE PLAN-**  
22 **NING.**

23 (a) AUTHORIZATION.—

24 (1) IN GENERAL.—The Secretary of Labor, in  
25 consultation with the Secretary of Commerce, shall

1       award grants to States to enable such States to as-  
2       sist businesses, organizations, and agencies de-  
3       scribed in section 2(a)(2) in conducting planning to  
4       form consortia described in such section.

5           (2) MAXIMUM AMOUNT OF GRANT.—The  
6       amount of a grant awarded to a State under para-  
7       graph (1) may not exceed \$500,000 for any fiscal  
8       year.

9           (b) APPLICATION.—The Secretary of Labor may not  
10      award a grant under subsection (a) to a State unless such  
11      State submits to the Secretary an application at such  
12      time, in such manner, and containing such information as  
13      the Secretary may reasonably require.

14          (c) REQUIREMENT OF MATCHING FUNDS.—The Sec-  
15      retary of Labor may not award a grant under subsection  
16      (a) to a State unless such State agrees that it will make  
17      available non-Federal contributions toward the costs of  
18      carrying out activities under this section in an amount  
19      that is not less than \$1 for each \$1 of Federal funds pro-  
20      vided under the grant.

21          (d) AUTHORIZATION OF APPROPRIATIONS.—There  
22      are authorized to be appropriated to carry out this section  
23      \$5,000,000 for fiscal year 2007.

1 **SEC. 4. GRANTS FOR SUPPORT OF BUSINESS INCUBATOR**  
2 **ACTIVITIES.**

3 (a) **PURPOSE.**—It is the purpose of this section to  
4 encourage entrepreneurial creativity and risk taking  
5 through the support of the furnishing of business incu-  
6 bator services for newly established small businesses and  
7 medium-sized businesses.

8 (b) **GRANT PROGRAM.**—To achieve the purpose of  
9 this section, the Secretary of Commerce shall carry out  
10 a program to provide, through grants, financial assistance  
11 for the establishment and support of entities that provide  
12 business incubator services in support of the initiation and  
13 initial sustainment of business activities by newly estab-  
14 lished small businesses and medium-sized businesses.

15 (c) **AWARDS OF GRANTS.**—

16 (1) **ELIGIBILITY REQUIREMENTS.**—The Sec-  
17 retary shall prescribe the eligibility requirements for  
18 the awarding of grants under this section.

19 (2) **COMPETITIVE SELECTION.**—The Secretary  
20 shall use a competitive process for the awarding of  
21 grants under this section and, under that process,  
22 select recipients of the grants on the basis of merit,  
23 with priority given to underserved rural and urban  
24 communities.

1           (3) APPLICATIONS FOR GRANTS.—The Sec-  
2           retary shall prescribe the form and content of appli-  
3           cations required for grants under this section.

4           (d) ADDITIONAL ADMINISTRATIVE AUTHORITIES.—

5           (1) COST-SHARING.—The Secretary may re-  
6           quire the recipient of a grant under this section to  
7           defray a specific level of its operating expenses for  
8           business incubator services out of funds available  
9           from sources other than the Federal Government.

10          (2) ADDITIONAL TERMS AND CONDITIONS.—

11          The Secretary, in awarding a grant, may impose any  
12          other terms and conditions for the use of the pro-  
13          ceeds of the grant that the Secretary determines ap-  
14          propriate for carrying out the purpose of this section  
15          and to protect the interests of the United States, in-  
16          cluding the requirement that entities providing busi-  
17          ness incubator services that receive a grant under  
18          this section develop a plan for ultimately becoming  
19          self-sufficient.

20          (e) DEFINITIONS.—In this section:

21          (1) BUSINESS INCUBATOR SERVICES.—The  
22          term “business incubator services” includes profes-  
23          sional and technical services necessary for the initi-  
24          ation and initial sustainment of operations of a

1 newly established business, including such services  
2 as the following:

3 (A) LEGAL SERVICES.—Legal services, in-  
4 cluding aid in preparing corporate charters,  
5 partnership agreements, and basic contracts.

6 (B) INTELLECTUAL PROPERTY SERV-  
7 ICES.—Services in support of the protection of  
8 intellectual property through patents, trade-  
9 marks, or otherwise.

10 (C) TECHNOLOGY SERVICES.—Services in  
11 support of the acquisition and use of advanced  
12 technology, including the use of Internet serv-  
13 ices and web-based services.

14 (D) PLANNING.—Advice on—

15 (i) strategic planning; and

16 (ii) marketing, including advertising.

17 (2) SMALL BUSINESS AND MEDIUM-SIZED BUSI-  
18 NESS.—

19 (A) SECRETARY TO PRESCRIBE.—The Sec-  
20 retary shall prescribe the definitions of the  
21 terms “small business” and “medium-sized  
22 business” for the purpose of this section.

23 (B) SMALL BUSINESS STANDARDS.—In de-  
24 fining the term “small business” for the pur-  
25 pose of this section, the Secretary shall apply

1 the standards applicable for the definition of  
2 the term “small-business concern” under sec-  
3 tion 3 of the Small Business Act (15 U.S.C.  
4 632).

5 (3) SECRETARY.—The term “Secretary” means  
6 the Secretary of Commerce.

7 (f) REGULATIONS.—The Secretary shall prescribe  
8 regulations for the grant program administered under this  
9 section.

10 (g) AUTHORIZATION OF APPROPRIATIONS.—There  
11 are authorized to be appropriated for the Department of  
12 Commerce to carry out this section \$50,000,000 for fiscal  
13 year 2007, and \$200,000,000 for each fiscal year there-  
14 after.

15 **SEC. 5. NOTIFICATION OF FEDERAL AND STATE ELECTED**  
16 **OFFICIALS PRIOR TO DISLOCATION OF**  
17 **WORKERS.**

18 Section 3(a)(2) of the Worker Adjustment and Re-  
19 training Notification Act (29 U.S.C. 2102(a)(2)) is  
20 amended by inserting “Federal, State, and” after “the  
21 unit of”.

1 **SEC. 6. SUBMISSION OF H-1B LABOR CONDITION APPLICA-**  
2 **TION AT SAME TIME AS CLASSIFICATION PE-**  
3 **TITION.**

4 Section 212(n)(1) of the Immigration and Nationality  
5 Act (8 U.S.C. 1182(n)(1)) is amended by adding at the  
6 end the following: “The application under this paragraph  
7 shall be submitted by an employer at the same time as  
8 the classification petition is filed under section 214 relat-  
9 ing to the H–1B nonimmigrants who are the subject of  
10 the application.”.

11 **SEC. 7. EXCLUSION FROM INCOME OF SEVERANCE PAY-**  
12 **MENT AMOUNTS.**

13 (a) IN GENERAL.—Part III of subchapter B of chap-  
14 ter 1 of the Internal Revenue Code of 1986 (relating to  
15 items specifically excluded from gross income) is amended  
16 by inserting after section 139A the following new section:  
17 **“SEC. 139B. SEVERANCE PAYMENTS.**

18 “(a) IN GENERAL.—In the case of an individual,  
19 gross income shall not include any qualified severance pay-  
20 ment.

21 “(b) LIMITATION.—The amount to which the exclu-  
22 sion under subsection (a) applies shall not exceed \$25,000  
23 with respect to each separation from employment de-  
24 scribed in subsection (c)(1)(B).

25 “(c) QUALIFIED SEVERANCE PAYMENT.—For pur-  
26 poses of this section—

1           “(1) IN GENERAL.—The term ‘qualified sever-  
2           ance payment’ means any payment received by an  
3           individual if—

4                   “(A) such payment was paid by such  
5           individual’s employer on account of such indi-  
6           vidual’s separation from employment, and

7                   “(B) such separation was in connection  
8           with a reduction in the work force of the em-  
9           ployer.

10           “(2) LIMITATION.—Such term shall not include  
11           any payment received by an individual if the aggre-  
12           gate payments received with respect to the separa-  
13           tion from employment exceed \$150,000.”.

14           (b) CLERICAL AMENDMENT.—The table of sections  
15           for part III of subchapter B of chapter 1 of such Code  
16           is amended by inserting after the item relating to section  
17           139A the following new item:

          “Sec. 139B. Severance payments.”.

18           (c) EFFECTIVE DATE.—The amendments made by  
19           this section shall apply to taxable years beginning after  
20           December 31, 2007.

21           **SEC. 8. EXPANSION OF WORK OPPORTUNITY TAX CREDIT.**

22           (a) IN GENERAL.—Section 51(d)(1) of the Internal  
23           Revenue Code of 1986 (relating to members of targeted  
24           groups) is amended by striking “or” at the end of sub-  
25           paragraph (G), by striking the period at the end of sub-

1 paragraph (H) and inserting “, or”, and by adding at the  
2 end the following:

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

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

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

11 “(A) IN GENERAL.—The term ‘qualified  
12 small business employee’ means any indi-  
13 vidual—

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

16 “(ii) hired by a qualified small busi-  
17 ness and who is certified by the designated  
18 local agency as residing in such a develop-  
19 ment zone.

20 “(B) QUALIFIED SMALL BUSINESS.—The  
21 term ‘qualified small business’ has the meaning  
22 given the term ‘small employer’ by section  
23 4980D(d)(2).

24 “(C) DEVELOPMENT ZONE.—For purposes  
25 of this section—

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

3                   “(I) which is nominated under  
4                   the procedures defined in sections  
5                   1400E(a)(1)(A) and 1400E(a)(4) for  
6                   renewal communities;

7                   “(II) which the Secretary of  
8                   Housing and Urban Development des-  
9                   ignates as a development zone, after  
10                  consultation with the Secretary of  
11                  Commerce;

12                  “(III) which has a population of  
13                  not less than 5,000 and not more  
14                  than 150,000;

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

18                  “(V) which has an average an-  
19                  nual rate of job growth of less than 2  
20                  percent during any 3 years of the pre-  
21                  ceding 5-year period; and

22                  “(VI) which, during the period  
23                  beginning January 1, 1990 and end-  
24                  ing with the date of the enactment of  
25                  this section, has a net out-migration

1 of inhabitants, or other population  
2 loss, from the area of at least 2 per-  
3 cent of the population of the area dur-  
4 ing such period.

5 “(ii) NUMBER OF DESIGNATIONS.—  
6 The Secretary of Housing and Urban De-  
7 velopment may not designate more than  
8 100 development zones.

9 “(D) SPECIAL RULES FOR DETERMINING  
10 AMOUNT OF CREDIT.—For purposes of applying  
11 this subpart to wages paid or incurred to any  
12 qualified small business employee—

13 “(i) subsection (a) shall be applied by  
14 substituting ‘20 percent of the qualified  
15 first, second, third, fourth, or fifth year  
16 wages’ for ‘40 percent of the qualified first  
17 year wages’, and

18 “(ii) in lieu of paragraphs (2) and (3)  
19 of subsection (b), the following definitions  
20 and special rule shall apply:

21 “(I) QUALIFIED FIRST-YEAR  
22 WAGES.—The term ‘qualified first-  
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 with the day  
2 the individual begins work for the em-  
3 ployer.

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

13 “(III) QUALIFIED THIRD-YEAR  
14 WAGES.—The term ‘qualified third-  
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 on the day  
19 after the last day of the 1-year period  
20 with respect to such individual deter-  
21 mined under subclause (II).

22 “(IV) QUALIFIED FOURTH-YEAR  
23 WAGES.—The term ‘qualified fourth-  
24 year wages’ means, with respect to  
25 any individual, qualified wages attrib-

1           utable to service rendered during the  
2           1-year period beginning on the day  
3           after the last day of the 1-year period  
4           with respect to such individual deter-  
5           mined under subclause (III).

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

15                   “(VI) ONLY FIRST \$15,000 OF  
16          WAGES PER YEAR TAKEN INTO AC-  
17          COUNT.—The amount of the qualified  
18          first, second, third, fourth, and fifth  
19          year wages which may be taken into  
20          account with respect to any individual  
21          shall not exceed \$15,000 per year.”.

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

○