

116TH CONGRESS
2D SESSION

H. R. 6992

To amend the Internal Revenue Code of 1986 to encourage domestic insourcing and discourage foreign outsourcing.

IN THE HOUSE OF REPRESENTATIVES

MAY 22, 2020

Mr. PASCRELL (for himself, Mr. DANNY K. DAVIS of Illinois, Ms. SÁNCHEZ, Ms. DELBENE, Mr. SWALWELL of California, Ms. NORTON, Ms. BROWNLEY of California, Mrs. WATSON COLEMAN, Ms. BARRAGÁN, Ms. LEE of California, and Mr. COHEN) 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 encourage domestic insourcing and discourage foreign outsourcing.

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 “Bring Jobs Home
5 Act”.

6 **SEC. 2. CREDIT FOR INSOURCING EXPENSES.**

7 (a) IN GENERAL.—Subpart D of part IV of sub-
8 chapter A of chapter 1 of the Internal Revenue Code of

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

3 **“SEC. 45U. CREDIT FOR INSOURCING EXPENSES.**

4 “(a) IN GENERAL.—For purposes of section 38, the
5 insourcing expenses credit for any taxable year is an
6 amount equal to 20 percent of the eligible insourcing ex-
7 penses of the taxpayer which are taken into account in
8 such taxable year under subsection (d).

9 “(b) ELIGIBLE INSOURCING EXPENSES.—For pur-
10 poses of this section—

11 “(1) IN GENERAL.—The term ‘eligible
12 insourcing expenses’ means—

13 “(A) eligible expenses paid or incurred by
14 the taxpayer in connection with the elimination
15 of any business unit of the taxpayer (or of any
16 member of any expanded affiliated group in
17 which the taxpayer is also a member) located
18 outside the United States, and

19 “(B) eligible expenses paid or incurred by
20 the taxpayer in connection with the establish-
21 ment of any business unit of the taxpayer (or
22 of any member of any expanded affiliated group
23 in which the taxpayer is also a member) located
24 within the United States,

1 if such establishment constitutes the relocation of
2 business unit so eliminated. For purposes of the pre-
3 ceding sentence, a relocation shall not be treated as
4 failing to occur merely because such elimination oc-
5 curs in a different taxable year than such establish-
6 ment.

7 “(2) ELIGIBLE EXPENSES.—The term ‘eligible
8 expenses’ means—

9 “(A) any amount for which a deduction is
10 allowed to the taxpayer under section 162, and

11 “(B) permit and license fees, lease broker-
12 age fees, equipment installation costs, and, to
13 the extent provided by the Secretary, other
14 similar expenses.

15 Such term does not include any compensation which
16 is paid or incurred in connection with severance
17 from employment and, to the extent provided by the
18 Secretary, any similar amount.

19 “(3) BUSINESS UNIT.—The term ‘business unit’
20 means—

21 “(A) any trade or business, and

22 “(B) any line of business, or functional
23 unit, which is part of any trade or business.

24 “(4) EXPANDED AFFILIATED GROUP.—The
25 term ‘expanded affiliated group’ means an affiliated

1 group as defined in section 1504(a), determined
2 without regard to section 1504(b)(3) and by sub-
3 stituting ‘more than 50 percent’ for ‘at least 80 per-
4 cent’ each place it appears in section 1504(a). A
5 partnership or any other entity (other than a cor-
6 poration) shall be treated as a member of an ex-
7 panded affiliated group if such entity is controlled
8 (within the meaning of section 954(d)(3)) by mem-
9 bers of such group (including any entity treated as
10 a member of such group by reason of this para-
11 graph).

12 “(5) EXPENSES MUST BE PURSUANT TO
13 INSOURCING PLAN.—Amounts shall be taken into ac-
14 count under paragraph (1) only to the extent that
15 such amounts are paid or incurred pursuant to a
16 written plan approved the board of directors or au-
17 thorized officers to carry out the relocation described
18 in paragraph (1).

19 “(6) OPERATING EXPENSES NOT TAKEN INTO
20 ACCOUNT.—Any amount paid or incurred in connec-
21 tion with the ongoing operation of a business unit
22 shall not be treated as an amount paid or incurred
23 in connection with the establishment or elimination
24 of such business unit.

1 “(c) INCREASED DOMESTIC EMPLOYMENT REQUIRE-
2 MENT.—No credit shall be allowed under this section un-
3 less the number of full-time equivalent employees of the
4 taxpayer for the taxable year for which the credit is
5 claimed exceeds the number of full-time equivalent em-
6 ployees of the taxpayer for the last taxable year ending
7 before the first taxable year in which such eligible
8 insourcing expenses were paid or incurred. For purposes
9 of this subsection, full-time equivalent employees has the
10 meaning given such term under section 45R(d) (and the
11 applicable rules of section 45R(e)), determined by only
12 taking into account wages (as otherwise defined in section
13 45R(e)) paid with respect to services performed within the
14 United States. All employers treated as a single employer
15 under subsection (b), (c), (m), or (o) of section 414 shall
16 be treated as a single employer for purposes of this sub-
17 section.

18 “(d) CREDIT ALLOWED UPON COMPLETION OF
19 INSOURCING PLAN.—

20 “(1) IN GENERAL.—Except as provided in para-
21 graph (2), eligible insourcing expenses shall be taken
22 into account under subsection (a) in the taxable year
23 during which the plan described in subsection (b)(5)
24 has been completed and all eligible insourcing ex-

1 penses pursuant to such plan have been paid or in-
2 curred.

3 “(2) ELECTION TO APPLY EMPLOYMENT TEST
4 AND CLAIM CREDIT IN FIRST FULL TAXABLE YEAR
5 AFTER COMPLETION OF PLAN.—If the taxpayer
6 elects the application of this paragraph, eligible
7 insourcing expenses shall be taken into account
8 under subsection (a) in the first taxable year after
9 the taxable year described in paragraph (1).

10 “(e) POSSESSIONS TREATED AS PART OF THE
11 UNITED STATES.—For purposes of this section, the term
12 ‘United States’ shall be treated as including each posses-
13 sion of the United States (including the Commonwealth
14 of Puerto Rico and the Commonwealth of the Northern
15 Mariana Islands).

16 “(f) REGULATIONS.—The Secretary shall prescribe
17 such regulations or other guidance as may be necessary
18 or appropriate to carry out the purposes of this section.”.

19 (b) CREDIT TO BE PART OF GENERAL BUSINESS
20 CREDIT.—Section 38(b) of such Code is amended by strik-
21 ing “plus” at the end of paragraph (32), by striking the
22 period at the end of paragraph (33) and inserting “, plus”,
23 and by adding at the end the following new paragraph:

24 “(34) the insourcing expenses credit determined
25 under section 45U(a).”.

1 (c) CONFORMING AMENDMENTS.—

2 (1) Section 280C of such Code is amended by
3 adding at the end the following new subsection:

4 “(i) CREDIT FOR INSOURCING EXPENSES.—No de-
5 duction shall be allowed for that portion of the expenses
6 otherwise allowable as a deduction taken into account in
7 determining the credit under section 45U for the taxable
8 year which is equal to the amount of the credit determined
9 for such taxable year under section 45U(a).”.

10 (2) The table of sections for subpart D of part
11 IV of subchapter A of chapter 1 of such Code is
12 amended by adding at the end the following new
13 item:

“Sec. 45U. Credit for insourcing expenses.”.

14 (d) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to amounts paid or incurred after
16 the date of the enactment of this Act.

17 (e) APPLICATION TO UNITED STATES POSSES-
18 SIONS.—

19 (1) PAYMENTS TO POSSESSIONS.—

20 (A) MIRROR CODE POSSESSIONS.—The
21 Secretary of the Treasury shall make periodic
22 payments to the United States Virgin Islands,
23 Guam, and the Commonwealth of the Northern
24 Mariana Islands in an amount equal to the loss
25 to that possession by reason of section 45U of

1 the Internal Revenue Code of 1986. Such
2 amount shall be determined by the Secretary of
3 the Treasury based on information provided by
4 the government of the respective possession.

5 (B) OTHER POSSESSIONS.—The Secretary
6 of the Treasury shall make annual payments to
7 the Commonwealth of Puerto Rico and Amer-
8 ican Samoa in an amount estimated by the Sec-
9 retary of the Treasury as being equal to the ag-
10 gregate benefits that would have been provided
11 to residents of each such possession by reason
12 of section 45U of such Code if a mirror code
13 tax system had been in effect in such posses-
14 sion. The preceding sentence shall not apply
15 with respect to any possession of the United
16 States unless such possession has a plan, which
17 has been approved by the Secretary of the
18 Treasury, under which such possession will
19 promptly distribute such payment to the resi-
20 dents of such possession.

21 (2) COORDINATION WITH CREDIT ALLOWED
22 AGAINST UNITED STATES INCOME TAXES.—No cred-
23 it shall be allowed against United States income
24 taxes under section 45U of such Code to any per-
25 son—

1 (A) to whom a credit is allowed against
 2 taxes imposed by the possession by reason of
 3 such section, or

4 (B) who is eligible for a payment under a
 5 plan described in paragraph (1)(B).

6 (3) TREATMENT OF PAYMENTS.—For purposes
 7 of section 1324(b)(2) of title 31, United States
 8 Code, the payments under this section shall be treat-
 9 ed in the same manner as a refund due from sec-
 10 tions referred to in such section 1324(b)(2).

11 **SEC. 3. DENIAL OF DEDUCTION FOR OUTSOURCING EX-**
 12 **PENSES.**

13 (a) IN GENERAL.—Part IX of subchapter B of chap-
 14 ter 1 of the Internal Revenue Code of 1986 is amended
 15 by adding at the end the following new section:

16 **“SEC. 280I. OUTSOURCING EXPENSES.**

17 “(a) IN GENERAL.—No deduction otherwise allow-
 18 able under this chapter shall be allowed for any specified
 19 outsourcing expense.

20 “(b) SPECIFIED OUTSOURCING EXPENSE.—For pur-
 21 poses of this section—

22 “(1) IN GENERAL.—The term ‘specified out-
 23 sourcing expense’ means—

24 “(A) any eligible expense paid or incurred
 25 by the taxpayer in connection with the elimi-

1 nation of any business unit of the taxpayer (or
2 of any member of any expanded affiliated group
3 in which the taxpayer is also a member) located
4 within the United States, and

5 “(B) any eligible expense paid or incurred
6 by the taxpayer in connection with the estab-
7 lishment of any business unit of the taxpayer
8 (or of any member of any expanded affiliated
9 group in which the taxpayer is also a member)
10 located outside the United States,

11 if such establishment constitutes the relocation of
12 business unit so eliminated. For purposes of the pre-
13 ceding sentence, a relocation shall not be treated as
14 failing to occur merely because such elimination oc-
15 curs in a different taxable year than such establish-
16 ment.

17 “(2) APPLICATION OF CERTAIN DEFINITIONS
18 AND RULES.—

19 “(A) DEFINITIONS.—For purposes of this
20 section, the terms ‘eligible expenses’, ‘business
21 unit’, and ‘expanded affiliated group’ shall have
22 the respective meanings given such terms by
23 section 45U(b).

24 “(B) OPERATING EXPENSES NOT TAKEN
25 INTO ACCOUNT.—A rule similar to the rule of

1 section 45U(b)(6) shall apply for purposes of
2 this section.

3 “(c) SPECIAL RULES.—

4 “(1) APPLICATION TO DEDUCTIONS FOR DE-
5 PRECIATION AND AMORTIZATION.—In the case of
6 any portion of a specified outsourcing expense which
7 is not deductible in the taxable year in which paid
8 or incurred, such portion shall neither be chargeable
9 to capital account nor amortizable.

10 “(2) POSSESSIONS TREATED AS PART OF THE
11 UNITED STATES.—For purposes of this section, the
12 term ‘United States’ shall be treated as including
13 each possession of the United States (including the
14 Commonwealth of Puerto Rico and the Common-
15 wealth of the Northern Mariana Islands).

16 “(d) REGULATIONS.—The Secretary shall prescribe
17 such regulations or other guidance as may be necessary
18 or appropriate to carry out the purposes of this section,
19 including regulations which provide (or create a rebuttable
20 presumption) that certain establishments of business units
21 outside the United States will be treated as relocations
22 (based on timing or such other factors as the Secretary
23 may provide) of business units eliminated within the
24 United States.”.

1 (b) LIMITATION ON SUBPART F INCOME OF CON-
 2 TROLLED FOREIGN CORPORATIONS DETERMINED WITH-
 3 OUT REGARD TO SPECIFIED OUTSOURCING EXPENSES.—
 4 Section 952(c) of such Code is amended by adding at the
 5 end the following new paragraph:

6 “(4) EARNINGS AND PROFITS DETERMINED
 7 WITHOUT REGARD TO SPECIFIED OUTSOURCING EX-
 8 PENSES.—For purposes of this subsection, earnings
 9 and profits of any controlled foreign corporation
 10 shall be determined without regard to any specified
 11 outsourcing expense (as defined in section
 12 280I(b)).”.

13 (c) CLERICAL AMENDMENT.—The table of sections
 14 for part IX of subchapter B of chapter 1 of such Code
 15 is amended by adding at the end the following new item:

“Sec. 280I. Outsourcing expenses.”.

16 (d) EFFECTIVE DATE.—The amendments made by
 17 this section shall apply to amounts paid or incurred after
 18 the date of the enactment of this Act.

19 **SEC. 4. REINSTATEMENT OF DEDUCTION FOR MOVING EX-**
 20 **PENSES.**

21 (a) IN GENERAL.—Section 217 of the Internal Rev-
 22 enue Code of 1986 is amended by striking subsection (k).

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to taxable years ending after the
3 date of the enactment of this Act.

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