

113TH CONGRESS
2D SESSION

H. R. 5173

To amend the Internal Revenue Code of 1986 to provide a credit to employers who provide paid family and medical leave.

IN THE HOUSE OF REPRESENTATIVES

JULY 23, 2014

Mr. CASSIDY 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 provide a credit to employers who provide paid family and medical leave.

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 “Strong Families Act”.

5 **SEC. 2. EMPLOYER CREDIT FOR PAID FAMILY AND MED-**
6 **ICAL LEAVE.**

7 (a) IN GENERAL.—

8 (1) ALLOWANCE OF CREDIT.—Subpart D of
9 part IV of subchapter A of chapter 1 of the Internal

1 Revenue Code of 1986 is amended by adding at the
2 end the following new section:

3 **“SEC. 45S. EMPLOYER CREDIT FOR PAID FAMILY AND MED-**
4 **ICAL LEAVE.**

5 “(a) IN GENERAL.—For purposes of section 38, in
6 the case of an eligible employer, the paid family and med-
7 ical leave credit is an amount equal to 25 percent of the
8 amount of wages paid to qualifying employees during any
9 period in which such employees are on family and medical
10 leave.

11 “(b) LIMITATIONS.—

12 “(1) IN GENERAL.—The credit allowed under
13 subsection (a) with respect to any employee for any
14 taxable year shall not exceed the lesser of—

15 “(A) \$4,000, or

16 “(B) the product of the wages normally
17 paid to such employee for each hour (or frac-
18 tion thereof) of services performed for the em-
19 ployer and the number of hours (or fraction
20 thereof) for which family and medical leave is
21 taken.

22 For purposes of subparagraph (B), in the case of
23 any employee who is not paid on an hourly basis, the
24 wages of such employee shall be prorated to an
25 hourly basis under regulations established by the

1 Secretary, in consultation with the Secretary of
2 Labor.

3 “(2) MAXIMUM AMOUNT OF LEAVE SUBJECT TO
4 CREDIT.—The amount of family and medical leave
5 that may be taken into account with respect to any
6 employee under subsection (a) for any taxable year
7 shall not exceed 12 weeks.

8 “(c) ELIGIBLE EMPLOYER.—For purposes of this
9 section—

10 “(1) IN GENERAL.—The term ‘eligible em-
11 ployer’ means any employer who has in place a pol-
12 icy that meets the following requirements:

13 “(A) The policy provides—

14 “(i) all qualifying full-time employees
15 with not less than 4 weeks of annual paid
16 family and medical leave, and

17 “(ii) all qualifying employees who are
18 not full-time employees with an amount of
19 annual paid family and medical leave that
20 bears the same ratio to 4 weeks as—

21 “(I) the number of hours the em-
22 ployee is expected to work during any
23 week, bears to

24 “(II) the number of hours an
25 equivalent qualifying full-time em-

1 ployee is expected to work during the
2 week.

3 “(B) The policy requires that the rate of
4 payment under the program is not less than
5 100 percent of the wages normally paid to such
6 employee for services performed for the em-
7 ployer.

8 “(2) SPECIAL RULE FOR CERTAIN EMPLOY-
9 ERS.—

10 “(A) IN GENERAL.—An added employer
11 shall not be treated as an eligible employer un-
12 less such employer provides paid family and
13 medical leave under a policy with a provision
14 that states that the employer—

15 “(i) will not interfere with, restrain,
16 or deny the exercise of or the attempt to
17 exercise, any right provided under the pol-
18 icy, and

19 “(ii) will not discharge or in any other
20 manner discriminate against any individual
21 for opposing any practice prohibited by the
22 policy.

23 “(B) ADDED EMPLOYER; ADDED EM-
24 PLOYEE.—For purposes of this paragraph—

1 “(i) ADDED EMPLOYEE.—The term
2 ‘added employee’ means a qualifying em-
3 ployee who is not covered by title I of the
4 Family and Medical Leave Act of 1993.

5 “(ii) ADDED EMPLOYER.—The term
6 ‘added employer’ means an eligible em-
7 ployer (determined without regard to this
8 paragraph), whether or not covered by that
9 title I, who offers paid family and medical
10 leave to added employees.

11 “(3) TREATMENT OF STATE-PAID BENEFITS.—
12 For purposes of paragraph (1), any leave which is
13 paid by a State or local government shall not be
14 taken into account in determining the amount of
15 paid family and medical leave provided by the em-
16 ployer.

17 “(4) NO INFERENCE.—Nothing in this sub-
18 section shall be construed as subjecting an employer
19 to any penalty, liability, or other consequence (other
20 than ineligibility for the credit allowed by reason of
21 subsection (a)) for failure to comply with the re-
22 quirements of this subsection.

23 “(d) QUALIFYING EMPLOYEES.—For purposes of
24 this section, the term ‘qualifying employee’ means any em-
25 ployee (as defined in section 3(e) of the Fair Labor Stand-

ards Act of 1938) who has been employed by the employer
for 1 year or more.

“(e) FAMILY AND MEDICAL LEAVE.—For purposes
of this section, the term ‘family and medical leave’ means
leave for any purpose described under subparagraph (A),
(B), (C), (D), or (E) of paragraph (1), or paragraph (3),
of section 102(a) of the Family and Medical Leave Act
of 1993, whether the leave is provided under that Act or
by a policy of the employer. Such term shall not include
any leave provided as paid vacation leave, personal leave,
or medical or sick leave (within the meaning of those 3
terms under section 102(d)(2) of that Act).

“(f) WAGES.—For purposes of this section, the term
‘wages’ has the meaning given such term by subsection
(b) of section 3306 (determined without regard to any dol-
lar limitation contained in such section). Such term shall
not include any amount taken into account for purposes
of determining any other credit allowed under this sub-
part.

“(g) ELECTION TO HAVE CREDIT NOT APPLY.—

“(1) IN GENERAL.—A taxpayer may elect to
have this section not apply for any taxable year.

“(2) OTHER RULES.—Rules similar to the rules
of paragraphs (2) and (3) of section 51(j) shall
apply for purposes of this subsection.”.

1 (b) CREDIT PART OF GENERAL BUSINESS CREDIT.—
 2 Section 38(b) of the Internal Revenue Code of 1986 is
 3 amended by striking “plus” at the end of paragraph (35),
 4 by striking the period at the end of paragraph (36) and
 5 inserting “, plus”, and by adding at the end the following
 6 new paragraph:

7 “(37) in the case of an eligible employer (as de-
 8 fined in section 45S(c)), the paid family and medical
 9 leave credit determined under section 45S(a).”.

10 (c) CREDIT ALLOWED AGAINST AMT.—Subpara-
 11 graph (B) of section 38(c)(4) of the Internal Revenue
 12 Code of 1986 is amended by redesignating clauses (vii)
 13 through (ix) as clauses (vii) through (x), respectively, and
 14 by inserting after clause (vi) the following new clause:

15 “(vii) the credit determined under sec-
 16 tion 45S,”.

17 (d) CONFORMING AMENDMENTS.—

18 (1) DENIAL OF DOUBLE BENEFIT.—Section
 19 280C(a) of the Internal Revenue Code of 1986 is
 20 amended by inserting “45S(a),” after “45P(a),”.

21 (2) ELECTION TO HAVE CREDIT NOT APPLY.—
 22 Section 6501(m) of such Code is amended by insert-
 23 ing “45S(g),” after “45H(g),”.

24 (3) CLERICAL AMENDMENT.—The table of sec-
 25 tions for subpart D of part IV of subchapter A of

1 chapter 1 of such Code is amended by adding at the
2 end the following new item:

“Sec. 45S. Employer credit for paid family and medical leave.”.

3 (e) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to taxable years beginning after
5 the date of the enactment of this Act.

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