

104TH CONGRESS
2^D SESSION

H. R. 3836

To amend the Internal Revenue Code of 1986 to allow a small business family and medical leave credit and a credit for wages paid to employees who are allowed to shift hours of employment or work at home in order to reduce child care needs.

IN THE HOUSE OF REPRESENTATIVES

JULY 17, 1996

Ms. ROYBAL-ALLARD (for herself and Ms. WOOLSEY) 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 allow a small business family and medical leave credit and a credit for wages paid to employees who are allowed to shift hours of employment or work at home in order to reduce child care needs.

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 “Tax Incentives for
5 Family-Friendly Workplaces Act of 1996”.

1 **SEC. 2. SMALL BUSINESS FAMILY AND MEDICAL LEAVE**

2 **CREDIT.**

3 (a) IN GENERAL.—Subpart D of part IV of sub-
4 chapter A of chapter 1 of the Internal Revenue Code of
5 1986 (relating to business related credits) is amended by
6 adding at the end the following new section:

7 **“SEC. 45C. SMALL BUSINESS FAMILY AND MEDICAL LEAVE**

8 **CREDIT.**

9 “(a) AMOUNT OF CREDIT.—For purposes of section
10 38, in the case of an eligible small business employer, the
11 amount of the small business family and medical leave
12 credit determined under this section for any taxable year
13 shall be an amount equal to 50 percent of the qualified
14 family and medical leave costs paid or incurred by the tax-
15 payer during such taxable year.

16 “(b) LIMITATION ON CREDIT.—The credit allowed by
17 subsection (a) with respect to each employee for qualified
18 family and medical leave costs paid or incurred by the tax-
19 payer during the taxable year with respect to such em-
20 ployee shall not exceed \$2,000.

21 “(c) DEFINITIONS.—For purposes of this section—

22 “(1) ELIGIBLE SMALL BUSINESS EMPLOYER.—

23 The term ‘eligible small business employer’ means
24 any employer who complies with title I of the Family
25 and Medical Leave Act of 1993 but who is not re-
26 quired to comply with such title by reason of em-

1 employing fewer than 50 employees during the periods
2 described in section 101(4)(A) of such Act.

3 “(2) QUALIFIED FAMILY AND MEDICAL LEAVE
4 COSTS.—The term ‘qualified family and medical
5 leave costs’ means expenses incurred in connection
6 with complying with title I of the Family and Medi-
7 cal Leave Act of 1993.

8 “(d) DENIAL OF DOUBLE BENEFIT.—No deduction
9 shall be allowed under this chapter for that portion of the
10 qualified family and medical leave costs otherwise allow-
11 able as a deduction for the taxable year which is equal
12 to the amount of the credit determined for such taxable
13 year under this section.”

14 (b) CONFORMING AMENDMENT.—Subsection (b) of
15 section 38 of such Code is amended by striking “plus”
16 at the end of paragraph (10), by striking the period at
17 the end of paragraph (11) and inserting “, plus”, and by
18 adding at the end the following new paragraph:

19 “(12) in the case of an eligible small business
20 employer (as defined in section 45C(e)), the small
21 business family and medical leave credit determined
22 under section 45C.”

23 (c) CLERICAL AMENDMENT.—The table of sections
24 for subpart D of part IV of subchapter A of chapter 1

1 of such Code is amended by adding at the end the follow-
2 ing new item:

“Sec. 45C. Small business family and medical leave credit.”

3 (d) **EFFECTIVE DATE.**—The amendments made by
4 this section shall apply to expenses paid or incurred after
5 the date which is 6 months after the date of the enactment
6 of this Act.

7 **SEC. 3. CREDIT FOR WAGES PAID TO EMPLOYEE WHO IS AL-**
8 **LOWED TO SHIFT HOURS OF EMPLOYMENT**
9 **OR TO WORK AT HOME IN ORDER TO REDUCE**
10 **CHILD CARE NEEDS.**

11 (a) **IN GENERAL.**—Subpart D of part IV of sub-
12 chapter A of chapter 1 of the Internal Revenue Code of
13 1986 (relating to business related credits), as amended by
14 section 2, is amended by adding at the end the following
15 new section:

16 **“SEC. 45D. WAGES PAID TO EMPLOYEE WHO IS ALLOWED**
17 **TO SHIFT HOURS OF EMPLOYMENT OR WORK**
18 **AT HOME IN ORDER TO REDUCE CHILD CARE**
19 **NEEDS.**

20 “(a) **IN GENERAL.**—For purposes of section 38, the
21 amount of the child care-related wage credit determined
22 under this section for any taxable year shall be an amount
23 equal to $\frac{1}{3}$ of the aggregate wages paid or incurred during
24 such year which are attributable to services performed by
25 an employee of the taxpayer during the 1-year period be-

1 ginning on the date the employee first becomes a qualified
2 employee of the taxpayer.

3 “(b) QUALIFIED EMPLOYEE.—For purposes of this
4 section, the term ‘qualified employee’ means any full-time
5 employee if—

6 “(1) such employee is permitted by the em-
7 ployer, solely in order to reduce the amount of de-
8 pendent care services provided (to a dependent of
9 the employee) outside the employee’s household, to
10 perform services for the employer—

11 “(A) at the employee’s home, or

12 “(B) during a period which is not within
13 the normal business hours of the employer, and

14 “(2) as a result of the services performed for
15 the employer as described in subparagraphs (A) and
16 (B) of paragraph (1), there is at least a 20 percent
17 reduction in the amount of time dependent care
18 services are provided to a dependent of the employee
19 outside the employee’s household.

20 “(c) OTHER DEFINITIONS AND SPECIAL RULES.—
21 For purposes of this section—

22 “(1) EMPLOYEE MUST BE QUALIFIED EM-
23 PLOYEE FOR ENTIRE YEAR.—No credit shall be de-
24 termined under subsection (a) with respect to any
25 employee unless such employee is a qualified em-

1 ployee throughout the 1-year period described in
2 subsection (a).

3 “(2) ONLY \$6,000 OF WAGES PER YEAR TAKEN
4 INTO ACCOUNT.—The amount of the wages which
5 may be taken into account with respect to any em-
6 ployee shall not exceed \$6,000 per year.

7 “(3) WAGES.—The term ‘wages’ has the mean-
8 ing given such term by section 51(e) (determined
9 without regard to paragraph (4) thereof).

10 “(4) CERTAIN RULES TO APPLY.—Rules similar
11 to the rules of section 52 and subsections (f), (g),
12 (h), (i), and (k) of section 51 shall apply.”

13 (b) CONFORMING AMENDMENT.—Subsection (b) of
14 section 38 of such Code (relating to current year business
15 credit), as amended by section 2(b), is amended by strik-
16 ing “plus” at the end of paragraph (11), by striking the
17 period at the end of paragraph (12) and inserting “, plus”,
18 and by adding at the end the following new paragraph:

19 “(13) the child care-related wage credit deter-
20 mined under section 45D(a).”

21 (c) CLERICAL AMENDMENT.—The table of sections
22 for subpart D of part IV of subchapter A of chapter 1
23 of such Code is amended by adding at the end the follow-
24 ing new item:

 “Sec. 45D. Wages paid to employee who is allowed to shift hours
 of employment or work at home in order to reduce
 child care needs.”

1 (d) EFFECTIVE DATE.—

2 (1) IN GENERAL.—The amendments made by
3 this section shall apply to wages paid or incurred
4 after the date which is 6 months after the date of
5 the enactment of this Act.

6 (2) EMPLOYER PRACTICES BEFORE EFFECTIVE
7 DATE.—For purposes of section 45D(b)(2) of the
8 Internal Revenue Code of 1986, as added by this
9 section, no reduction before the 1st taxable year to
10 which such section applies shall be taken into ac-
11 count.

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