

107TH CONGRESS  
2D SESSION

# H. R. 4626

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## AN ACT

To amend the Internal Revenue Code of 1986 to accelerate the marriage penalty relief in the standard deduction and to modify the work opportunity credit and the welfare-to-work credit.



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## AN ACT

To amend the Internal Revenue Code of 1986 to accelerate the marriage penalty relief in the standard deduction and to modify the work opportunity credit and the welfare-to-work credit.

1        *Be it enacted by the Senate and House of Representa-*  
2        *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Encouraging Work and  
3 Supporting Marriage Act of 2002”.

4 **TITLE I—ACCELERATION OF**  
5 **MARRIAGE PENALTY RELIEF**

6 **SEC. 101. ACCELERATION OF INCREASE IN STANDARD DE-**  
7 **DUCTION FOR JOINT RETURNS.**

8 (a) **IN GENERAL.**—Paragraph (7) of section 63(c) of  
9 the Internal Revenue Code of 1986, as amended by section  
10 301 of the Economic Growth and Tax Relief Reconcili-  
11 ation Act of 2001, is amended to read as follows:

12 “(7) **APPLICABLE PERCENTAGE.**—For purposes  
13 of paragraph (2), the applicable percentage shall be  
14 determined in accordance with the following table:

<b>“For taxable years beginning in calendar year—</b>	<b>The applicable percentage is—</b>
2003 or 2004 .....	170
2005 .....	174
2006 .....	184
2007 .....	187
2008 .....	190
2009 and thereafter .....	200.”.

15 (b) **CONFORMING AMENDMENT.**—Subsection (d) of  
16 section 301 of the Economic Growth and Tax Relief Rec-  
17 onciliation Act of 2001 is amended by striking “December  
18 31, 2004” and inserting “December 31, 2002”.

19 (c) **EFFECTIVE DATE.**—The amendments made by  
20 this section shall apply to taxable years beginning after  
21 December 31, 2002.

1 **TITLE II—MODIFICATIONS TO**  
2 **WORK OPPORTUNITY CREDIT**  
3 **AND WELFARE-TO-WORK**  
4 **CREDIT**

5 **SEC. 201. MODIFICATIONS TO WORK OPPORTUNITY CREDIT**  
6 **AND WELFARE-TO-WORK CREDIT.**

7 (a) **ELIGIBILITY OF EX-FELONS DETERMINED**  
8 **WITHOUT REGARD TO FAMILY INCOME.**—Paragraph (4)  
9 of section 51(d) of the Internal Revenue Code of 1986  
10 is amended by adding “and” at the end of subparagraph  
11 (A), by striking “, and” at the end of subparagraph (B)  
12 and inserting a period, and by striking all that follows sub-  
13 paragraph (B).

14 (b) **INCREASE IN MAXIMUM AGE FOR ELIGIBILITY OF**  
15 **FOOD STAMP RECIPIENTS.**—Clause (i) of section  
16 51(d)(8)(A) of such Code is amended by striking “25” and  
17 inserting “30”.

18 (c) **CLARIFICATION OF TREATMENT OF INDIVIDUALS**  
19 **UNDER INDIVIDUAL WORK PLANS.**—Subparagraph (B)  
20 of section 51(d)(6) of such Code (relating to vocational  
21 rehabilitation referral) is amended by striking “or” at the  
22 end of clause (i), by striking the period at the end of  
23 clause (ii) and inserting “, or”, and by adding at the end  
24 the following new clause:

1           “(iii) an individual work plan devel-  
2           oped and implemented by an employment  
3           network pursuant to subsection (g) of sec-  
4           tion 1148 of the Social Security Act with  
5           respect to which the requirements of such  
6           subsection are met.”

7           (d) **EFFECTIVE DATE.**—The amendments made by  
8           this section shall apply to individuals who begin work for  
9           the employer after December 31, 2002.

10 **SEC. 202. CONSOLIDATION OF WORK OPPORTUNITY CRED-**  
11 **IT WITH WELFARE-TO-WORK CREDIT.**

12           (a) **IN GENERAL.**—Paragraph (1) of section 51(d) of  
13           the Internal Revenue Code of 1986 is amended by striking  
14           “or” at the end of subparagraph (G), by striking the pe-  
15           riod at the end of subparagraph (H) and inserting “, or”,  
16           and by adding at the end the following new subparagraph:

17                   “(I) a long-term family assistance recipi-  
18                   ent.”

19           (b) **LONG-TERM FAMILY ASSISTANCE RECIPIENT.**—  
20           Subsection (d) of section 51 of such Code is amended by  
21           redesignating paragraphs (10) through (12) as para-  
22           graphs (11) through (13), respectively, and by inserting  
23           after paragraph (9) the following new paragraph:

24                   “(10) **LONG-TERM FAMILY ASSISTANCE RECIPI-**  
25                   **ENT.**—The term ‘long-term family assistance recipi-

1 ent' means any individual who is certified by the  
2 designated local agency—

3 “(A) as being a member of a family receiv-  
4 ing assistance under a IV–A program (as de-  
5 fined in paragraph (2)(B)) for at least the 18-  
6 month period ending on the hiring date,

7 “(B)(i) as being a member of a family re-  
8 ceiving such assistance for 18 months beginning  
9 after August 5, 1997, and

10 “(ii) as having a hiring date which is not  
11 more than 2 years after the end of the earliest  
12 such 18-month period, or

13 “(C)(i) as being a member of a family  
14 which ceased to be eligible for such assistance  
15 by reason of any limitation imposed by Federal  
16 or State law on the maximum period such as-  
17 sistance is payable to a family, and

18 “(ii) as having a hiring date which is not  
19 more than 2 years after the date of such ces-  
20 sation.”

21 (c) INCREASED CREDIT FOR EMPLOYMENT OF LONG-  
22 TERM FAMILY ASSISTANCE RECIPIENTS.—Section 51 of  
23 such Code is amended by inserting after subsection (d)  
24 the following new subsection:

1       “(e) CREDIT FOR SECOND-YEAR WAGES FOR EM-  
2 PLOYMENT OF LONG-TERM FAMILY ASSISTANCE RECIPI-  
3 ENTS.—

4           “(1) IN GENERAL.—With respect to the em-  
5 ployment of a long-term family assistance  
6 recipient—

7           “(A) the amount of the work opportunity  
8 credit determined under this section for the tax-  
9 able year shall include 40 percent of the quali-  
10 fied second-year wages for such year, and

11           “(B) in lieu of applying subsection (b)(3),  
12 the amount of the qualified first-year wages,  
13 and the amount of qualified second-year wages,  
14 which may be taken into account with respect  
15 to such a recipient shall not exceed \$10,000 per  
16 year.

17           “(2) QUALIFIED SECOND-YEAR WAGES.—For  
18 purposes of this subsection, the term ‘qualified sec-  
19 ond-year wages’ means qualified wages—

20           “(A) which are paid to a long-term family  
21 assistance recipient, and

22           “(B) which are attributable to service ren-  
23 dered during the 1-year period beginning on the  
24 day after the last day of the 1-year period with

1           respect to such recipient determined under sub-  
2           section (b)(2).

3           “(3) SPECIAL RULES FOR AGRICULTURAL AND  
4           RAILWAY LABOR.—If such recipient is an employee  
5           to whom subparagraph (A) or (B) of subsection  
6           (h)(1) applies, rules similar to the rules of such sub-  
7           paragraphs shall apply except that—

8                   “(A) such subparagraph (A) shall be ap-  
9                   plied by substituting ‘\$10,000’ for ‘\$6,000’, and

10                   “(B) such subparagraph (B) shall be ap-  
11                   plied by substituting ‘\$833.33’ for ‘\$500’.”.

12           (d) REPEAL OF SEPARATE WELFARE-TO-WORK  
13           CREDIT.—

14                   (1) IN GENERAL.—Section 51A of such Code is  
15                   hereby repealed.

16                   (2) CLERICAL AMENDMENT.—The table of sec-  
17                   tions for subpart F of part IV of subchapter A of  
18                   chapter 1 of such Code is amended by striking the  
19                   item relating to section 51A.

1       (e) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to individuals who begin work for  
3 the employer after December 31, 2002.

Passed the House of Representatives May 21, 2002.

Attest:

*Clerk.*