

112TH CONGRESS
2D SESSION

H. R. 4324

To amend the Internal Revenue Code of 1986 to expand the credit for employee health insurance expenses of small employers.

IN THE HOUSE OF REPRESENTATIVES

MARCH 29, 2012

Mr. KIND (for himself and Mr. McDERMOTT) 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 expand the credit for employee health insurance expenses of small employers.

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 “Small Business Em-
5 ployee Health Insurance Credit Expansion Act of 2012”.

6 **SEC. 2. EXPANSION OF CREDIT FOR EMPLOYEE HEALTH IN-**
7 **SURANCE EXPENSES OF SMALL EMPLOYERS.**

8 (a) INCREASE IN MAXIMUM NUMBER OF ELIGIBLE
9 FULL-TIME EMPLOYEES.—Subparagraph (A) of section
10 45R(d)(1) of the Internal Revenue Code of 1986 is

1 amended by striking “25 full-time equivalent employees”
2 and inserting “50 full-time equivalent employees”.

3 (b) MODIFICATION OF PHASEOUT OF CREDIT
4 AMOUNT.—

5 (1) IN GENERAL.—Subsection (c) of section
6 45R of such Code is amended to read as follows:

7 “(c) PHASEOUT OF CREDIT AMOUNT BASED ON
8 NUMBER OF EMPLOYEES AND AVERAGE WAGES.—

9 “(1) IN GENERAL.—The amount of the credit
10 determined under subsection (b) shall be adjusted by
11 multiplying—

12 “(A) the amount determined under sub-
13 section (b), by

14 “(B) the product of the amount deter-
15 mined under paragraph (2) and the amount de-
16 termined under paragraph (3).

17 “(2) EMPLOYEE ADJUSTMENT.—The amount
18 determined under this paragraph is a fraction (not
19 more than 1) the numerator of which is the number
20 by which the total number of full-time equivalent
21 employees of the eligible employer is less than 50
22 and the denominator of which is 30.

23 “(3) WAGES ADJUSTMENT.—The amount deter-
24 mined under this paragraph is a fraction (not more
25 than 1) the numerator of which is the amount by

1 which the average annual wages of the eligible em-
 2 ployer is less than twice the dollar amount in effect
 3 under subsection (d)(3)(B) and the denominator of
 4 which is such dollar amount.”.

5 (2) CONFORMING AMENDMENTS.—

6 (A) Subsection (a) of section 45R of such
 7 Code is amended by inserting “, as adjusted
 8 under subsection (c)” after “the amount deter-
 9 mined under subsection (b)”.

10 (B) Subparagraph (B) of section
 11 45R(d)(3) of such Code is amended by striking
 12 “subsection (c)(2)” and inserting “subsection
 13 (c)(3)”.

14 (c) REPEAL OF UNIFORMITY REQUIREMENT FOR
 15 CONTRIBUTIONS.—Paragraph (4) of section 45R(d) of
 16 such Code is amended—

17 (1) by striking “in an amount equal to a uni-
 18 form percentage (not less than 50 percent) of the
 19 premium cost of the qualified health plan”, and

20 (2) by inserting “(in an amount not less than
 21 50 percent of the premium cost of the qualified
 22 health plan)” after “nonelective contribution”.

23 (d) REPEAL OF LIMITATION BASED ON STATE AVER-
 24 AGE PREMIUMS.—

1 (1) IN GENERAL.—Subsection (b) of section
2 45R of such Code is amended to read as follows:

3 “(b) HEALTH INSURANCE CREDIT AMOUNT.—Sub-
4 ject to subsection (c), the amount determined under this
5 subsection with respect to any eligible small employer is
6 equal to 50 percent (35 percent in the case of a tax-exempt
7 eligible small employer) of the aggregate amount of non-
8 elective contributions the employer made on behalf of its
9 employees during the taxable year under the arrangement
10 described in subsection (d)(4) for premiums for qualified
11 health plans offered by the employer to its employees
12 through an Exchange.”.

13 (2) CONFORMING AMENDMENT.—Paragraph (2)
14 of section 45R(g) of such Code is amended by in-
15 serting “and” at the end of subparagraph (A), by
16 striking “, and” at the end of subparagraph (B) and
17 inserting a period, and by striking subparagraph
18 (C).

19 (e) REPEAL OF 2-YEAR CREDIT LIMIT.—

20 (1) Subsection (a) of section 45R of such Code
21 is amended by striking “in the credit period”.

22 (2) Subsection (e) of section 45R of such Code
23 is amended by striking paragraph (2) and by redес-
24 ignating paragraphs (3), (4), and (5) as paragraphs
25 (2), (3), and (4), respectively.

1 (3) Subsection (g) of section 45R of such Code
2 is amended by striking paragraph (1) and by redes-
3 ignating paragraphs (2) and (3) as paragraphs (1)
4 and (2), respectively.

5 (4) Subsection (i) of section 45R of such Code
6 is amended by striking “the avoidance of the 2-year
7 limit on the credit period through the use of suc-
8 cessor entities and”.

9 (f) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to taxable years beginning after
11 December 31, 2011.

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