

113TH CONGRESS  
1ST SESSION

# H. R. 3781

To amend the Internal Revenue Code of 1986 to allow small employers a credit against income tax for hiring individuals receiving unemployment compensation.

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## IN THE HOUSE OF REPRESENTATIVES

DECEMBER 16, 2013

Mr. LOWENTHAL introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to allow small employers a credit against income tax for hiring individuals receiving unemployment compensation.

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 “American Unemployed  
5 Worker Investment Act of 2013”.

1 **SEC. 2. CREDIT FOR EMPLOYERS WHO HIRE INDIVIDUALS**  
2 **RECEIVING UNEMPLOYMENT COMPENSA-**  
3 **TION.**

4 (a) **IN GENERAL.**—Subsection (d) of section 51 of the  
5 Internal Revenue Code of 1986 (defining members of tar-  
6 geted group) is amended by striking “or” at the end of  
7 subparagraph (H), by striking the period at the end of  
8 subparagraph (I) and inserting “, or”, and by adding at  
9 the end the following new subparagraph:

10 “(J) in the case of a small business em-  
11 ployer, a qualified unemployment compensation  
12 recipient.”.

13 (b) **QUALIFIED UNEMPLOYMENT COMPENSATION**  
14 **RECIPIENT.**—Subsection (d) of section 51 of the Internal  
15 Revenue Code of 1986 is amended by redesignating para-  
16 graphs (11) through (14) as paragraphs (12) through  
17 (15), respectively, and by inserting after paragraph (10)  
18 the following new paragraph:

19 “(11) **QUALIFIED UNEMPLOYMENT COMPENSA-**  
20 **TION RECIPIENT; SMALL BUSINESS EMPLOYER.**—

21 “(A) **IN GENERAL.**—The term ‘qualified  
22 unemployment compensation recipient’ means  
23 any individual who is certified by the designated  
24 local agency as—

1           “(i) not being a student for at least 6  
2           months during the 1-year period ending on  
3           the hiring date,

4           “(ii) being in receipt of unemployment  
5           compensation under State or Federal law  
6           on the hiring date, and

7           “(iii) having a hiring date during the  
8           2-year period which begins on the date of  
9           the enactment of this paragraph.

10           “(B) SMALL BUSINESS EMPLOYER.—For  
11           purposes of this paragraph, the term ‘small  
12           business employer’ means, with respect to any  
13           hiring date, any employer which employs more  
14           than 10 but fewer than 25 full-time equivalent  
15           employees throughout the taxable year.

16           “(C) STUDENT.—For purposes of this  
17           paragraph, a student is an individual enrolled  
18           at least half-time in a program that leads to a  
19           degree, certificate, or other recognized edu-  
20           cational credential for at least 6 months  
21           (whether or not consecutive) during the 1-year  
22           period ending on the hiring date.”.

23           (c) MAXIMUM \$4,000 CREDIT PER EMPLOYEE.—  
24           Paragraph (3) of section 51(b) of the Internal Revenue  
25           Code of 1986 is amended by inserting “\$10,000 per year

1 in the case of any individual who is a qualified unemploy-  
2 ment compensation recipient by reason of subsection  
3 (d)(11),” after “\$6,000 per year (”.

4 (d) DENIAL OF CREDIT UNLESS EMPLOYMENT FULL  
5 TIME FOR 1 YEAR.—Paragraph (3) of section 51(i) of the  
6 Internal Revenue Code of 1986 (relating to individuals not  
7 meeting minimum employment periods) is amended by  
8 adding at the end the following new subparagraph:

9 “(C) SPECIAL RULES FOR QUALIFIED UN-  
10 EMPLOYMENT COMPENSATION RECIPIENTS.—  
11 No wages shall be taken into account under  
12 subsection (a) with respect to a qualified unem-  
13 ployment compensation recipient unless—

14 “(i) such individual is employed by  
15 the employer for not less than 35 hours  
16 per week for not less than 1 year, and

17 “(ii) the number of full-time equiva-  
18 lent employees of the employer is increased  
19 by 1 for at least 1 year by reason of such  
20 individual’s employment by the employer.”.

21 (e) CREDIT MADE AVAILABLE TO TAX-EXEMPT EM-  
22 PLOYERS IN CERTAIN CIRCUMSTANCES.—

23 (1) IN GENERAL.—Subsection (e) of section  
24 3111 of the Internal Revenue Code of 1986 is  
25 amended—

1 (A) by striking “QUALIFIED VETERANS”  
2 in the subsection heading and inserting  
3 “QUALIFIED INDIVIDUALS”,

4 (B) by striking “qualified veteran” each  
5 place it appears in the text and inserting  
6 “qualified individual”, and

7 (C) by striking “qualified veterans” in  
8 paragraph (2) and inserting “qualified individ-  
9 uals”.

10 (2) QUALIFIED INDIVIDUAL DEFINED.—Sub-  
11 paragraph (B) of section 3111(e)(5) of such Code is  
12 amended to read as follows:

13 “(B) the term ‘qualified individual’  
14 means—

15 “(i) any qualified veteran (as defined  
16 in section 51(d)(3)), and

17 “(ii) any qualified unemployment com-  
18 pensation recipient (as defined in section  
19 51(d)(11)).”.

20 (3) CONFORMING AMENDMENT.—Paragraph (2)  
21 of section 52(c) of such Code is amended—

22 (A) by inserting “AND QUALIFIED UNEM-  
23 PLOYMENT COMPENSATION RECIPIENTS” after  
24 “QUALIFIED VETERANS” in the heading, and

1                   (B) by inserting “and qualified unemploy-  
2                   ment compensation recipients” after “qualified  
3                   veterans” in the text.

4           (f) EFFECTIVE DATE.—The amendments made by  
5 this section shall apply to individuals who begin work for  
6 the employer after the date of the enactment of this Act.

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