

115TH CONGRESS
2D SESSION

S. 2648

To amend the Internal Revenue Code of 1986 to encourage employers to hire individuals working in dying industries or occupations made obsolete by technology, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 11, 2018

Mr. NELSON 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 encourage employers to hire individuals working in dying industries or occupations made obsolete by technology, and for other purposes.

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 “Economic Moderniza-
5 tion Act”.

6 **SEC. 2. ECONOMIC TRANSITION CREDIT.**

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, as amended by section 13403(a) of Public Law
2 115–97, is amended by adding at the end the following
3 new section:

4 **“SEC. 45T. ECONOMIC TRANSITION CREDIT.**

5 “(a) IN GENERAL.—For purposes of section 38, the
6 amount of the economic transition credit determined
7 under this section for the taxable year shall be equal to
8 the sum of any applicable payroll taxes paid by an em-
9 ployer during the taxable year with respect to employment
10 of any qualified employee.

11 “(b) DEFINITIONS.—For purposes of this section:

12 “(1) APPLICABLE PAYROLL TAXES.—

13 “(A) IN GENERAL.—The term ‘applicable
14 payroll taxes’ means, with respect to any em-
15 ployer for any taxable year, the amount of the
16 taxes imposed by—

17 “(i) section 3111 on wages paid by an
18 employer with respect to employment of
19 qualified employee during the applicable
20 period, and

21 “(ii) section 3221(a) on compensation
22 paid by an employer with respect to serv-
23 ices rendered by a qualified employee dur-
24 ing the applicable period.

1 “(B) APPLICABLE PERIOD.—For purposes
2 of subparagraph (A), the term ‘applicable pe-
3 riod’ means the 3-year period beginning with
4 the day the qualified employee begins work for
5 the employer.

6 “(2) DECLINING FIELD.—

7 “(A) IN GENERAL.—The term ‘declining
8 field’ means any occupation or field of work
9 which has been determined by the Secretary, in
10 consultation with the Bureau of Labor Statis-
11 tics of the Department of Labor, to have experi-
12 enced a decline in the level of average employ-
13 ment in such occupation or field in the United
14 States of not less than 8 percent over the most
15 recent 3-year period for which such information
16 is available.

17 “(B) DETERMINATION AND PUBLICA-
18 TION.—The Secretary, in consultation with the
19 Bureau of Labor Statistics of the Department
20 of Labor, shall annually—

21 “(i) determine which occupations or
22 fields of work satisfy the requirements de-
23 scribed in subparagraph (A), and

24 “(ii) publish and make available on
25 the website of the Department of the

1 Treasury a complete list of such occupa-
 2 tions and fields of work.

3 “(3) QUALIFIED EMPLOYEE.—

4 “(A) IN GENERAL.—The term ‘qualified
 5 employee’ means an individual who—

6 “(i) is provided wages for employment
 7 by the employer (as such terms are defined
 8 in section 3121), provided that such em-
 9 ployment is not in a declining field,

10 “(ii) is not a covered employee (as de-
 11 fined in section 162(m)(3)), and

12 “(iii) was employed in a declining field
 13 for any period during the 12-month period
 14 preceding the applicable period under para-
 15 graph (1)(B).

16 “(B) NONQUALIFYING REHIREES.—The
 17 term ‘qualifying employee’ shall not include any
 18 individual who, prior to the beginning of the ap-
 19 plicable period under paragraph (1)(B), had
 20 been employed by the employer at any time.”.

21 (b) CREDIT PART OF GENERAL BUSINESS CREDIT.—

22 Section 38(b) of the Internal Revenue Code of 1986, as
 23 amended by section 13403(b) of Public Law 115–97, is
 24 amended by striking “plus” at the end of paragraph (36),
 25 by striking the period at the end of paragraph (37) and

1 inserting “, plus”, and by adding at the end the following
 2 new paragraph:

3 “(38) the economic transition credit determined
 4 under section 45T(a).”.

5 (c) CLERICAL AMENDMENT.—The table of sections
 6 for subpart D of part IV of subchapter A of chapter 1
 7 of the Internal Revenue Code of 1986 is amended by add-
 8 ing at the end the following new item:

“Sec. 45T. Economic Transition Credit.”.

9 (d) EFFECTIVE DATE.—The amendments made by
 10 this section shall apply to taxable years beginning after
 11 the date of the enactment of this Act.

12 **SEC. 3. ENHANCEMENTS TO CERTAIN EDUCATION TAX BEN-**
 13 **EFITS FOR PROFESSIONALS IN SHORT SUP-**
 14 **PLY.**

15 (a) IN GENERAL.—

16 (1) PUBLICATION.—For each calendar year be-
 17 ginning after the date of the enactment of this Act,
 18 the Secretary of the Treasury, in consultation with
 19 the Secretary of Labor, shall publish and make
 20 available on the website of the Department of the
 21 Treasury a list of any occupation or field of work
 22 which qualifies as a short supply field for such cal-
 23 endar year.

24 (2) SHORT SUPPLY FIELD.—The term “short
 25 supply field” means an occupation or field of work

1 which the Secretary of the Treasury, in consultation
2 with the Secretary of Labor, has determined—

3 (A) requires—

4 (i) theoretical and practical applica-
5 tion of a body of highly specialized knowl-
6 edge; and

7 (ii)(I) attainment of a bachelor's or
8 higher degree in the specific specialty (or
9 its equivalent); or

10 (II) experience in the specialty equiva-
11 lent to the completion of such degree; and

12 (B) has an insufficient number of individ-
13 uals who are citizens or residents of the United
14 States and are qualified, willing, and able to
15 satisfy the demand for labor in such occupation
16 or field of work.

17 (b) ENHANCEMENTS TO CERTAIN EDUCATION TAX
18 BENEFITS.—

19 (1) IN GENERAL.—

20 (A) EDUCATIONAL ASSISTANCE PRO-
21 GRAMS.—Paragraph (2) of section 127(a) of
22 the Internal Revenue Code of 1986 is amended
23 by inserting “(or, in the case of an individual
24 employed in an occupation or field of work
25 which has been designated as a short supply

1 field for such calendar year pursuant to section
2 3(a) of the Economic Modernization Act, the
3 first \$15,000 of such assistance so furnished)”
4 before the period at the end.

5 (B) INTEREST ON EDUCATION LOANS.—
6 Paragraph (1) of section 221(b) of the Internal
7 Revenue Code of 1986 is amended by inserting
8 “(or, in the case of a individual employed in an
9 occupation or field of work which has been des-
10 ignated, pursuant to section 3(a) of the Eco-
11 nomic Modernization Act, as a short supply
12 field for the calendar year in which such taxable
13 year began, shall not exceed \$8,000)” before
14 the period at the end.

15 (C) QUALIFIED TUITION AND RELATED
16 EXPENSES.—Paragraph (1) of section 222(b) of
17 the Internal Revenue Code of 1986 is amended
18 by inserting “(or, in the case of an individual
19 employed in an occupation or field of work
20 which has been designated, pursuant to section
21 3(a) of the Economic Modernization Act, as a
22 short supply field for the calendar year in which
23 such taxable year began, an amount equal to
24 the applicable dollar limit multiplied by 2)” be-
25 fore the period at the end.

1 (2) EXCLUSION FOR CERTAIN EMPLOYER PAY-
2 MENTS OF STUDENT LOANS.—

3 (A) IN GENERAL.—Paragraph (1) of sec-
4 tion 127(c) of the Internal Revenue Code of
5 1986 is amended by striking “and” at the end
6 of subparagraph (A), by redesignating subpara-
7 graph (B) as subparagraph (C), and by insert-
8 ing after subparagraph (A) the following new
9 subparagraph:

10 “(B) in the case of an employee employed
11 in an occupation or field of work which has
12 been designated as a short supply field for a
13 calendar year pursuant to section 3(a) of the
14 Economic Modernization Act, the payment by
15 an employer during such calendar year, whether
16 paid to the employee or to a lender, of principal
17 or interest on any qualified education loan (as
18 defined in section 221(d)(1)) incurred by the
19 employee, and”.

20 (B) CONFORMING AMENDMENT; DENIAL
21 OF DOUBLE BENEFIT.—Paragraph (1) of sec-
22 tion 221(e) of the Internal Revenue Code of
23 1986 is amended by inserting before the period
24 the following: “, or for which an exclusion is al-
25 lowable under section 127 to the taxpayer’s em-

1 employer by reason of the payment by such em-
 2 ployer of any indebtedness on a qualified edu-
 3 cation loan of the taxpayer”.

4 (3) EFFECTIVE DATE.—The amendments made
 5 by this subsection shall apply to taxable years begin-
 6 ning after the date of the enactment of this Act.

7 **SEC. 4. DEDUCTION OF QUALIFIED ENTERPRISE INCOME.**

8 (a) IN GENERAL.—Part VI of subchapter B of chap-
 9 ter 1 of the Internal Revenue Code of 1986 is amended
 10 by inserting after section 181 the following new section:

11 **“SEC. 182. QUALIFIED ENTERPRISE INCOME.**

12 “(a) IN GENERAL.—In the case of a qualified tax-
 13 payer, there shall be allowed as a deduction an amount
 14 equal to any qualified enterprise income of such taxpayer.

15 “(b) LIMITATION.—The amount of the deduction al-
 16 lowed under subsection (a) for any taxable year shall not
 17 exceed an amount equal to 50 percent of the W-2 wages
 18 paid by the qualified taxpayer during such taxable year.

19 “(c) DEFINITIONS.—In this section:

20 “(1) QUALIFIED ENTERPRISE INCOME.—

21 “(A) IN GENERAL.—The term ‘qualified
 22 enterprise income’ means the amount equal to
 23 the excess (if any) of—

24 “(i) the gross receipts of the qualified
 25 taxpayer for the taxable year which are

1 properly allocable to a qualified facility,
2 over

3 “(ii) an amount equal to the sum of—

4 “(I) the cost of goods sold which
5 are allocable to such receipts, and

6 “(II) any other expenses, losses
7 or deductions (with the exception of
8 the deduction allowed under this sec-
9 tion) which are allocable to such re-
10 ceipts.

11 “(B) LIMITATION.—The term ‘qualified
12 enterprise income’ shall apply only to gross re-
13 ceipts described in subparagraph (A) for the 3-
14 taxable-year period beginning after the qualified
15 facility is placed in service.

16 “(C) METHOD OF ALLOCATION.—The Sec-
17 retary shall prescribe regulations for ensuring
18 proper allocation of amounts under subpara-
19 graph (A).

20 “(2) QUALIFIED FACILITY.—

21 “(A) IN GENERAL.—The term ‘qualified
22 facility’ means any nonresidential building (and
23 its structural components) which—

24 “(i) prior to 2000, was placed in serv-
25 ice and used in the active conduct of a

1 trade or business by a person other than
2 the qualified taxpayer,

3 “(ii) after being acquired by the quali-
4 fied taxpayer, has been substantially reha-
5 bilitated,

6 “(iii) during the 2-year period prior to
7 commencement of rehabilitation by the
8 qualified taxpayer, was not used in the ac-
9 tive conduct of a trade or business, and

10 “(iv) is located within a State.

11 “(B) SUBSTANTIAL REHABILITATION.—

12 For purposes of this paragraph, a building shall
13 be deemed to have been substantially rehabili-
14 tated only if—

15 “(i) not less than 50 percent of the
16 existing external walls of such building are
17 retained in place as external walls,

18 “(ii) not less than 75 percent of the
19 existing internal structural framework of
20 such building is retained in place, and

21 “(iii) the amount properly chargeable
22 to the capital account for any addition to
23 or improvement of the building is in excess
24 of an amount equal to the greater of—

1 “(I) the adjusted basis of such
2 building (and its structural compo-
3 nents), or

4 “(II) \$20,000.

5 “(3) QUALIFIED TAXPAYER.—The term ‘quali-
6 fied taxpayer’ means the person that owns the quali-
7 fied facility and directly incurs not less than 50 per-
8 cent of the expenses for substantially rehabilitating
9 such facility (under rules similar to the rules appli-
10 cable to self-rehabilitated buildings under section
11 47(d)(4)).

12 “(4) STATE.—The term ‘State’ means any
13 State of the United States or the District of Colum-
14 bia or any Territory or possession of the United
15 States.

16 “(5) W-2 WAGES.—

17 “(A) IN GENERAL.—The term ‘W-2
18 wages’ means, with respect to any person for
19 any taxable year of such person, the amounts
20 described in paragraphs (3) and (8) of section
21 6051(a) paid by such person with respect to
22 employment of employees by such person during
23 the calendar year ending during such taxable
24 year.

1 “(B) LIMITATION TO WAGES ATTRIB-
2 UTABLE TO QUALIFIED ENTERPRISE INCOME.—
3 Such term shall not include any amount which
4 is not properly allocable to qualified enterprise
5 income for purposes of subsection (c)(1).

6 “(C) RETURN REQUIREMENT.—Such term
7 shall not include any amount which is not prop-
8 erly included in a return filed with the Social
9 Security Administration on or before the 60th
10 day after the due date (including extensions)
11 for such return.”.

12 (b) CLERICAL AMENDMENT.—The table of sections
13 for part VI of subchapter B of chapter 1 of the Internal
14 Revenue Code of 1986 is amended by adding at the end
15 the following new item:

 “Sec. 182. Qualified Enterprise Income.”.

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to taxable years beginning after
18 the date of the enactment of this Act.

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