

109<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 5368

To amend the Internal Revenue Code of 1986 to provide for small business tax incentives, to amend the Fair Labor Standards Act of 1938 to increase the minimum wage and to increase the exemption for annual gross volume of sales made or business done by an enterprise, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 11, 2006

Mr. ENGLISH of Pennsylvania (for himself, Mr. SIMMONS, and Mr. WELDON of Pennsylvania) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Education and the Workforce, 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 amend the Internal Revenue Code of 1986 to provide for small business tax incentives, to amend the Fair Labor Standards Act of 1938 to increase the minimum wage and to increase the exemption for annual gross volume of sales made or business done by an enterprise, 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. SMALL BUSINESS TAX INCENTIVES.**

4 (a) INCREASE IN SECTION 179 EXPENSING.—

1           (1) INCREASE IN DOLLAR LIMITATION MADE  
2 PERMANENT.—Paragraph (1) of section 179(b) of  
3 the Internal Revenue Code of 1986 (relating to dol-  
4 lar limitation) is amended by striking “\$25,000  
5 (\$100,000 in the case of taxable years beginning  
6 after 2002 and before 2008)” and inserting  
7 “\$100,000”.

8           (2) INCREASE IN THRESHOLD FOR REDUCTION  
9 OF DOLLAR LIMITATION.—Paragraph (2) of section  
10 179(b) of such Code (relating to reduction in limita-  
11 tion) is amended by striking “\$200,000 (\$400,000  
12 in the case of taxable years beginning after 2002  
13 and before 2008)” and inserting “\$500,000”.

14           (3) INFLATION ADJUSTMENT.—Paragraph (5)  
15 of section 179(b) of such Code (relating to inflations  
16 adjustments) is amended to read as follows:

17           “(5) INFLATION ADJUSTMENTS.—

18           “(A) DOLLAR LIMITATION.—In the case of  
19 any taxable year beginning in a calendar year  
20 after 2005, the \$100,000 amount in paragraph  
21 (1) shall be increased by an amount equal to—

22                   “(i) such dollar amount, multiplied by

23                   “(ii) the cost-of-living adjustment  
24                   under section 1(f)(3) for the calendar year  
25                   in which the taxable year begins deter-

1           mined by substituting ‘calendar year 2002’  
2           for ‘calendar year 1992’ in subparagraph  
3           (B) thereof.

4           “(B) PHASEOUT AMOUNT.—In the case of  
5           any taxable year beginning in a calendar year  
6           after 2006, the \$500,000 amount in paragraph  
7           (2) shall be increased by an amount equal to—

8                   “(i) such dollar amount, multiplied by

9                           “(ii) the cost-of-living adjustment  
10                   under section 1(f)(3) for the calendar year  
11                   in which the taxable year begins deter-  
12                   mined by substituting ‘calendar year 2005’  
13                   for ‘calendar year 1992’ in subparagraph  
14                   (B) thereof.

15           “(C) ROUNDING.—

16                   “(i) DOLLAR LIMITATION.—If the  
17                   amount in paragraph (1) as increased  
18                   under subparagraph (A) is not a multiple  
19                   of \$1,000, such amount shall be rounded  
20                   to the nearest multiple of \$1,000.

21                   “(ii) PHASEOUT AMOUNT.—If the  
22                   amount in paragraph (2) as increased  
23                   under subparagraph (B) is not a multiple  
24                   of \$10,000, such amount shall be rounded  
25                   to the nearest multiple of \$10,000.”.

1           (4) EFFECTIVE DATE.—The amendments made  
2           by this subsection shall apply to taxable years begin-  
3           ning after December 31, 2005.

4           (b) WORK OPPORTUNITY CREDIT, WELFARE-TO-  
5 WORK CREDIT, AND RESEARCH CREDIT ALLOWED  
6 AGAINST ALTERNATIVE MINIMUM TAX.—

7           (1) IN GENERAL.—Subparagraph (B) of section  
8           38(c)(4) of the Internal Revenue Code of 1986 is  
9           amended by striking the period at the end of clause  
10          (ii)(II) and inserting a comma and by adding at the  
11          end the following new clauses:

12                           “(iii) the credit determined under sec-  
13                           tion 51,

14                           “(iv) the credit determined under sec-  
15                           tion 51A, and

16                           “(v) the credit determined under sec-  
17                           tion 41.”.

18          (2) EFFECTIVE DATE.—The amendments made  
19          by this subsection shall apply to taxable years begin-  
20          ning after December 31, 2005.

21 **SEC. 2. STANDARD HOME OFFICE DEDUCTION.**

22          (a) IN GENERAL.—Subsection (c) of section 280A of  
23 the Internal Revenue Code of 1986 (relating to disallow-  
24 ance of certain expenses in connection with business use

1 of home, rental of vacation homes, etc.) is amended by  
2 adding at the end the following new paragraph:

3           “(7) STANDARD HOME OFFICE DEDUCTION.—If  
4           the taxpayer elects (at such time and in such form  
5           and manner as the Secretary may prescribe) to have  
6           this paragraph apply for any taxable year, in the  
7           case of a use described in paragraph (1), (2), or (4),  
8           and in the case of a use described in paragraph (3)  
9           where the dwelling unit is used by the taxpayer dur-  
10          ing the taxable year as a residence—

11                   “(A) there shall be allowed as a deduction  
12                   an amount equal to \$2,500, and

13                   “(B) no deduction otherwise allowable  
14                   under this chapter shall be allowed with respect  
15                   to such use.”.

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

19 **SEC. 3. MINIMUM WAGE PROVISIONS.**

20          (a) EXEMPTION FOR SMALL EMPLOYERS.—

21                   (1) IN GENERAL.—Section 6 of the Fair Labor  
22 Standards Act of 1938 (29 U.S.C. 206) is amend-  
23 ed—

1           (A) in subsection (a), by inserting after  
2           “Every employer” the following: “who employs  
3           ten or more employees”; and

4           (B) in subsection (b), by inserting after  
5           “Every employer” the following: “who employs  
6           ten or more employees”.

7           (2) EFFECTIVE DATE.—The amendments made  
8           by this subsection shall apply beginning October 1,  
9           2006.

10          (b) PHASED INCREASE.—Section 6(a) of such Act  
11          (29 U.S.C. 206(a)) is amended by striking paragraph (1)  
12          and inserting the following new paragraph:

13                 “(1) except as otherwise provided in this sec-  
14                 tion, not less than \$5.15 an hour through the period  
15                 ending September 30, 2006, not less than \$6.00 an  
16                 hour during the year beginning October 1, 2006, not  
17                 less than \$6.50 an hour during the year beginning  
18                 October 1, 2007, not less than \$7.00 an hour begin-  
19                 ning October 1, 2008, and not less than \$7.50 an  
20                 hour beginning October 1, 2009;”.

1 **SEC. 4. INCREASED EXEMPTION FOR ANNUAL GROSS VOL-**  
2 **UME OF SALES MADE OR BUSINESS DONE BY**  
3 **AN ENTERPRISE.**

4 Section 3(s)(1)(A)(ii) of the Fair Labor Standards  
5 Act of 1938 (29 U.S.C. 203(s)(1)(A)(ii)) is amended to  
6 read as follows:

7 “(ii) is an enterprise whose gross volume  
8 of sales made or business done during the tax-  
9 able year (exclusive of excise taxes at the retail  
10 level that are separately stated) is not less than  
11 \$500,000 in the case of taxable years ending  
12 before October 1, 2006, not less than \$650,000  
13 in the case of taxable years ending during the  
14 year beginning October 1, 2006, not less than  
15 \$800,000 in the case of taxable years ending  
16 during the year beginning October 1, 2007, and  
17 not less than \$1,000,000 in the case of taxable  
18 years ending after September 30, 2008;”.

19 **SEC. 5. EARNED INCOME EXCLUSION UNDER THE SSI PRO-**  
20 **GRAM.**

21 (a) IN GENERAL.—Section 1612(b) of the Social Se-  
22 curity Act (42 U.S.C. 1382a(b)) is amended—

23 (1) by striking “and” at the end of paragraph  
24 (22);

25 (2) by striking the period at the end of para-  
26 graph (23) and inserting “; and”; and

1 (3) by adding at the end the following:

2 “(24)(A) if such individual does not have an eli-  
3 gible spouse, the amount (if any) by which the min-  
4 imum wage rate in effect for the month under sec-  
5 tion 6 of the Fair Labor Standards Act of 1938  
6 multiplied by the number of hours for which such in-  
7 dividual is gainfully employed during the month ex-  
8 ceeds the total amount of earned income of such in-  
9 dividual excluded by the preceding provisions of this  
10 subsection for the month; or

11 “(B) if such individual has an eligible spouse,  
12 the amount (if any) by which the minimum wage  
13 rate in effect for the month under section 6 of the  
14 Fair Labor Standards Act of 1938 multiplied by the  
15 total number of hours for which such individual and  
16 such spouse are gainfully employed during the  
17 month exceeds the total amount of earned income of  
18 such individual and such spouse excluded by the pre-  
19 ceding provisions of this subsection for the month.”.

20 (b) EFFECTIVE DATE.—The amendments made by  
21 subsection (a) shall take effect on October 1, 2006, and  
22 shall apply to benefits for months beginning on or after  
23 such date.

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