

112TH CONGRESS  
2D SESSION

# S. 3536

To amend the Internal Revenue Code of 1986 to extend the work opportunity credit for hiring veterans, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

SEPTEMBER 12, 2012

Mr. BLUMENTHAL (for himself, Ms. MIKULSKI, Mr. UDALL of New Mexico, Mr. HELLER, Mr. WEBB, and Ms. CANTWELL) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to extend the work opportunity credit for hiring veterans, 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 “VOW to Hire Heroes  
5 Extension Act of 2012”.

6 **SEC. 2. EXTENSION OF WORK OPPORTUNITY CREDIT FOR**  
7 **VETERANS.**

8 (a) IN GENERAL.—Clause (i) of section 51(c)(4)(B)  
9 of the Internal Revenue Code of 1986 is amended by strik-

1 ing “December 31, 2012” and inserting “December 31,  
2 2016”.

3 (b) **EFFECTIVE DATE.**—The amendment made by  
4 this section shall apply to individuals who begin work for  
5 the employer after December 31, 2012.

6 **SEC. 3. SIMPLIFIED CERTIFICATION OF VETERAN STATUS.**

7 (a) **IN GENERAL.**—Subparagraph (D) of section  
8 51(d)(13) of the Internal Revenue Code of 1986 is amend-  
9 ed to read as follows:

10 “(D) **PRE-SCREENING OF QUALIFIED VET-**  
11 **ERANS.**—

12 “(i) **IN GENERAL.**—Subparagraph (A)  
13 shall be applied without regard to sub-  
14 clause (II) of clause (ii) thereof in the case  
15 of an individual seeking treatment as a  
16 qualified veteran with respect to whom the  
17 pre-screening notice contains—

18 “(I) qualified veteran status doc-  
19 umentation,

20 “(II) qualified proof of unemploy-  
21 ment compensation, and

22 “(III) an affidavit furnished by  
23 the individual stating, under penalty  
24 of perjury, that the information pro-

1           vided under clauses (I) and (II) is  
2           true.

3           “(ii) QUALIFIED VETERAN STATUS  
4           DOCUMENTATION.—For purposes of clause  
5           (i), the term ‘qualified veteran status docu-  
6           mentation’ means any documentation pro-  
7           vided to an individual by the Department  
8           of Defense or the National Guard upon re-  
9           lease or discharge from the Armed Forces  
10          which includes information sufficient to es-  
11          tablish that such individual is a veteran.

12          “(iii) QUALIFIED PROOF OF UNEM-  
13          PLOYMENT COMPENSATION.—For purposes  
14          of clause (i), the term ‘qualified proof of  
15          unemployment compensation’ means, with  
16          respect to an individual, checks or other  
17          proof of receipt of payment of unemploy-  
18          ment compensation to such individual for  
19          periods aggregating not less than 4 weeks  
20          (in the case of an individual seeking treat-  
21          ment under paragraph (3)(A)(iii)), or not  
22          less than 6 months (in the case of an indi-  
23          vidual seeking treatment under clause  
24          (ii)(II) or (iv) of paragraph (3)(A)), during

1           the 1-year period ending on the hiring  
2           date.”.

3           (b) **EFFECTIVE DATE.**—The amendment made by  
4 this section shall apply to individuals who begin work for  
5 the employer after the date of the enactment of this Act.

6 **SEC. 4. CREDIT MADE AVAILABLE AGAINST PAYROLL**  
7 **TAXES IN CERTAIN CIRCUMSTANCES.**

8           (a) **IN GENERAL.**—Paragraph (2) of section 52(c) of  
9 the Internal Revenue Code of 1986 is amended—

10           (1) by striking “QUALIFIED TAX-EXEMPT ORGA-  
11           NIZATIONS” in the heading and inserting “CERTAIN  
12           EMPLOYERS”, and

13           (2) by striking “by qualified tax-exempt organi-  
14           zations” and inserting “by certain employers”.

15           (b) **CREDIT ALLOWED TO CERTAIN FOR-PROFIT EM-**  
16 **PLOYERS.**—Subsection (e) of section 3111 of the Internal  
17 Revenue Code of 1986 is amended—

18           (1) by inserting “or a qualified for-profit em-  
19           ployer” after “If a qualified tax-exempt organiza-  
20           tion” in paragraph (1),

21           (2) by striking “with respect to whom a credit  
22           would be allowable under section 38 by reason of  
23           section 51 if the organization were not a qualified  
24           tax-exempt organization” in paragraph (1),

1           (3) by inserting “or for-profit employer” after  
2           “employees of the organization” each place it ap-  
3           pears in paragraphs (1) and (2),

4           (4) by inserting “in the case of a qualified tax-  
5           exempt organization,” before “by only taking into  
6           account” in subparagraph (C) of paragraph (3),

7           (5) by inserting “or for-profit employer” after  
8           “the organization” in paragraph (4),

9           (6) by redesignating subparagraph (B) of para-  
10          graph (5) as subparagraph (C) of such paragraph,  
11          by striking “and” at the end of subparagraph (A) of  
12          such paragraph, and by inserting after subpara-  
13          graph (A) of such paragraph the following new sub-  
14          paragraph:

15                 “(B) the term ‘qualified for-profit em-  
16                 ployer’ means, with respect to a taxable year,  
17                 an employer not described in subparagraph (A),  
18                 but only if—

19                         “(i) such employer does not have prof-  
20                         its for any of the 3 taxable years preceding  
21                         such taxable year, and

22                         “(ii) such employer elects under sec-  
23                         tion 51(j) not to have section 51 apply to  
24                         such taxable year, and”, and

1           (7) by striking “has meaning given such term  
2           by section 51(d)(3)” in subparagraph (C) of para-  
3           graph (5), as so redesignated, and inserting “means  
4           a qualified veteran (within the meaning of section  
5           51(d)(3)) with respect to whom a credit would be al-  
6           lowable under section 38 by reason of section 51 if  
7           the employer of such veteran were not a qualified  
8           tax-exempt organization or a qualified for-profit em-  
9           ployer”.

10          (c) TRANSFERS TO FEDERAL OLD-AGE AND SUR-  
11          VIVORS INSURANCE TRUST FUND.—There are hereby ap-  
12          propriated to the Federal Old-Age and Survivors Trust  
13          Fund and the Federal Disability Insurance Trust Fund  
14          established under section 201 of the Social Security Act  
15          (42 U.S.C. 401) amounts equal to the reduction in reve-  
16          nues to the Treasury by reason of the amendments made  
17          by subsections (a) and (b). Amounts appropriated by the  
18          preceding sentence shall be transferred from the general  
19          fund at such times and in such manner as to replicate  
20          to the extent possible the transfers which would have oc-  
21          curred to such Trust Fund had such amendments not  
22          been enacted.

23          (d) EFFECTIVE DATE.—The amendments made by  
24          subsections (a) and (b) shall apply to individuals who

1 begin work for the employer after the date of the enact-  
2 ment of this Act.

3 **SEC. 5. REPORT.**

4 Not later than 2 years after the date of the enact-  
5 ment of this Act, and annually thereafter, the Commis-  
6 sioner of Internal Revenue, in consultation with the Sec-  
7 retary of Labor, shall report to the Congress on the effec-  
8 tiveness and cost-effectiveness of the amendments made  
9 by sections 2, 3, and 4 in increasing the employment of  
10 veterans. Such report shall include the results of a survey,  
11 conducted, if needed, in consultation with the Veterans'  
12 Employment and Training Service of the Department of  
13 Labor, to determine how many veterans are hired by each  
14 employer that claims the credit under section 51, by rea-  
15 son of subsection (d)(1)(B) thereof, or 3111(e) of the In-  
16 ternal Revenue Code of 1986.

17 **SEC. 6. TREATMENT OF POSSESSIONS.**

18 (a) PAYMENTS TO POSSESSIONS.—

19 (1) MIRROR CODE POSSESSIONS.—The Sec-  
20 retary of the Treasury shall pay to each possession  
21 of the United States with a mirror code tax system  
22 amounts equal to the loss to that possession by rea-  
23 son of the amendments made by this Act. Such  
24 amounts shall be determined by the Secretary of the  
25 Treasury based on information provided by the gov-

1       ernment of the respective possession of the United  
2       States.

3           (2) OTHER POSSESSIONS.—The Secretary of  
4       the Treasury shall pay to each possession of the  
5       United States which does not have a mirror code tax  
6       system the amount estimated by the Secretary of the  
7       Treasury as being equal to the loss to that posses-  
8       sion that would have occurred by reason of the  
9       amendments made by this Act if a mirror code tax  
10      system had been in effect in such possession. The  
11      preceding sentence shall not apply with respect to  
12      any possession of the United States unless such pos-  
13      session establishes to the satisfaction of the Sec-  
14      retary that the possession has implemented (or, at  
15      the discretion of the Secretary, will implement) an  
16      income tax benefit which is substantially equivalent  
17      to the income tax credit in effect after the amend-  
18      ments made by this Act.

19      (b) COORDINATION WITH CREDIT ALLOWED  
20      AGAINST UNITED STATES INCOME TAXES.—The credit  
21      allowed against United States income taxes for any tax-  
22      able year under the amendments made by this Act to sec-  
23      tion 51 of the Internal Revenue Code of 1986 to any per-  
24      son with respect to any qualified veteran shall be reduced  
25      by the amount of any credit (or other tax benefit described



1 in paragraph (1)(B)) allowed to such person against in-  
2 come taxes imposed by the possession of the United States  
3 by reason of this section with respect to such qualified  
4 veteran for such taxable year.

5 (c) DEFINITIONS AND SPECIAL RULES.—

6 (1) POSSESSION OF THE UNITED STATES.—For  
7 purposes of this section, the term “possession of the  
8 United States” includes American Samoa, Guam,  
9 the Commonwealth of the Northern Mariana Is-  
10 lands, the Commonwealth of Puerto Rico, and the  
11 United States Virgin Islands.

12 (2) MIRROR CODE TAX SYSTEM.—For purposes  
13 of this section, the term “mirror code tax system”  
14 means, with respect to any possession of the United  
15 States, the income tax system of such possession if  
16 the income tax liability of the residents of such pos-  
17 session under such system is determined by ref-  
18 erence to the income tax laws of the United States  
19 as if such possession were the United States.

20 (3) TREATMENT OF PAYMENTS.—For purposes  
21 of section 1324(b)(2) of title 31, United States  
22 Code, the payments under this section shall be treat-  
23 ed in the same manner as a refund due from credit  
24 provisions described in such section.

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