

112TH CONGRESS
1ST SESSION

H. R. 3681

To amend the Internal Revenue Code of 1986 to allow a credit to pass-thru entities for hiring individuals who are unemployed and receive unemployment benefits.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 15, 2011

Mr. WEBSTER 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 credit to pass-thru entities for hiring individuals who are unemployed and receive unemployment benefits.

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 “One New Employee
5 Act of 2011”.

6 **SEC. 2. BUSINESS CREDIT FOR PASS-THRU ENTITIES HIR-**
7 **ING THE UNEMPLOYED.**

8 (a) IN GENERAL.—Subpart F of part IV of sub-
9 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 is amended by inserting after section 51 the fol-
2 lowing new section:

3 **“SEC. 51A. PASS-THRU ENTITIES HIRING THE UNEM-**
4 **PLOYED.**

5 “(a) DETERMINATION OF AMOUNT.—In the case of
6 an eligible entity, for purposes of section 38, the amount
7 of the hiring the unemployed credit determined under this
8 section for the taxable year shall be the aggregate of the
9 applicable amounts for a qualified individual during the
10 taxable year.

11 “(b) LIMITATION.—The maximum amount allowed as
12 a credit under subsection (a) to an eligible entity for a
13 taxable year shall not exceed \$5,000.

14 “(c) APPLICABLE AMOUNT.—For purposes of this
15 section—

16 “(1) IN GENERAL.—The applicable amount
17 shall be \$1,250 for any quarter in the taxable year
18 for which a qualified individual is an employee of the
19 eligible entity, beginning with the first quarter of the
20 taxable year after the quarter in which such indi-
21 vidual is hired.

22 “(2) NUMBER OF EMPLOYEES.—The applicable
23 amount for any quarter shall be zero if the number
24 of employees who received wages in such quarter
25 does not exceed the number of employees who re-

1 ceived wages in the quarter ending before the date
2 the qualified individual was hired.

3 “(3) NUMBER OF QUALIFIED INDIVIDUALS.—

4 Not more than one qualified individual may be taken
5 into account in a taxable year under subsection (a).

6 “(d) QUALIFIED INDIVIDUAL.—For purposes of this
7 section—

8 “(1) IN GENERAL.—The term ‘qualified indi-
9 vidual’ means an individual who—

10 “(A) on the day the individual is hired by
11 the employer, was in receipt of unemployment
12 compensation under State or Federal law for
13 not less than 1 week during the 1-year period
14 ending on such day, and

15 “(B) while employed does not receive any
16 unemployment compensation under State or
17 Federal law for any period after such day.

18 “(2) CONTINUOUS EMPLOYMENT IN SUC-
19 CEEDING TAXABLE YEARS.—The term ‘qualified in-
20 dividual’ includes any individual with respect to
21 whom a credit was allowed under subsection (a) in
22 a preceding taxable year and who has been employed
23 by the employer since such day of hiring without a
24 break in service.

1 “(e) ELIGIBLE ENTITY.—For purposes of this sec-
2 tion, the term ‘eligible entity’ means any entity engaged
3 in a trade or business as—

4 “(1) an S corporation, partnership, trust, or es-
5 tate,

6 “(2) an organization to which part I of sub-
7 chapter T applies, or

8 “(3) a trade or business conducted by an indi-
9 vidual as a sole proprietor.

10 “(f) COORDINATION WITH OTHER CREDITS AND DE-
11 Ductions.—The credit allowed under this section is in ad-
12 dition to any credit or deduction allowable under this
13 chapter with respect to a qualified individual.

14 “(g) TERMINATION.—Subsection (a) shall not apply
15 to any taxable year beginning after December 31, 2016.”.

16 (b) CREDIT ALLOWED AS PART OF GENERAL BUSI-
17 NESS CREDIT.—Section 38(b) of such Code (defining cur-
18 rent year business credit) is amended by striking “plus”
19 at the end of paragraph (35), by striking the period at
20 the end of paragraph (36) and inserting “, plus”, and by
21 adding at the end the following new paragraph:

22 “(37) the hiring the unemployed credit deter-
23 mined under section 51A.”.

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

1 of such Code is amended by inserting after the item relat-
2 ing to section 51 the following new item:

“Sec. 51A. Pass-thru entities hiring the unemployed.”.

3 (d) **EFFECTIVE DATE.**—The amendments made by
4 this section shall apply to individuals who begin work for
5 the employer in taxable years ending after the date of the
6 enactment of this Act.

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