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113TH CONGRESS
1ST SESSION

H. R. 929

To provide Federal contracting preferences for, and a reduction in the rate of income tax imposed on, Patriot corporations, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 28, 2013

Ms. SCHAKOWSKY introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Oversight and Government Reform, 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

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A BILL

To provide Federal contracting preferences for, and a reduction in the rate of income tax imposed on, Patriot corporations, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ‘‘Patriot Corporations of America Act of 2013’’.

SEC. 2. FEDERAL CONTRACTING PREFERENCE FOR PATRIOT CORPORATIONS.

After December 31, 2013, in the evaluation of bids or proposals for a contract for the procurement of goods or services, the Federal Government shall provide a preference to any entity that is a Patriot corporation (as defined in section 11(e) of the Internal Revenue Code of 1986, as added by section 3 of this Act), unless the award of the contract to such entity would jeopardize the national security interests of the United States.

SEC. 3. REDUCTION IN RATE OF INCOME TAX FOR PATRIOT CORPORATIONS.

(a) IN GENERAL.—Section 11 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

"(e) PATRIOT CORPORATIONS.—

"(1) RATE REDUCTION FOR PATRIOT CORPORATIONS.—In the case of a Patriot corporation, the amount of the tax imposed under subsection (a) (determined without regard to this paragraph) shall be reduced (but not below zero) by an amount equal to 5 percent of the taxable income of such corporation.

"(2) PATRIOT CORPORATION DEFINED.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'Patriot corporation' means, with respect to any taxable year, any corporation which is certified by the Secretary as meeting the requirements of subparagraph (B) for such taxable and the preceding taxable year.

"(B) REQUIREMENTS.—A corporation meets the requirements of this subparagraph, with respect to any taxable year, if such corporation—

"(i) produces in the United States at least 90 percent of the goods and services sold by such corporation during such taxable year,

"(ii) does not provide compensation to any management personnel of such corporation at a level of compensation which exceeds 10,000 percent of the level of compensation of the full-time employee of such corporation with the lowest level of compensation during such taxable year,

"(iii) conducts at least 50 percent of the research and development conducted by such corporation during such taxable year (determined on the basis of cost) in the United States, "(iv) has contributed at least 5 percent of wages paid by the corporation during the taxable year to a portable pension fund for the benefit of employees of the corporation,

"(v) has paid at least 70 percent of the cost of a standardized health insurance plan for the benefit of employees of the corporation during such taxable year,

"(vi) has maintained at all times during such taxable year neutrality in employee organizing drives and has in effect a policy to that effect,

"(vii) provides full differential salary and insurance benefits for all National Guard and Reserve employees who are called to active duty,

"(viii) has not been (at any time during such taxable year) in violation of appropriate Federal regulations including those related to the environment, workplace safety, labor relations, and consumer protections, as determined by the Secretary, and "(ix) has not been in violation of any other regulations specified by the Secretary.

"(C) CERTIFICATION PROCESS.—Not later than 90 days after the date of the enactment of this subsection, the Secretary shall establish an application and certification process to annually certify corporations as Patriot corporations. Such certifications shall be made at such time and on the basis of such materials as the Secretary determines appropriate.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2013.

(c) CERTIFICATION ALLOWED FOR YEAR PRECEDING EFFECTIVE DATE OF RATE REDUCTION.—For purposes of section 11(e) of the Internal Revenue Code of 1986, as added by this section, the Secretary may certify a corporation as a Patriot corporation for the last taxable year of the corporation beginning on or before December 31, 2013, if the corporation meets the requirements of paragraph (2)(B) of such section for such taxable year.

SEC. 4. TAX AVOIDANCE FOREIGN CORPORATIONS SUBJECT TO UNITED STATES INCOME TAX.

(a) IN GENERAL.—Paragraph (4) of section 7701(a) of the Internal Revenue Code of 1986 (defining domestic) is amended to read as follows:

"(4) DOMESTIC.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the term 'domestic' when applied to a corporation or partnership means created or organized in the United States or under the law of the United States or of any State unless, in the case of a partnership, the Secretary provides otherwise by regulations.

"(B) TAX AVOIDANCE FOREIGN CORPORATIONS TREATED AS DOMESTIC.—Any corporation which would (but for this subparagraph) be treated as a foreign corporation shall be treated as a domestic corporation if the Secretary determines that such corporation was created or organized as a foreign corporation (instead of as a domestic corporation) principally for the purpose of avoiding being treated as a domestic corporation under this title.".

(b) EFFECTIVE DATES.—The amendment made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

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