

107TH CONGRESS
1ST SESSION

S. 1507

To provide for small business growth and worker assistance, and for other purposes.

IN THE SENATE OF THE UNITED STATES

OCTOBER 4, 2001

Ms. COLLINS introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To provide for small business growth and worker assistance, 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; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “Small Business Growth and Worker Assistance Act of
6 2001”.

7 (b) **TABLE OF CONTENTS.**—The table of contents of
8 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—TAX INCENTIVES TO ENCOURAGE INVESTMENT IN
SMALL BUSINESS

- Sec. 101. Increased exclusion and other modifications applicable to qualified small business stock.
- Sec. 102. Depreciation recovery period for restaurant buildings.
- Sec. 103. Increase in expense treatment of certain depreciable business assets.

TITLE II—TEMPORARY EMERGENCY UNEMPLOYMENT
COMPENSATION

- Sec. 201. Federal-State agreements.
- Sec. 202. Temporary Emergency Unemployment Compensation Account.
- Sec. 203. Payments to States having agreements for the payment of temporary emergency unemployment compensation.
- Sec. 204. Financing provisions.
- Sec. 205. Fraud and overpayments.
- Sec. 206. Definitions.
- Sec. 207. Applicability.

TITLE III—WORKFORCE INVESTMENT

- Sec. 301. Statewide and local workforce investment systems.

1 **TITLE I—TAX INCENTIVES TO**
2 **ENCOURAGE INVESTMENT IN**
3 **SMALL BUSINESS**

4 **SEC. 101. INCREASED EXCLUSION AND OTHER MODIFICA-**
5 **TIONS APPLICABLE TO QUALIFIED SMALL**
6 **BUSINESS STOCK.**

7 (a) INCREASED EXCLUSION.—Section 1202(a) of the
8 Internal Revenue Code of 1986 (relating to partial exclu-
9 sion for gain from certain small business stock) is amend-
10 ed to read as follows:

11 “(a) EXCLUSION.—In the case of a taxpayer other
12 than a corporation, gross income shall not include 75 per-
13 cent of the gain from the sale or exchange of qualified
14 small business stock held for more than 5 years.”.

15 (b) REDUCTION IN HOLDING PERIOD.—

1 (1) IN GENERAL.—Section 1202(a) of the In-
2 ternal Revenue Code of 1986 is amended by striking
3 “5 years” and inserting “3 years”.

4 (2) CONFORMING AMENDMENTS.—Subsections
5 (g)(2)(A) and (j)(1)(A) of section 1202 of such Code
6 are each amended by striking “5 years” and insert-
7 ing “3 years”.

8 (c) REPEAL OF MINIMUM TAX PREFERENCE.—

9 (1) IN GENERAL.—Section 57(a) of the Internal
10 Revenue Code of 1986 (relating to items of tax pref-
11 erence) is amended by striking paragraph (7).

12 (2) TECHNICAL AMENDMENT.—Section
13 53(d)(1)(B)(ii)(II) of such Code is amended by
14 striking “, (5), and (7)” and inserting “and (5)”.

15 (d) OTHER MODIFICATIONS.—

16 (1) WORKING CAPITAL LIMITATION.—

17 (A) IN GENERAL.—Section 1202(e)(6) of
18 the Internal Revenue Code of 1986 (relating to
19 working capital) is amended—

20 (i) in subparagraph (B), by striking
21 “2 years” and inserting “5 years”; and

22 (ii) by striking “2 years” in the last
23 sentence and inserting “5 years”.

24 (B) LIMITATION ON ASSETS TREATED AS
25 USED IN ACTIVE CONDUCT OF BUSINESS.—The

1 second sentence of section 1202(e)(6) of such
 2 Code is amended by inserting “described in
 3 subparagraph (A)” after “of the corporation”.

4 (2) EXCEPTION FROM REDEMPTION RULES
 5 WHERE BUSINESS PURPOSE.—Section 1202(e)(3) of
 6 such Code (relating to certain purchases by corpora-
 7 tion of its own stock) is amended by adding at the
 8 end the following:

9 “(D) WAIVER WHERE BUSINESS PUR-
 10 POSE.—A purchase of stock by the issuing cor-
 11 poration shall be disregarded for purposes of
 12 subparagraph (B) if the issuing corporation es-
 13 tablishes that there was a business purpose for
 14 such purchase and one of the principal purposes
 15 of the purchase was not to avoid the limitations
 16 of this section.”

17 (e) EXCLUDED QUALIFIED TRADE OR BUSINESS.—
 18 Section 1202(e)(3) of the Internal Revenue Code of 1986
 19 (relating to qualified trade or business) is amended—

20 (1) by inserting “, and is anticipated to con-
 21 tinue to be,” before “the reputation” in subpara-
 22 graph (A), and

23 (2) by inserting “but not including the business
 24 of raising fish or any business involving bio-

1 technology applications” after “trees” in subpara-
2 graph (C).

3 (f) INCREASE IN CAP ON ELIGIBLE GAIN FOR JOINT
4 RETURNS.—

5 (1) IN GENERAL.—Section 1202(b)(1)(A) of the
6 Internal Revenue Code of 1986 (relating to per-
7 issuer limitations on taxpayer’s eligible gain) is
8 amended by inserting “(\$20,000,000 in the case of
9 a joint return)” after “\$10,000,000”.

10 (2) CONFORMING AMENDMENT.—Section
11 1202(b)(3) of such Code is amended by striking sub-
12 paragraph (A) and redesignating subparagraphs (B)
13 and (C) as subparagraphs (A) and (B), respectively.

14 (g) DECREASE IN CAPITAL GAINS RATE.—

15 (1) IN GENERAL.—Subparagraph (A) of section
16 1(h)(5) of the Internal Revenue Code of 1986 (relat-
17 ing to 28-percent gain) is amended to read as fol-
18 lows:

19 “(A) collectibles gain, over”.

20 (2) CONFORMING AMENDMENTS.—

21 (A) Section 1(h) of such Code is amended
22 by striking paragraph (8).

23 (B) Paragraph (9) of section 1(h) of such
24 Code is amended by striking “, gain described
25 in paragraph (7)(A)(i), and section 1202 gain”

1 and inserting “and gain described in paragraph
2 (7)(A)(i)”.

3 (h) INCREASE IN ROLLOVER PERIOD FOR QUALIFIED
4 SMALL BUSINESS STOCK.—Subsections (a)(1) and (b)(3)
5 of section 1045 of the Internal Revenue Code of 1986 (re-
6 lating to rollover of gain from qualified small business
7 stock to another qualified small business stock) are each
8 amended by striking “60-day” and inserting “180-day”.

9 (i) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to stock issued after the date of
11 the enactment of this Act.

12 **SEC. 102. DEPRECIATION RECOVERY PERIOD FOR RES-**
13 **TAURANT BUILDINGS.**

14 (a) 15-YEAR RECOVERY PERIOD.—Section
15 168(e)(3)(E) of the Internal Revenue Code of 1986 (relat-
16 ing to 15-year property) is amended by striking “and” at
17 the end of clause (ii), by striking the period at the end
18 of clause (iii) and inserting “, and”, and by adding at the
19 end the following new clause:

20 “(iv) any section 1250 property which
21 is a retail restaurant facility or an im-
22 provement thereto.”.

23 (b) RETAIL RESTAURANT FACILITY.—Section 168(e)
24 of the Internal Revenue Code of 1986 (relating to classi-

1 (b) EFFECTIVE DATE.—The amendment made by
 2 subsection (a) shall apply to taxable years beginning after
 3 December 31, 2001.

4 **TITLE II—TEMPORARY EMER-**
 5 **GENCY UNEMPLOYMENT**
 6 **COMPENSATION**

7 **SEC. 201. FEDERAL-STATE AGREEMENTS.**

8 (a) IN GENERAL.—Any State which desires to do so
 9 may enter into and participate in an agreement under this
 10 title with the Secretary of Labor (in this title referred to
 11 as the “Secretary”). Any State which is a party to an
 12 agreement under this title may, upon providing 30 days
 13 written notice to the Secretary, terminate such agreement.

14 (b) PROVISIONS OF AGREEMENT.—Any agreement
 15 under subsection (a) shall provide that the State agency
 16 of the State will make payments of temporary emergency
 17 unemployment compensation to individuals who—

18 (1) have exhausted all rights to regular com-
 19 pensation under the State law;

20 (2) have no rights to compensation (including
 21 both regular compensation and extended compensa-
 22 tion) with respect to a week under such law or any
 23 other State unemployment compensation law or to
 24 compensation under any other Federal law (and are

1 not paid or entitled to be paid any additional com-
2 pensation under any State or Federal law); and

3 (3) are not receiving compensation with respect
4 to such week under the unemployment compensation
5 law of Canada.

6 (c) EXHAUSTION OF BENEFITS.—For purposes of
7 subsection (b)(1), an individual shall be deemed to have
8 exhausted such individual's rights to regular compensation
9 under a State law when—

10 (1) no payments of regular compensation can
11 be made under such law because such individual has
12 received all regular compensation available to such
13 individual based on employment or wages during
14 such individual's base period; or

15 (2) such individual's rights to such compensa-
16 tion have been terminated by reason of the expira-
17 tion of the benefit year with respect to which such
18 rights existed.

19 (d) WEEKLY BENEFIT AMOUNT.—For purposes of
20 any agreement under this title—

21 (1) the amount of temporary emergency unem-
22 ployment compensation which shall be payable to
23 any individual for any week of total unemployment
24 shall be equal to the amount of the regular com-
25 pensation (including dependents' allowances) payable

1 to such individual during such individual's benefit
2 year under the State law for a week of total unem-
3 ployment;

4 (2) the terms and conditions of the State law
5 which apply to claims for extended compensation
6 and to the payment thereof shall apply to claims for
7 temporary emergency unemployment compensation
8 and the payment thereof, except where inconsistent
9 with the provisions of this title or with the regula-
10 tions or operating instructions of the Secretary pro-
11 mulgated to carry out this title; and

12 (3) the maximum amount of temporary emer-
13 gency unemployment compensation payable to any
14 individual for whom a temporary emergency unem-
15 ployment compensation account is established under
16 section 202 shall not exceed the amount established
17 in such account for such individual.

18 (e) ELECTION BY STATES.—Notwithstanding any
19 other provision of Federal law (and if State law permits),
20 the Governor of a State is authorized and may elect to
21 trigger off an extended compensation period in order to
22 provide payment of temporary emergency unemployment
23 compensation to individuals who have exhausted their
24 rights to regular compensation under State law.

1 **SEC. 202. TEMPORARY EMERGENCY UNEMPLOYMENT COM-**
2 **PENSATION ACCOUNT.**

3 (a) IN GENERAL.—Any agreement under this title
4 shall provide that the State will establish, for each eligible
5 individual who files an application for temporary emer-
6 gency unemployment compensation, a temporary emer-
7 gency unemployment compensation account with respect
8 to such individual's benefit year.

9 (b) AMOUNT IN ACCOUNT.—

10 (1) IN GENERAL.—The amount established in
11 an account under subsection (a) shall be equal to 13
12 times the individual's average weekly benefit amount
13 for the benefit year.

14 (2) REDUCTION FOR EXTENDED BENEFITS.—
15 The amount in an account under paragraph (1)
16 shall be reduced (but not below zero) by the aggre-
17 gate amount of extended compensation (if any) re-
18 ceived by such individual relating to the same ben-
19 efit year under the Federal-State Extended Unem-
20 ployment Compensation Act of 1970 (26 U.S.C.
21 3304 note).

22 (3) WEEKLY BENEFIT AMOUNT.—For purposes
23 of this subsection, an individual's weekly benefit
24 amount for any week is the amount of regular com-
25 pensation (including dependents' allowances) under

1 the State law payable to such individual for such
2 week for total unemployment.

3 **SEC. 203. PAYMENTS TO STATES HAVING AGREEMENTS FOR**
4 **THE PAYMENT OF TEMPORARY EMERGENCY**
5 **UNEMPLOYMENT COMPENSATION.**

6 (a) GENERAL RULE.—There shall be paid to each
7 State that has entered into an agreement under this title
8 an amount equal to 100 percent of the temporary emer-
9 gency unemployment compensation paid to individuals by
10 the State pursuant to such agreement.

11 (b) TREATMENT OF REIMBURSABLE COMPENSA-
12 TION.—No payment shall be made to any State under this
13 section in respect of any compensation to the extent the
14 State is entitled to reimbursement in respect of such com-
15 pensation under the provisions of any Federal law other
16 than this title or chapter 85 of title 5, United States Code.
17 A State shall not be entitled to any reimbursement under
18 such chapter 85 in respect of any compensation to the ex-
19 tent the State is entitled to reimbursement under this title
20 in respect of such compensation.

21 (c) DETERMINATION OF AMOUNT.—Sums payable to
22 any State by reason of such State having an agreement
23 under this title shall be payable, either in advance or by
24 way of reimbursement (as may be determined by the Sec-
25 retary), in such amounts as the Secretary estimates the

1 State will be entitled to receive under this title for each
2 calendar month, reduced or increased, as the case may be,
3 by any amount by which the Secretary finds that the Sec-
4 retary's estimates for any prior calendar month were
5 greater or less than the amounts which should have been
6 paid to the State. Such estimates may be made on the
7 basis of such statistical, sampling, or other method as may
8 be agreed upon by the Secretary and the State agency of
9 the State involved.

10 **SEC. 204. FINANCING PROVISIONS.**

11 (a) IN GENERAL.—Funds in the extended unemploy-
12 ment compensation account (as established by section
13 905(a) of the Social Security Act (42 U.S.C. 1105(a)) of
14 the Unemployment Trust Fund (as established by section
15 904(a) of such Act (42 U.S.C. 1104(a)) shall be used for
16 the making of payments to States having agreements en-
17 tered into under this title.

18 (b) CERTIFICATION.—The Secretary shall from time
19 to time certify to the Secretary of the Treasury for pay-
20 ment to each State the sums payable to such State under
21 this title. The Secretary of the Treasury, prior to audit
22 or settlement by the General Accounting Office, shall
23 make payments to the State in accordance with such cer-
24 tification, by transfers from the extended unemployment
25 compensation account (as so established) to the account

1 of such State in the Unemployment Trust Fund (as so
2 established).

3 (c) ASSISTANCE TO STATES.—There are appro-
4 priated, without fiscal year limitation, such funds as may
5 be necessary for purposes of assisting States (as provided
6 in title III of the Social Security Act (42 U.S.C. 501 et
7 seq.) in meeting the costs of administration of agreements
8 under this title.

9 (d) AUTHORIZATION OF APPROPRIATIONS FOR CER-
10 TAIN PAYMENTS.—There are appropriated from the gen-
11 eral fund of the Treasury, without fiscal year limitation,
12 to the extended unemployment compensation account (as
13 so established) of the Unemployment Trust Fund (as so
14 established) such sums as the Secretary estimates to be
15 necessary to make the payments under this section in re-
16 spect of—

17 (1) compensation payable under chapter 85 of
18 title 5, United States Code; and

19 (2) compensation payable on the basis of serv-
20 ices to which section 3309(a)(1) of the Internal Rev-
21 enue Code of 1986 applies.

22 Amounts appropriated pursuant to the preceding sentence
23 shall not be required to be repaid.

1 **SEC. 205. FRAUD AND OVERPAYMENTS.**

2 (a) IN GENERAL.—If an individual knowingly has
3 made, or caused to be made by another, a false statement
4 or representation of a material fact, or knowingly has
5 failed, or caused another to fail, to disclose a material fact,
6 and as a result of such false statement or representation
7 or of such nondisclosure such individual has received an
8 amount of temporary emergency unemployment com-
9 pensation under this title to which he was not entitled,
10 such individual—

11 (1) shall be ineligible for further temporary
12 emergency unemployment compensation under this
13 title in accordance with the provisions of the applica-
14 ble State unemployment compensation law relating
15 to fraud in connection with a claim for unemploy-
16 ment compensation; and

17 (2) shall be subject to prosecution under section
18 1001 of title 18, United States Code.

19 (b) REPAYMENT.—In the case of individuals who
20 have received amounts of temporary emergency unemploy-
21 ment compensation under this title to which they were not
22 entitled, the State shall require such individuals to repay
23 the amounts of such emergency unemployment compensa-
24 tion to the State agency, except that the State agency may
25 waive such repayment if it determines that—

1 (1) the payment of such emergency unemploy-
2 ment compensation was without fault on the part of
3 any such individual; and

4 (2) such repayment would be contrary to equity
5 and good conscience.

6 (c) RECOVERY BY STATE AGENCY.—

7 (1) IN GENERAL.—The State agency may re-
8 cover the amount to be repaid, or any part thereof,
9 by deductions from any temporary emergency unem-
10 ployment compensation payable to such individual
11 under this title or from any unemployment com-
12 pensation payable to such individual under any Fed-
13 eral unemployment compensation law administered
14 by the State agency or under any other Federal law
15 administered by the State agency which provides for
16 the payment of any assistance or allowance with re-
17 spect to any week of unemployment, during the 3-
18 year period after the date such individuals received
19 the payment of the temporary emergency unemploy-
20 ment compensation to which they were not entitled,
21 except that no single deduction may exceed 50 per-
22 cent of the weekly benefit amount from which such
23 deduction is made.

24 (2) OPPORTUNITY FOR HEARING.—No repay-
25 ment shall be required, and no deduction shall be

1 made, until a determination has been made, notice
2 thereof and an opportunity for a fair hearing has
3 been given to the individual, and the determination
4 has become final.

5 (d) REVIEW.—Any determination by a State agency
6 under this section shall be subject to review in the same
7 manner and to the same extent as determinations under
8 the State unemployment compensation law, and only in
9 that manner and to that extent.

10 **SEC. 206. DEFINITIONS.**

11 In this title, the terms “compensation”, “regular
12 compensation”, “extended compensation”, “additional
13 compensation”, “benefit year”, “base period”, “State”,
14 “State agency”, “State law”, and “week” have the respec-
15 tive meanings given such terms under section 205 of the
16 Federal-State Extended Unemployment Compensation Act
17 of 1970 (26 U.S.C. 3304 note).

18 **SEC. 207. APPLICABILITY.**

19 An agreement entered into under this Act shall apply
20 to weeks of unemployment—

21 (1) beginning no earlier than the first day of
22 the first week beginning after the date on which
23 such agreement is entered into; and

24 (2) ending before the date that is 18 months
25 after the date of enactment of this Act.

1 **TITLE III—WORKFORCE**
2 **INVESTMENT**

3 **SEC. 301. STATEWIDE AND LOCAL WORKFORCE INVEST-**
4 **MENT SYSTEMS.**

5 Section 137 of the Workforce Investment Act of 1998
6 (29 U.S.C. 2872) is amended to read as follows:

7 **“SEC. 137. AUTHORIZATION OF APPROPRIATIONS.**

8 “(a) YOUTH ACTIVITIES.—

9 “(1) FISCAL YEAR 2002.—There is authorized
10 to be appropriated and there is appropriated to
11 carry out the activities described in section 127(a),
12 \$1,650,000,000 for fiscal year 2002.

13 “(2) FISCAL YEAR 2003.—There are authorized
14 to be appropriated to carry out the activities de-
15 scribed in section 127(a), such sums as may be nec-
16 essary for fiscal year 2003.

17 “(b) ADULT EMPLOYMENT AND TRAINING ACTIVI-
18 TIES.—

19 “(1) FISCAL YEAR 2002.—There is authorized
20 to be appropriated and there is appropriated to
21 carry out the activities described in section
22 132(a)(1), \$1,425,000,000 for fiscal year 2002.

23 “(2) FISCAL YEAR 2003.—There are authorized
24 to be appropriated to carry out the activities de-

1 scribed in section 132(a)(1), such sums as may be
2 necessary for fiscal year 2003.

3 “(c) DISLOCATED WORKER EMPLOYMENT AND
4 TRAINING ACTIVITIES.—

5 “(1) FISCAL YEAR 2002.—There is authorized
6 to be appropriated and there is appropriated to
7 carry out the activities described in section
8 132(a)(2), \$2,385,000,000 for fiscal year 2002.

9 “(2) FISCAL YEAR 2003.—There are authorized
10 to be appropriated to carry out the activities de-
11 scribed in section 132(a)(2), such sums as may be
12 necessary for fiscal year 2003.”.

○