

113TH CONGRESS
1ST SESSION

H. R. 3127

To amend the Internal Revenue Code of 1986 to allow a credit to small employers for certain newly hired employees, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 18, 2013

Mr. MAFFEI introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Small Business, 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

A BILL

To amend the Internal Revenue Code of 1986 to allow a credit to small employers for certain newly hired employees, 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 “Cutting Red Tape,
5 Green-Lighting Small Businesses Act of 2013”.

1 **SEC. 2. CREDIT FOR CERTAIN INDIVIDUALS HIRED BY A**
2 **SMALL EMPLOYER.**

3 (a) IN GENERAL.—Subpart D of part IV of sub-
4 chapter A of chapter 1 of the Internal Revenue Code of
5 1986 is amended by adding at the end the following:

6 **“SEC. 45S. CERTAIN INDIVIDUALS HIRED BY A SMALL EM-**
7 **PLOYER.**

8 “(a) GENERAL RULE.—For purposes of section 38,
9 in the case of an eligible small employer, the small em-
10 ployer hiring credit determined under this section for any
11 taxable year is the amount determined under subsection
12 (b).

13 “(b) SMALL EMPLOYER HIRING CREDIT AMOUNT.—
14 The amount determined under this subsection for a tax-
15 able year with respect to a qualified small employer is the
16 product of—

17 “(1) the tax rate in effect under section
18 3111(a) for the calendar year in which such taxable
19 year ends, multiplied by

20 “(2) the wages paid by the qualified small em-
21 ployer with respect to employment of all covered em-
22 ployees during the taxable year.

23 “(c) QUALIFIED EMPLOYER.—For purposes of this
24 subsection—

25 “(1) IN GENERAL.—The term ‘qualified small
26 employer’ means with respect to any calendar year,

1 an employer who on no business day of the pre-
2 ceding calendar year employed less than 2, or more
3 than 150, employees.

4 “(2) EMPLOYERS NOT IN EXISTENCE IN PRE-
5 CEDING YEAR.—In the case of an employer which
6 was not in existence throughout the preceding cal-
7 endar year, the determination of whether such em-
8 ployer is a small employer shall be based on the
9 number of employees that it is reasonably expected
10 such employer will employ on business days in the
11 current calendar year.

12 “(3) SPECIAL RULES.—For purposes of this
13 subsection—

14 “(A) PREDECESSOR AND SUCCESSOR.—
15 Any reference in this paragraph to an employer
16 shall include a reference to any predecessor of,
17 or successor to, such employer.

18 “(B) AGGREGATION RULE.—All persons
19 treated as a single employer under subsection
20 (b), (c), (m), or (o) of section 414 shall be
21 treated as one employer.

22 “(C) GOVERNMENTAL EMPLOYERS NOT IN-
23 CLUDED.—The term ‘employer’ does not in-
24 clude the United States, any State, or any polit-

1 ical subdivision thereof, or any instrumentality
2 of the foregoing.

3 “(4) CREDIT APPLIES FOR ONLY 1 YEAR.—If
4 an election to claim the credit under this section is
5 in effect for any calendar year, paragraph (1) shall
6 not apply to such employer for any year after such
7 calendar year.

8 “(d) COVERED EMPLOYEE.—For purposes of this
9 subsection—

10 “(1) IN GENERAL.—The term ‘covered em-
11 ployee’ means, with respect to any week, is an em-
12 ployee who—

13 “(A) first begins work for the employer for
14 services performed by the employee—

15 “(i) in a trade or business of such
16 qualified small employer, or

17 “(ii) in the case of a qualified small
18 employer exempt from tax under section
19 501(a), in furtherance of the activities re-
20 lated to the purpose or function consti-
21 tuting the basis of the employer’s exemp-
22 tion under section 501, and

23 “(B) is employed on average at least 30
24 hours of service per week.

1 “(2) LIMITATION TO 5 EMPLOYEES.—An em-
2 ployer may not treat more than 5 employees as cov-
3 ered employees.

4 “(3) HOURS OF SERVICE.—The Secretary, in
5 consultation with the Secretary of Labor, shall pre-
6 scribe such regulations, rules, and guidance as may
7 be necessary to determine the hours of service of an
8 employee, including rules for the application of this
9 paragraph to employees who are not compensated on
10 an hourly basis.

11 “(e) CREDIT MADE AVAILABLE TO TAX-EXEMPT EL-
12 IGIBLE SMALL EMPLOYERS.—

13 “(1) IN GENERAL.—In the case of a tax-exempt
14 eligible small employer, there shall be treated as a
15 credit allowable under subpart C (and not allowable
16 under this subpart) the amount of the credit deter-
17 mined under this section with respect to such em-
18 ployer.

19 “(2) TAX-EXEMPT ELIGIBLE SMALL EM-
20 PLOYER.—For purposes of this section, the term
21 ‘tax-exempt eligible small employer’ means an eligi-
22 ble small employer which is any organization de-
23 scribed in section 501(c) which is exempt from tax-
24 ation under section 501(a).

1 “(f) DENIAL OF DOUBLE BENEFIT.—No deduction
 2 or credit shall be allowed under any other provision of this
 3 chapter with respect to the amount of the credit deter-
 4 mined under this section.

5 “(g) ELECTION.—This section shall apply to any tax-
 6 payer for any taxable year only if such taxpayer elects (at
 7 such time and in such manner as the Secretary may by
 8 regulations prescribe) to have this section apply for such
 9 taxable year.

10 “(h) TERMINATION.—This section shall not apply
 11 with respect to wages paid after December 31, 2015.”.

12 (b) CREDIT TO BE PART OF GENERAL BUSINESS
 13 CREDIT.—Section 38(b) of the Internal Revenue Code of
 14 1986 (relating to current year business credit) is amended
 15 by striking “plus” at the end of paragraph (35), by strik-
 16 ing the period at the end of paragraph (36) and inserting
 17 “, plus”, and by inserting after paragraph (36) the fol-
 18 lowing:

19 “(37) the small employer hiring credit deter-
 20 mined under section 45S.”.

21 (c) CLERICAL AMENDMENT.—The table of sections
 22 for subpart D of part IV of subchapter A of chapter 1
 23 of the Internal Revenue Code of 1986 is amended by add-
 24 ing at the end the following:

“Sec. 45S. Certain individuals hired by a small employer.”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to amounts paid or incurred in tax-
3 able years beginning after December 31, 2013.

4 **SEC. 3. PAPERWORK REDUCTION.**

5 The Small Business Act (15 U.S.C. 631 et seq.) is
6 amended by adding at the end the following:

7 **“SEC. 48. PAPERWORK REDUCTION.**

8 “Not later than 60 days after the date of the enact-
9 ment of this Act, the Administrator of the Small Business
10 Administration shall determine, for a new small business
11 concern, what applications, submissions, or other paper-
12 work for purposes of programs administered by the Ad-
13 ministrator, are not essential to file during the first year
14 of operation, and shall make rules that waive the need for
15 such paperwork.”.

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