

117TH CONGRESS
2D SESSION

S. 4153

To amend the Internal Revenue Code of 1986 to enhance the credit for small employer pension plan startup costs.

IN THE SENATE OF THE UNITED STATES

MAY 5, 2022

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

A BILL

To amend the Internal Revenue Code of 1986 to enhance the credit for small employer pension plan startup costs.

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 “Incentivizing Small
5 Business Retirement Savings Act”.

6 **SEC. 2. CREDITS FOR EMPLOYER CONTRIBUTIONS BY CER-**
7 **TAIN ELIGIBLE EMPLOYERS.**

8 (a) IN GENERAL.—Section 45E of the Internal Rev-
9 enue Code of 1986 is amended by adding at the end the
10 following new subsection:

1 “(f) ADDITIONAL CREDIT FOR EMPLOYER CON-
 2 TRIBUTIONS BY CERTAIN ELIGIBLE EMPLOYERS.—

3 “(1) IN GENERAL.—In the case of an eligible
 4 employer, the credit allowed for the taxable year
 5 under subsection (a) (determined without regard to
 6 this subsection, and after the application of sub-
 7 section (b)) shall be increased by an amount equal
 8 to the applicable percentage of employer contribu-
 9 tions (other than any elective deferrals (as defined
 10 in section 402(g)(3))) made by the employer to an
 11 eligible employer plan (other than a defined benefit
 12 plan (as defined in section 414(j))) for the taxable
 13 year.

14 “(2) LIMITATIONS.—

15 “(A) DOLLAR LIMITATION.—The amount
 16 determined under paragraph (1) (before the ap-
 17 plication of subparagraph (B)) with respect to
 18 any employee of the employer shall not exceed
 19 \$1,000.

20 “(B) CREDIT PHASE-OUT.—With respect
 21 to any taxable year, the \$1,000 amount under
 22 subparagraph (A) shall be reduced by 2 percent
 23 for each employee by which the number of em-
 24 ployees of the employer for the preceding tax-
 25 able year exceeds 50.

1 “(C) ONLY NON-HIGHLY COMPENSATED
 2 EMPLOYEES TAKEN INTO ACCOUNT.—For pur-
 3 poses of paragraph (1), only contributions with
 4 respect to employees who are not highly com-
 5 pensated employee (as defined in section
 6 414(q)) shall be taken into account.

7 “(3) APPLICABLE PERCENTAGE.—For purposes
 8 of this subsection, the applicable percentage is—

9 “(A) for the first credit year with respect
 10 to the employer for purposes of subsection (b)
 11 and the taxable year immediately following such
 12 first credit year, 100 percent,

13 “(B) for the 2nd taxable year following
 14 such first credit year, 75 percent,

15 “(C) for the 3rd taxable year following
 16 such first credit year, 50 percent,

17 “(D) for the 4th taxable year following
 18 such first credit year, 25 percent, and

19 “(E) zero percent thereafter.”.

20 (b) DISALLOWANCE OF DEDUCTION.—Section
 21 45E(e)(2) of the Internal Revenue Code of 1986 is amend-
 22 ed to read as follows:

23 “(2) DISALLOWANCE OF DEDUCTION.—No de-
 24 duction shall be allowed—

1 “(A) for that portion of the qualified start-
2 up costs paid or incurred for the taxable year
3 which is equal to so much of the portion of the
4 credit determined under subsection (a) as is
5 properly allocable to such costs, or

6 “(B) for that portion of the employer con-
7 tributions made by the employer for the taxable
8 year which is equal to so much of the credit in-
9 crease determined under subsection (f) as is
10 properly allocable to such contributions.”.

11 (c) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to taxable years beginning after
13 the date of the enactment of this Act.

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