

111TH CONGRESS  
2D SESSION

# H. R. 4565

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

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 2, 2010

Mr. OWENS (for himself, Mr. TEAGUE, Mr. ARCURI, and Mr. MINNICK) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to allow employers a refundable credit 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 “Rural Jobs Tax Credit  
5 Act of 2010”.

6 **SEC. 2. REFUNDABLE CREDIT FOR INCREASING EMPLOY-**  
7 **MENT.**

8 (a) IN GENERAL.—Subpart C of part IV of sub-  
9 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 (relating to refundable credits) is amended by insert-  
2 ing after section 36A the following new section:

3 **“SEC. 36B. CREDIT FOR INCREASING EMPLOYMENT.**

4 “(a) IN GENERAL.—In the case of an eligible em-  
5 ployer, there shall be allowed as a credit against the tax  
6 imposed by this subtitle—

7 “(1) for any taxable year beginning in 2010, an  
8 amount equal to 15 percent of the excess (if any)  
9 of—

10 “(A) the aggregate wages paid during  
11 2010, over

12 “(B) the inflation-adjusted wages paid dur-  
13 ing 2009, and

14 “(2) for any taxable year beginning in 2011, an  
15 amount equal to 10 percent of the excess (if any)  
16 of—

17 “(A) the aggregate wages paid during  
18 2011, over

19 “(B) the inflation-adjusted wages paid dur-  
20 ing 2010.

21 “(b) ELIGIBLE EMPLOYER.—For purposes of this  
22 section, the term ‘eligible employer’ means any employer  
23 which conducts an active trade or business in an area  
24 other than—

1           “(1) a city or town with a population of more  
2           than 50,000 inhabitants (based on the most recent  
3           available census data), or

4           “(2) any urbanized area contiguous and adja-  
5           cent to such a city or town.

6           “(c) QUARTERLY ADVANCE PAYMENTS OF CRED-  
7           IT.—

8           “(1) IN GENERAL.—The Secretary shall pay  
9           (without interest) to each employer for each calendar  
10          quarter an amount equal to the credit percentage of  
11          the excess (if any) of—

12               “(A) the aggregate wages paid by the em-  
13               ployer during such quarter, over

14               “(B) the inflation-adjusted wages paid by  
15               the employer during the comparable quarter of  
16               the preceding calendar year.

17          “(2) CREDIT PERCENTAGE.—For purposes of  
18          paragraph (1), the credit percentage is—

19               “(A) 15 percent in the case of the calendar  
20               quarters of 2010, and

21               “(B) 10 percent in the case of the calendar  
22               quarters of 2011.

23          “(3) RECONCILIATION.—

24               “(A) IN GENERAL.—If there is a payment  
25               under paragraph (1) for 1 or more calendar

1           quarters ending with or within a taxable year,  
2           then the tax imposed by this chapter for such  
3           taxable year shall be increased by the aggregate  
4           amount of such payments.

5           “(B) RECONCILIATION.—Any increase in  
6           tax under subparagraph (A) shall not be treat-  
7           ed as tax imposed by this chapter for purposes  
8           of determining the amount of any credit (other  
9           than the credit under subsection (a)) allowable  
10          under this part.

11          “(4) TIME FOR FILING CLAIM.—No claim shall  
12          be allowed under this subsection with respect to any  
13          calendar quarter unless filed on or before the earlier  
14          of—

15               “(A) the last day of the succeeding quar-  
16               ter, or

17               “(B) the time prescribed by law for filing  
18               the return of tax imposed by this chapter for  
19               the taxable year in which or with which such  
20               quarter ends.

21          “(5) INTEREST.—Notwithstanding paragraph  
22          (1), if the Secretary has not paid pursuant to a  
23          claim filed under this subsection within 45 days of  
24          the date of the filing of such claim (20 days in the  
25          case of an electronic claim), the claim shall be paid

1 with interest from such date determined by using  
2 the overpayment rate and method under section  
3 6621.

4 “(d) TOTAL WAGES MUST INCREASE.—The amount  
5 of credit allowed under this section for any taxable year  
6 shall not exceed the amount which would be so allowed  
7 for such year if—

8 “(1) the aggregate amounts taken into account  
9 as wages were determined without any dollar limita-  
10 tion, and

11 “(2) 103 percent of the amount of wages other-  
12 wise required to be taken into account under sub-  
13 section (a)(1)(B) or subsection (a)(2)(B), as the  
14 case may be, were taken into account.

15 “(e) INFLATION-ADJUSTED WAGES; WAGES.—For  
16 purposes of this section—

17 “(1) INFLATION-ADJUSTED WAGES.—

18 “(A) IN GENERAL.—The term ‘inflation-  
19 adjusted wages’ means, for any period—

20 “(i) the aggregate wages paid by the  
21 employer during such period, increased by

22 “(ii) an amount equal to the inflation  
23 percentage of such wages.

24 “(B) INFLATION PERCENTAGE.—The infla-  
25 tion percentage is—

1 “(i) 3 percent for purposes of deter-  
2 mining inflation-adjusted wages for periods  
3 during 2009, and

4 “(ii) 5 percent for purposes of deter-  
5 mining inflation-adjusted wages for periods  
6 during 2010.

7 “(2) WAGES.—

8 “(A) IN GENERAL.—Except as provided in  
9 subparagraph (B), the term ‘wages’ means,  
10 with respect to any calendar year, so much of  
11 wages (as defined in section 3121(a)) as does  
12 not exceed the median household income in the  
13 United States for the preceding calendar year.

14 “(B) RAILWAY LABOR.—In the case of re-  
15 munerated subject to the tax imposed by  
16 3201(a), the term ‘wages’ means, with respect  
17 to any calendar year, so much of compensation  
18 (as defined in section 3231(e)) as does not ex-  
19 ceed the median household income in the  
20 United States for the preceding calendar year.

21 “(f) SPECIAL RULES.—

22 “(1) ADJUSTMENTS FOR CERTAIN ACQUISI-  
23 TIONS, ETC.—

24 “(A) ACQUISITIONS.—If, after December  
25 31, 2008, an employer acquires the major por-

tion of a trade or business of another person (hereinafter in this subparagraph referred to as the ‘predecessor’) or the major portion of a separate unit of a trade or business of a predecessor, then, for purposes of applying this section for any calendar year ending after such acquisition, the amount of wages deemed paid by the employer during periods before such acquisition shall be increased by so much of such wages paid by the predecessor with respect to the acquired trade or business as is attributable to the portion of such trade or business acquired by the employer.

“(B) DISPOSITIONS.—If, after December 31, 2008—

“(i) an employer disposes of the major portion of any trade or business of the employer or the major portion of a separate unit of a trade or business of the employer in a transaction to which subparagraph (A) applies, and

“(ii) the employer furnishes the acquiring person such information as is necessary for the application of subparagraph (A),

1           then, for purposes of applying this section for  
2           any calendar year ending after such disposition,  
3           the amount of wages deemed paid by the em-  
4           ployer during periods before such disposition  
5           shall be decreased by so much of such wages as  
6           is attributable to such trade or business or sep-  
7           arate unit.

8           “(2) CHANGE IN STATUS FROM SELF-EM-  
9           PLOYED TO EMPLOYEE.—If—

10           “(A) during 2009 or 2010 an individual  
11           has net earnings from self-employment (as de-  
12           fined in section 1402(a)) which are attributable  
13           a trade or business, and

14           “(B) for any portion of the succeeding cal-  
15           endar year such individual is an employee of  
16           such trade or business,

17           then, for purposes of determining the credit allow-  
18           able for a taxable year beginning in such succeeding  
19           calendar year, the employer’s aggregate wages for  
20           2009 or 2010, as the case may be, shall be increased  
21           by an amount equal to so much of the net earnings  
22           referred to in subparagraph (A) as does not exceed  
23           the median household income in the United States  
24           for 2009 or 2010, as the case may be.



1           “(3) CERTAIN OTHER RULES TO APPLY.—Rules  
2           similar to the following rules shall apply for pur-  
3           poses of this section:

4                   “(A) Section 51(f) (relating to remunera-  
5                   tion must be for trade or business employment).

6                   “(B) Section 51(k) (relating to treatment  
7                   of successor employers; treatment of employees  
8                   performing services for other persons).

9                   “(C) Section 52 (relating to special rules).

10           “(4) SHORT TAXABLE YEARS.—If the employer  
11           has more than 1 taxable year beginning in 2010 or  
12           2011, the credit under this section shall be deter-  
13           mined for the employer’s last taxable year beginning  
14           in 2010 or 2011, as the case may be.

15           “(g) TAX-EXEMPT EMPLOYERS TREATED AS TAX-  
16           PAYERS.—Solely for purposes of this section and section  
17           6402, employers exempt from tax under section 501(a)  
18           shall be treated as taxpayers.”.

19           (b) DENIAL OF DOUBLE BENEFIT.—Subsection (a)  
20           of section 280C of such Code is amended by inserting  
21           “36B(a),” before “45A(a)”.

22           (c) CONFORMING AMENDMENTS.—

23                   (1) Section 1324(b)(2) of title 31, United  
24           States Code, is amended by inserting “36B,” after  
25           “36A,”.

1           (2) The table of sections for subpart C of part  
2       IV of subchapter A of chapter 1 of such Code is  
3       amended by inserting after the item relating to sec-  
4       tion 36A the following new item:

“Sec. 36B. Credit for increasing employment.”.

5       (d) EFFECTIVE DATE.—The amendments made by  
6 this section shall apply to taxable years beginning after  
7 December 31, 2009.

8       (e) NOTICE OF AVAILABILITY OF CREDIT.—The Sec-  
9 retary of the Treasury shall work with the State Employ-  
10 ment Security Agencies to inform businesses of the avail-  
11 ability of section 36B of the Internal Revenue Code of  
12 1986 (as added by this Act).

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