

111TH CONGRESS
2D SESSION

H. R. 4965

To amend the Internal Revenue Code of 1986 to reduce the employer portion of payroll taxes in the case of employers who expand payroll in 2010 and 2011 in areas with high unemployment and to make permanent the research and development credit, bonus depreciation, and increased expensing limitations.

IN THE HOUSE OF REPRESENTATIVES

MARCH 25, 2010

Mr. DONNELLY of Indiana 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 reduce the employer portion of payroll taxes in the case of employers who expand payroll in 2010 and 2011 in areas with high unemployment and to make permanent the research and development credit, bonus depreciation, and increased expensing limitations.

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 “Targeted Job Creation
5 and Business Investment Act”.

1 **SEC. 2. REDUCTION IN EMPLOYER PORTION OF PAYROLL**
2 **TAX FOR CERTAIN EMPLOYERS INCREASING**
3 **PAYROLL.**

4 (a) IN GENERAL.—In the case of any calendar quar-
5 ter beginning in 2010 or 2011, the aggregate amount of
6 employer payroll tax deposits of an employer shall be re-
7 duced by an amount equal to the applicable percentage
8 of the payroll increase of such employer for such calendar
9 quarter which is attributable to wages paid to a qualified
10 individual.

11 (b) DEFINITIONS AND SPECIAL RULES.—For pur-
12 poses of this section—

13 (1) EMPLOYER PAYROLL TAX DEPOSITS.—The
14 term “employer payroll tax deposits” means deposits
15 an employer is required to make under section 6302
16 of the Internal Revenue Code of 1986 of taxes im-
17 posed on such employer under section 3111 of such
18 Code with respect to individuals in his employ.

19 (2) APPLICABLE PERCENTAGE.—The applicable
20 percentage shall be—

21 (A) in the case of any calendar quarter be-
22 ginning in 2010, 15 percent, and

23 (B) in the case of any calendar quarter be-
24 ginning in 2011, 10 percent.

25 (3) PAYROLL INCREASE.—

1 (A) IN GENERAL.—The term “payroll in-
2 crease” means, with respect to an employer for
3 a calendar quarter, the excess (if any) of—

4 (i) the aggregate amount of wages (as
5 defined in section 3121(a) of such Code)
6 paid by such employer to all employees for
7 such calendar quarter, over

8 (ii) aggregate amount of inflation ad-
9 justed wages paid by such employer to all
10 employees for the same calendar quarter in
11 the preceding calendar year.

12 (B) WAGES.—The term “wages” has the
13 meaning given such term by section 3121(a) of
14 such Code for purposes of section 3111(a).

15 (C) INFLATION ADJUSTED WAGES.—The
16 term “inflation adjusted wages” means an
17 amount equal to—

18 (i) wages with respect to an employee,
19 multiplied by

20 (ii) the cost-of-living adjustment de-
21 termined under section 1(f)(3) for the cal-
22 endar year for which the reduction in de-
23 posits under this section is being deter-
24 mined occurs, determined by substituting

1 ‘calendar year 2009’ for ‘calendar year
2 1992’ in subparagraph (B) thereof.

3 (4) QUALIFIED INDIVIDUAL.—The term “quali-
4 fied individual” means any individual—

5 (A) who begins employment with a quali-
6 fied employer after February 3, 2010, and be-
7 fore January 1, 2012,

8 (B) whose principal place of employment
9 with such employer is certified by the employer
10 as being within a county the unemployment
11 rate of which is not less than 8.5 percent (as
12 determined by reference to the most recent un-
13 employment data announced by the Bureau of
14 Labor Statistics of the Department of Labor
15 for the month during which such individual be-
16 gins employment),

17 (C) who is not employed by the qualified
18 employer to replace another employee of such
19 employer unless such other employee separated
20 from employment voluntarily or for cause, and

21 (D) who is not an individual described in
22 section 51(i)(1).

23 (5) EXCESS REDUCTIONS TREATED AS RE-
24 FUNDABLE.—

1 (A) IN GENERAL.—The amount of em-
2 ployer payroll tax deposits of an employer for
3 any quarter shall not be reduced below zero
4 under subsection (a).

5 (B) EXCESS TREATED AS PAYMENT OF
6 TAX.—

7 (i) IN GENERAL.—The amount by
8 which the reduction for any calendar quar-
9 ter under subsection (a) would (but for
10 subparagraph (A)) have exceeded the ag-
11 gregate employer payroll tax deposits of
12 the employer for such quarter shall be
13 treated as a payment of the tax imposed
14 by subtitle A of such Code for the last tax-
15 able year ending before such calendar
16 quarter ends.

17 (ii) TIMING.—Secretary shall, subject
18 to the provisions of such Code, refund or
19 credit any overpayment attributable to this
20 section as rapidly as possible.

21 (iii) NO INTEREST.—No interest shall
22 be allowed on any overpayment attrib-
23 utable to this section.

24 (6) DENIAL OF DOUBLE BENEFIT.—The
25 amount of any deduction allowable to the employer

1 under chapter 1 of such Code for taxes paid under
2 section 3111 of such Code with respect to employ-
3 ment during any calendar quarter shall be reduced
4 by the amount by which the employer payroll tax de-
5 posits of such employer are reduced under sub-
6 section (a) for such quarter.

7 (7) WAGES MUST BE FOR TRADE OR BUSI-
8 NESS.—A rule similar to the rule of section 51(f) of
9 such Code shall apply.

10 (8) ADJUSTMENTS FOR CERTAIN ACQUISITIONS,
11 ETC.—Under regulations prescribed by the Sec-
12 retary—

13 (A) ACQUISITIONS.—If, after December
14 31, 2009, an employer acquires the major por-
15 tion of a trade or business of another person
16 (hereafter in this paragraph referred to as the
17 “predecessor”) or the major portion of a sepa-
18 rate unit of a trade or business of a prede-
19 cessor, then, for purposes of applying this sec-
20 tion for any calendar quarter ending after such
21 acquisition, the amount of wages or compensa-
22 tion deemed paid by the employer during peri-
23 ods before such acquisition shall be increased by
24 so much of such wages or compensation paid by
25 the predecessor with respect to the acquired

1 trade or business as is attributable to the por-
2 tion of such trade or business acquired by the
3 employer.

4 (B) DISPOSITIONS.—If, after December
5 31, 2009—

6 (i) an employer disposes of the major
7 portion of any trade or business of the em-
8 ployer or the major portion of a separate
9 unit of a trade or business of the employer
10 in a transaction to which paragraph (1)
11 applies, and

12 (ii) the employer furnishes the acquir-
13 ing person such information as is nec-
14 essary for the application of subparagraph
15 (A),

16 then, for purposes of applying this section for
17 any calendar quarter ending after such disposi-
18 tion, the amount of wages or compensation
19 deemed paid by the employer during periods be-
20 fore such disposition shall be reduced by so
21 much of such wages as is attributable to such
22 trade or business or separate unit.

23 (9) EMPLOYERS NOT ON QUARTERLY SYS-
24 TEM.—The Secretary of the Treasury shall prescribe
25 rules for the application of this section in the case

1 of an eligible employer whose required income tax
 2 deposits are not made on a quarterly basis.

3 **SEC. 3. PERMANENT EXTENSION OF RESEARCH CREDIT.**

4 (a) IN GENERAL.—Section 41 of the Internal Rev-
 5 enue Code of 1986 is amended by striking subsection (h).

6 (b) CONFORMING AMENDMENT.—Paragraph (1) of
 7 section 45C(b) of such Code is amended by striking sub-
 8 paragraph (D).

9 (c) EFFECTIVE DATE.—The amendments made by
 10 this section shall apply to taxable years beginning after
 11 December 31, 2009.

12 **SEC. 4. BONUS DEPRECIATION MADE PERMANENT.**

13 (a) IN GENERAL.—Paragraph (2) of section 168(k)
 14 of the Internal Revenue Code of 1986 is amended—

15 (1) in subparagraph (A)—

16 (A) by adding “and” at the end of clause

17 (ii),

18 (B) by striking “, and before January 1,

19 2010” in clause (iii)(I),

20 (C) by striking “, and before January 1,

21 2010, and” in clause (iii)(II) and inserting a

22 period, and

23 (D) by striking clause (iv),

1 (2) in subparagraph (B), by striking clause (ii)
2 and by redesignating clauses (iii) and (iv) as clauses
3 (ii) and (iii), respectively, and

4 (3) in subparagraph (E)(i), by striking “, and
5 before January 1, 2010”.

6 (b) CONFORMING AMENDMENTS.—

7 (1) Subclause (I) of section 168(k)(2)(B)(i) of
8 such Code is amended by striking “(iii), and (iv)”
9 and inserting “and (iii)”.

10 (2) Clause (i) of section 168(k)(2)(C) of such
11 Code is amended by striking “, (iii) and (iv)” and
12 inserting “and (iii)”.

13 (3) Subparagraph (B) of section 168(l)(5) of
14 such Code is amended to read as follows:

15 “(B) by substituting ‘, and before January
16 1, 2013.’ for the period at the end of clause (i)
17 thereof, and”.

18 (4) Subparagraph (D) of section 1400L(b)(2)
19 of such Code is amended by striking “clause (i)
20 thereof shall be applied without regard to ‘and be-
21 fore January 1, 2010,’ and”.

22 (5) Subparagraph (B) of section 1400N(d)(3)
23 of such Code is amended to read as follows:

1 “(B) by substituting ‘, and before January
2 1, 2008.’ for the period at the end of clause (i)
3 thereof, and”.

4 (6) The heading for subsection (k) of section
5 168 of such Code is amended by striking “and be-
6 fore January 1, 2010”.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to property placed in service after
9 December 31, 2009.

10 **SEC. 5. PERMANENT INCREASE IN LIMITATIONS ON EX-**
11 **PENSING OF CERTAIN DEPRECIABLE BUSI-**
12 **NESS ASSETS.**

13 (a) IN GENERAL.—Subsection (b) of section 179 of
14 the Internal Revenue Code of 1986 (relating to limita-
15 tions) is amended—

16 (1) by striking “\$25,000” and all that follows
17 in paragraph (1) and inserting “\$250,000.”,

18 (2) by striking “\$200,000” and all that follows
19 in paragraph (2) and inserting “\$800,000”,

20 (3) by striking “after 2007 and before 2011,
21 the \$120,000 and \$500,000” in paragraph (5)(A)
22 and inserting “after 2009, the \$250,000 and the
23 \$800,000”,

24 (4) by striking “2006” in paragraph (5)(A)(ii)
25 and inserting “2008”, and

1 (5) by striking paragraph (7).

2 (b) **EFFECTIVE DATE.**—The amendments made by
3 this section shall apply to taxable years beginning after
4 December 31, 2009.

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