

112TH CONGRESS
1ST SESSION

H. R. 3402

To amend the Internal Revenue Code of 1986 to provide a credit for
employing returning heroes and wounded warriors.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 10, 2011

Ms. SCHWARTZ (for herself, Mr. HOLDEN, Mr. BRADY of Pennsylvania, Ms. NORTON, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. HINCHEY, Mr. ACKERMAN, Ms. MOORE, Mr. DEFazio, Mr. TOWNS, Mr. HOLT, Mr. BISHOP of New York, Mrs. CHRISTENSEN, Ms. WASSERMAN SCHULTZ, Mr. AL GREEN of Texas, Mr. COURTNEY, Mr. DOYLE, Mr. WELCH, Mr. MICHAUD, Ms. LEE of California, Mr. FATTAH, Mr. HIGGINS, Ms. SCHA-KOWSKY, Mr. NADLER, Mr. MEEKS, Mr. FITZPATRICK, Ms. WILSON of Florida, Mr. ALTMIRE, Mr. GARAMENDI, Mr. PRICE of North Carolina, and Mr. CLAY) 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 provide
a credit for employing returning heroes and wounded
warriors.

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 “Hiring Our Veterans
5 Act of 2011”.

1 **SEC. 2. RETURNING HEROES AND WOUNDED WARRIORS**
2 **WORK OPPORTUNITY TAX CREDITS.**

3 (a) **IN GENERAL.**—Paragraph (3) of section 51(b) of
4 the Internal Revenue Code of 1986 is amended by striking
5 “(\$12,000 per year in the case of any individual who is
6 a qualified veteran by reason of subsection (d)(3)(A)(ii))”
7 and inserting “(\$12,000 per year in the case of any indi-
8 vidual who is a qualified veteran by reason of subsection
9 (d)(3)(A)(ii)(I), \$14,000 per year in the case of any indi-
10 vidual who is a qualified veteran by reason of subsection
11 (d)(3)(A)(iv), and \$24,000 per year in the case of any in-
12 dividual who is a qualified veteran by reason of subsection
13 (d)(3)(A)(ii)(II))”.

14 (b) **RETURNING HEROES TAX CREDITS.**—Section
15 51(d)(3)(A) of the Internal Revenue Code of 1986 is
16 amended by striking “or” at the end of clause (3)(A)(i),
17 and inserting the following new clauses after clause (ii)—

18 “(iii) having aggregate periods of un-
19 employment during the 1-year period end-
20 ing on the hiring date which equal or ex-
21 ceed 4 weeks (but less than 6 months), or

22 “(iv) having aggregate periods of un-
23 employment during the 1-year period end-
24 ing on the hiring date which equal or ex-
25 ceed 6 months.”.

1 (c) SIMPLIFIED CERTIFICATION.—Section 51(d) of
2 the Internal Revenue Code of 1986 is amended by adding
3 a new paragraph (15) as follows—

4 “(15) CREDIT ALLOWED FOR UNEMPLOYED
5 VETERANS.—

6 “(A) IN GENERAL.—Any qualified veteran
7 under paragraphs (3)(A)(ii)(II), (3)(A)(iii), and
8 (3)(A)(iv) will be treated as certified by the des-
9 ignated local agency as having aggregate peri-
10 ods of unemployment if—

11 “(i) in the case of qualified veterans
12 under paragraphs (3)(A)(ii)(II) and
13 (3)(A)(iv), the veteran is certified by the
14 designated local agency as being in receipt
15 of unemployment compensation under
16 State or Federal law for not less than 6
17 months during the 1-year period ending on
18 the hiring date; or

19 “(ii) in the case of a qualified veteran
20 under paragraph (3)(A)(iii), the veteran is
21 certified by the designated local agency as
22 being in receipt of unemployment com-
23 pensation under State or Federal law for
24 not less than 4 weeks (but less than 6

1 months) during the 1-year period ending
2 on the hiring date.

3 “(B) REGULATORY AUTHORITY.—The Sec-
4 retary in his discretion may provide alternative
5 methods for certification.”.

6 (d) CREDIT MADE AVAILABLE TO TAX-EXEMPT EM-
7 PLOYERS IN CERTAIN CIRCUMSTANCES.—Section 52(c) of
8 the Internal Revenue Code of 1986 is amended—

9 (1) by striking the word “No” at the beginning
10 of the section and replacing it with “Except as pro-
11 vided in this subsection, no”;

12 (2) by inserting at the end of section 52(c) the
13 following new paragraphs—

14 “(1) IN GENERAL.—In the case of a tax-exempt
15 employer, there shall be treated as a credit allowable
16 under subpart C (and not allowable under subpart
17 D) the lesser of—

18 “(A) the amount of the work opportunity
19 credit determined under this subpart with re-
20 spect to such employer that is related to the
21 hiring of qualified veterans described in sections
22 51(d)(3)(A)(ii)(II), (iii) or (iv); or

23 “(B) the amount of the payroll taxes of the
24 employer during the calendar year in which the
25 taxable year begins.

1 “(2) CREDIT AMOUNT.—In calculating for tax-
2 exempt employers, the work opportunity credit shall
3 be determined by substituting ‘26 percent’ for ‘40
4 percent’ in section 51(a) and by substituting ‘16.25
5 percent’ for ‘25 percent’ in section 51(i)(3)(A).

6 “(3) TAX-EXEMPT EMPLOYER.—For purposes
7 of this subpart, the term ‘tax-exempt employer’
8 means an employer that is—

9 “(A) an organization described in section
10 501(c) and exempt from taxation under section
11 501(a), or

12 “(B) a public higher education institution
13 (as defined in section 101 of the Higher Edu-
14 cation Act of 1965).

15 “(4) PAYROLL TAXES.—For purposes of this
16 subsection—

17 “(A) IN GENERAL.—The term ‘payroll
18 taxes’ means—

19 “(i) amounts required to be withheld
20 from the employees of the tax-exempt em-
21 ployer under section 3401(a),

22 “(ii) amounts required to be withheld
23 from such employees under section
24 3101(a), and

1 “(iii) amounts of the taxes imposed on
2 the tax-exempt employer under section
3 3111(a).”.

4 (e) TREATMENT OF POSSESSIONS.—

5 (1) PAYMENTS TO POSSESSIONS.—

6 (A) MIRROR CODE POSSESSIONS.—The
7 Secretary of the Treasury shall pay to each pos-
8 session of the United States with a mirror code
9 tax system amounts equal to the loss to that
10 possession by reason of the application of this
11 section (other than this subsection). Such
12 amounts shall be determined by the Secretary
13 of the Treasury based on information provided
14 by the government of the respective possession
15 of the United States.

16 (B) OTHER POSSESSIONS.—The Secretary
17 of the Treasury shall pay to each possession of
18 the United States, which does not have a mirror
19 code tax system, amounts estimated by the Sec-
20 retary of the Treasury as being equal to the ag-
21 gregate credits that would have been provided
22 by the possession by reason of the application
23 of this section (other than this subsection) if a
24 mirror code tax system had been in effect in
25 such possession. The preceding sentence shall

1 not apply with respect to any possession of the
2 United States unless such possession has a
3 plan, which has been approved by the Secretary
4 of the Treasury, under which such possession
5 will promptly distribute such payments.

6 (2) COORDINATION WITH CREDIT ALLOWED
7 AGAINST UNITED STATES INCOME TAXES.—No in-
8 crease in the credit determined under section 38(b)
9 of the Internal Revenue Code of 1986 that is attrib-
10 utable to the credit provided by this section (other
11 than this subsection (e)) shall be taken into account
12 with respect to any person—

13 (A) to whom a credit is allowed against
14 taxes imposed by the possession of the United
15 States by reason of this section for such taxable
16 year, or

17 (B) who is eligible for a payment under a
18 plan described in paragraph (1)(B) with respect
19 to such taxable year.

20 (3) DEFINITIONS AND SPECIAL RULES.—

21 (A) POSSESSION OF THE UNITED
22 STATES.—For purposes of this subsection (e),
23 the term “possession of the United States” in-
24 cludes American Samoa, the Commonwealth of
25 the Northern Mariana Islands, the Common-

1 wealth of Puerto Rico, Guam, and the United
2 States Virgin Islands.

3 (B) MIRROR CODE TAX SYSTEM.—For pur-
4 poses of this subsection, the term “mirror code
5 tax system” means, with respect to any posses-
6 sion of the United States, the income tax sys-
7 tem of such possession if the income tax liabil-
8 ity of the residents of such possession under
9 such system is determined by reference to the
10 income tax laws of the United States as if such
11 possession were the United States.

12 (C) TREATMENT OF PAYMENTS.—For pur-
13 poses of section 1324(b)(2) of title 31, United
14 States Code, rules similar to the rules of section
15 1001(b)(3)(C) of the American Recovery and
16 Reinvestment Tax Act of 2009 shall apply.

17 (f) REPORTING.—The taxpayer shall provide such in-
18 formation as the Secretary of the Treasury requires to en-
19 able the Secretary to determine the number of veterans
20 specified by each of the categories in clauses (i) through
21 (iv) of section 51(d)(3)(A) of the Internal Revenue Code
22 of 1986 (as amended by this section) with respect to whom
23 a credit is claimed under section 51(a) of such Code pur-
24 suant to the amendments made by this section.

1 (g) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to individuals who begin work for
3 the employer after the date of the enactment of this Act.

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