

117TH CONGRESS
1ST SESSION

S. 536

To amend the Internal Revenue Code of 1986 to provide a credit for wages received by individuals that are less than the median wage.

IN THE SENATE OF THE UNITED STATES

MARCH 2 (legislative day, MARCH 1), 2021

Mr. HAWLEY introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide a credit for wages received by individuals that are less than the median wage.

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 “Blue Collar Bonus Act
5 of 2021”.

6 **SEC. 2. BLUE COLLAR BONUS TAX CREDIT.**

7 (a) IN GENERAL.—

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

1 Revenue Code of 1986 is amended by inserting after
2 section 36B the following:

3 **“SEC. 36C. CREDIT FOR WAGES PAID AT A RATE LESS THAN**
4 **THE MEDIAN WAGE.**

5 “(a) CREDIT ALLOWED.—

6 “(1) IN GENERAL.—In the case of an indi-
7 vidual, there shall be allowed as a credit against the
8 tax imposed by this subtitle for any taxable year an
9 amount equal to the sum of the amounts determined
10 under paragraph (2) for each individual included on
11 the taxpayer’s return of tax for the taxable year.

12 “(2) AMOUNT PER INDIVIDUAL.—The amount
13 determined under this paragraph with respect to any
14 individual shall be the product of—

15 “(A) the blue collar bonus amount of such
16 individual for the taxable year, and

17 “(B) the number of hours for which the in-
18 dividual performed services for which wages
19 were paid during such taxable year.

20 “(b) BLUE COLLAR BONUS AMOUNT.—For purposes
21 of this section—

22 “(1) IN GENERAL.—The term ‘blue collar bonus
23 amount’ means, with respect to any individual for
24 any taxable year, 50 percent of the excess (if any)
25 of—

1 “(A) the median wage rate for such tax-
2 able year, over

3 “(B) the average hourly wages received by
4 the individual during the taxable year.

5 “(2) NON-HOURLY WAGE RATE.—For purposes
6 of paragraph (1)(A), in the case of any individual
7 who is not paid on an hourly wage rate, the wages
8 of such employee shall be prorated to an hourly
9 wage rate under regulations established by the Sec-
10 retary.

11 “(3) MEDIAN WAGE RATE.—

12 “(A) IN GENERAL.—The median wage rate
13 is \$16.50 per hour.

14 “(B) ADJUSTMENT.—

15 “(i) IN GENERAL.—In the case of any
16 taxable year beginning in a calendar year
17 after 2021, the \$16.50 amount under sub-
18 paragraph (A) shall each be increased by
19 an amount equal to—

20 “(I) such dollar amount, multi-
21 plied by

22 “(II) the cost-of-living adjust-
23 ment determined under section 1(f)(3)
24 for the calendar year in which the tax-
25 able year begins, determined by sub-

1 stituting in subparagraph (A)(ii)
2 thereof ‘calendar year 2020’ for ‘cal-
3 endar year 2016’.

4 “(ii) ROUNDING.—If any amount as
5 adjusted under paragraph (1) is not a mul-
6 tiple of \$0.10, such dollar amount shall be
7 rounded to the next lowest multiple of
8 \$0.10.

9 “(c) NUMBER OF HOURS TAKEN INTO ACCOUNT.—
10 For purposes of subsection (a)(2)(B) and for purposes of
11 determining the average hourly wages of an individual
12 under subsection (b)(1)(B), the number of hours taken
13 into account shall not exceed—

14 “(1) for any week, 40, and

15 “(2) for any taxable year, 2080.

16 “(d) OTHER DEFINITIONS AND SPECIAL RULES.—

17 “(1) WAGES.—The term ‘wages’ has the mean-
18 ing given such term by subsection (b) of section
19 3306 (determined without regard to any dollar limi-
20 tation contained in such section).

21 “(2) TREATMENT OF DEPENDENTS.—If a de-
22 duction under section 151 with respect to an indi-
23 vidual is allowed to another taxpayer for a taxable
24 year beginning in the calendar year in which such
25 individual’s taxable year begins, no credit shall be al-

1 lowed under subsection (a) to such individual for
2 such individual’s taxable year.

3 “(3) NONRESIDENT ALIENS.—This section shall
4 not apply to any taxpayer that is a nonresident alien
5 for the taxable year.

6 “(e) IDENTIFICATION REQUIREMENT.—No credit
7 shall be allowed under this section to a taxpayer with re-
8 spect to any individual unless the taxpayer includes the
9 social security number of such individual on the return
10 of tax for the taxable year. For purposes of the preceding
11 sentence, the term ‘social security number’ means a social
12 security number issued to an individual by the Social Se-
13 curity Administration, but only if the social security num-
14 ber is issued—

15 “(1) to a citizen of the United States or pursu-
16 ant to subclause (I) (or that portion of subclause
17 (III) that relates to subclause (I)) of section
18 205(c)(2)(B)(i) of the Social Security Act, and

19 “(2) before the due date for such return.

20 “(f) RESTRICTIONS ON TAXPAYERS WHO IMPROP-
21 ERLY CLAIMED CREDIT IN PRIOR YEAR.—

22 “(1) TAXPAYERS MAKING PRIOR FRAUDULENT
23 OR RECKLESS CLAIMS.—

1 “(A) IN GENERAL.—No credit shall be al-
2 lowed under this section for any taxable year in
3 the disallowance period.

4 “(B) DISALLOWANCE PERIOD.—For pur-
5 poses of subparagraph (A), the disallowance pe-
6 riod is the period of 2 taxable years after the
7 most recent taxable year for which there was a
8 final determination that the taxpayer’s claim of
9 credit under this section was due to fraud or to
10 reckless or intentional disregard of rules and
11 regulations.

12 “(g) RECONCILIATION OF CREDIT AND ADVANCE
13 CREDIT.—

14 “(1) IN GENERAL.—The amount of the credit
15 allowed under this section to any taxpayer for any
16 taxable year shall be reduced (but not below zero) by
17 the aggregate amount of payments made under sec-
18 tion 7527A to such taxpayer during such taxable
19 year. Any failure to so reduce the credit shall be
20 treated as arising out of a mathematical or clerical
21 error and assessed according to section 6213(b)(1).

22 “(2) EXCESS ADVANCE PAYMENTS.—

23 “(A) IN GENERAL.—If the aggregate
24 amount of payments under section 7527A to
25 the taxpayer during the taxable year exceeds

1 the amount of the credit allowed under this sec-
2 tion to such taxpayer for such taxable year (de-
3 termined without regard to paragraph (1)), the
4 tax imposed by this chapter for such taxable
5 year shall be increased by the amount of such
6 excess. Any failure to so increase the tax shall
7 be treated as arising out of a mathematical or
8 clerical error and assessed according to section
9 6213(b)(1).

10 “(B) SAFE HARBOR BASED ON MODIFIED
11 ADJUSTED GROSS INCOME.—

12 “(i) IN GENERAL.—Subparagraph (A)
13 shall not apply to any taxpayer whose ad-
14 justed gross income for the taxable year
15 does not exceed \$50,000 (\$100,000, in the
16 case of a joint return).

17 “(ii) LIMITATION ON INCREASE.—In
18 the case of a taxpayer whose adjusted
19 gross income exceeds \$50,000 (\$100,000,
20 in the case of a joint return), the amount
21 of the increase under subparagraph (A)
22 shall not exceed the excess of—

23 “(I) the adjusted gross income of
24 the taxpayer for the taxable year, over

1 “(II) \$50,000 (\$100,000, in the
2 case of a joint return).

3 “(h) REGULATIONS.—The Secretary may prescribe
4 such rules or other guidance as may be necessary to carry
5 out the purposes of this section and section 7527A, includ-
6 ing—

7 “(1) rules or guidance related to the treatment
8 of tipped workers,

9 “(2) rules or guidance related to minimizing
10 compliance and record-keeping burdens,

11 “(3) rules or guidance related to individuals
12 who receive wages from multiple employers, and

13 “(4) in consultation with the Secretary of
14 Labor, rules or guidance related to the prevention of
15 reduced wages or hours worked on account of the
16 benefit provided under this section.

17 “(i) TERMINATION.—This section shall not apply to
18 any taxable year beginning after December 31, 2023.”.

19 (2) CONFORMING AMENDMENTS.—

20 (A) Paragraph (2) of section 1324(b) of
21 title 31, United States Code, is amended by in-
22 serting “36C,” after “36B,”.

23 (B) The table of sections for subpart C of
24 part IV of subchapter A of chapter 1 of such

1 Code is amended by inserting after the item re-
2 lated to section 36B the following new item:

“Sec. 36C. Credit for wages paid at a rate less than the median wage.”.

3 (b) ADVANCE PAYMENT OF CREDIT.—

4 (1) IN GENERAL.—Chapter 77 of such Code is
5 amended by inserting after section 7527 the fol-
6 lowing new section:

7 **“SEC. 7527A. ADVANCE PAYMENT OF WAGE TAX CREDIT.**

8 “(a) IN GENERAL.—As soon as practical but not
9 later than 90 days after the date of the enactment of this
10 section, the Secretary shall establish a program for mak-
11 ing periodic payments to taxpayers in an amount equal
12 to the amount of the credit the taxpayer would receive
13 under section 36C if the last day of the taxable year were
14 the last day of the applicable period for which the payment
15 is made.

16 “(b) LENGTH OF PERIOD.—Payments under the pro-
17 gram established under subsection (a) shall be made not
18 less than quarterly.

19 “(c) ADJUSTMENTS.—The Secretary may adjust the
20 amount of any payment to properly take into account the
21 amount by which any payment made before such date was
22 greater than or less than the amount that such payment
23 would have been on the basis of data for any subsequent
24 period.

1 “(d) INFORMATION REPORTING.—The Secretary
2 shall require the submission of additional information con-
3 cerning the wages paid by employers for purposes of pro-
4 viding advance payments under this section. Such infor-
5 mation may be provided as part of existing reporting re-
6 quirements.

7 “(e) ON-LINE INFORMATION PORTAL.—The Sec-
8 retary shall establish an on-line portal which allows tax-
9 payers to—

10 “(1) elect not to receive payments under this
11 section, and

12 “(2) provide such information as the Secretary
13 may require to facilitate an advance payment of the
14 credit to the eligible individual.

15 “(f) NOTICE OF PAYMENTS.—Not later than January
16 31 of the calendar year following any calendar year during
17 which the Secretary makes one or more payments to any
18 taxpayer under this section, the Secretary shall provide
19 such taxpayer with a written notice which includes the tax-
20 payer’s taxpayer identity (as defined in section
21 6103(b)(6)), the aggregate amount of such payments
22 made to such taxpayer during such calendar year, and
23 such other information as the Secretary determines appro-
24 priate.

25 “(g) ADMINISTRATIVE PROVISIONS.—

1 “(1) APPLICATION OF DIRECT DEPOSIT RE-
2 QUIREMENT.—Solely for purposes of section 3332 of
3 title 31, United States Code (and notwithstanding
4 the last sentence of subsection (j)(3) thereof), the
5 payments made by the Secretary under subsection
6 (a) shall be treated as Federal payments.

7 “(2) DELIVERY OF PAYMENTS.—Notwith-
8 standing any other provision of law, the Secretary
9 may certify and disburse refunds payable under this
10 section electronically to—

11 “(A) any account to which the payee re-
12 ceived or authorized, on or after January 1,
13 2019, a refund of taxes under this title or a
14 Federal payment (as defined in section 3332 of
15 title 31, United States Code),

16 “(B) any account belonging to a payee
17 from which that individual, on or after January
18 1, 2019, made a payment of taxes under this
19 title, or

20 “(C) any Treasury-sponsored account (as
21 defined in section 208.2 of title 31, Code of
22 Federal Regulations).

23 “(3) WAIVER OF CERTAIN RULES.—Notwith-
24 standing section 3325 of title 31, United States
25 Code, or any other provision of law, with respect to

1 any payment of a refund under this section, a dis-
2 bursing official in the executive branch of the United
3 States Government may modify payment information
4 received from an officer or employee described in
5 section 3325(a)(1)(B) of such title for the purpose
6 of facilitating the accurate and efficient delivery of
7 such payment. Except in cases of fraud or reckless
8 neglect, no liability under section 3325, 3527, 3528,
9 or 3529 of title 31, United States Code, shall be im-
10 posed with respect to payments made under this
11 paragraph.

12 “(4) EXCEPTION FROM REDUCTION OR OFF-
13 SET.—Any payment made to any individual under
14 this section shall not be—

15 “(A) subject to reduction or offset pursu-
16 ant to section 3716 or 3720A of title 31,
17 United States Code,

18 “(B) subject to reduction or offset pursu-
19 ant to subsection (d), (e), or (f) of section
20 6402, or

21 “(C) reduced or offset by other assessed
22 Federal taxes that would otherwise be subject
23 to levy or collection.”.

24 (2) CONFORMING AMENDMENTS.—

1 (A) Section 26(b)(2) of such Code is
2 amended by striking “and” at the end of sub-
3 paragraph (X), by striking the period at the
4 end of subparagraph (Y) and inserting “, and”,
5 and by adding at the end the following new sub-
6 paragraph:

7 “(Z) section 36C(g)(2) (relating to excess
8 advance payments).”.

9 (B) Section 6211(b)(4)(A) of such Code,
10 as amended by the preceding provisions of this
11 subtitle, is amended—

12 (i) by inserting “36C” after “36B”,

13 and

14 (ii) by striking “and 6428A” and in-
15 sserting “6428A, and 7527A”.

16 (C) Paragraph (2) of section 1324(b) of
17 title 31, United States Code, is amended by
18 striking “or 6431” and inserting “6431, or
19 7527A”.

20 (D) The table of sections for chapter 77 of
21 the Internal Revenue Code of 1986 is amended
22 by inserting after the item relating to section
23 7527 the following new item:

“Sec. 7527A. Advance payment of wage tax credit.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2020.

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