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117TH CONGRESS
1ST SESSION

H. R. 2963

To amend the Internal Revenue Code of 1986 to extend the work opportunity credit for hiring veterans, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 4, 2021

Ms. BROWNLEY introduced the following bill; which was referred to the Committee on Ways and Means

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A BILL

To amend the Internal Revenue Code of 1986 to extend the work opportunity credit for hiring veterans, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''VOW to Hire Heroes Extension Act of 2021''.

SEC. 2. EXTENSION OF WORK OPPORTUNITY CREDIT FOR VETERANS.

(a) IN GENERAL.—Section 51(c) of the Internal Revenue Code of 1986 is amended by adding at the end the following: "The preceding sentence shall not apply in the case of amounts paid or incurred to a qualified veteran.".

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

SEC. 3. SIMPLIFIED CERTIFICATION OF VETERAN STATUS.

(a) IN GENERAL.—Subparagraph (D) of section 51(d)(13) of the Internal Revenue Code of 1986 is amended to read as follows:

"(D) PRE-SCREENING OF QUALIFIED VETERANS.—

"(i) IN GENERAL.—Subparagraph (A) shall be applied without regard to subclause (II) of clause (ii) thereof in the case of an individual seeking treatment as a qualified veteran with respect to whom the pre-screening notice contains—

"(I) qualified veteran status documentation,

"(II) qualified proof of unemployment compensation, and

"(III) an affidavit furnished by the individual stating, under penalty of perjury, that the information provided under subclauses (I) and (II) is true.

"(ii) QUALIFIED VETERAN STATUS DOCUMENTATION.—For purposes of clause (i), the term 'qualified veteran status documentation' means any documentation provided to an individual by the Department of Defense or the National Guard upon release or discharge from the Armed Forces which includes information sufficient to establish that such individual is a veteran.

"(iii) QUALIFIED PROOF OF UNEMPLOYMENT COMPENSATION.—For purposes of clause (i), the term 'qualified proof of unemployment compensation' means, with respect to an individual, checks or other proof of receipt of payment of unemployment compensation to such individual for periods aggregating not less than 4 weeks (in the case of an individual seeking treatment under paragraph (3)(A)(iii)), or not less than 6 months (in the case of an individual seeking treatment under clause (ii)(II) or (iv) of paragraph (3)(A)), during the 1-year period ending on the hiring date.''.

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

SEC. 4. CREDIT MADE AVAILABLE AGAINST PAYROLL TAXES IN CERTAIN CIRCUMSTANCES.

(a) IN GENERAL.—Section 52(c) of the Internal Revenue Code of 1986 is amended—

(1) in the heading by striking ''TAX-EXEMPT ORGANIZATIONS'' and inserting ''CERTAIN EMPLOYERS'',

(2) in paragraph (2)—

(A) by striking ''QUALIFIED TAX-EXEMPT ORGANIZATIONS'' in the heading and inserting ''CERTAIN EMPLOYERS'', and

(B) by striking ''by qualified tax-exempt organizations'' in the text and inserting ''by certain employers''.

(b) CREDIT ALLOWED TO CERTAIN FOR-PROFIT EMPLOYERS.—

(1) IN GENERAL.—Paragraph (1) of section 3111(e) of such Code is amended by inserting ''or a qualified for-profit employer'' after ''If a qualified tax-exempt organization''.

(2) QUALIFIED FOR-PROFIT EMPLOYER DEFINED.—Paragraph (5) of section 3111(e) of such Code is amended by striking ''and'' at the end of subparagraph (A), by redesignating subparagraph (B) as subparagraph (C), and by inserting after subparagraph (A) the following new subparagraph:

''(B) the term 'qualified for-profit employer' means, with respect to a taxable year, an employer not described in subparagraph (A), but only if—

''(i) such employer does not have profits for any of the 3 taxable years preceding such taxable year, and

''(ii) such employer elects under section 51(j) not to have section 51 apply to such taxable year, and''.

(3) CONFORMING AMENDMENTS.—

(A) Section 3111(e)(1) of such Code is amended by striking ''with respect to whom a credit would be allowable under section 38 by reason of section 51 if the organization were not a qualified tax-exempt organization''.

(B) Paragraphs (1) and (2) of section 3111(e) of such Code are both amended by inserting ‘‘or for-profit employer’’ after ‘‘employees of the organization’’ each place it appears.

(C) Section 3111(e)(3)(C) of such Code is amended by inserting ‘‘in the case of a qualified tax-exempt organization,’’ before ‘‘by only taking into account’’.

(D) Section 3111(e)(4) of such Code is amended by inserting ‘‘or for-profit employer’’ after ‘‘the organization’’.

(E) Section 3111(e)(5)(C) of such Code, as redesignated by paragraph (2), is amended to read as follows:

‘‘(C) the term ‘qualified veteran’ means a qualified veteran (within the meaning of section 51(d)(3)) with respect to whom a credit would be allowable under section 38 by reason of section 51 if the employer of such veteran were not a qualified tax-exempt organization or a qualified for-profit employer.’’.

(c) TRANSFERS TO FEDERAL OLD-AGE AND SURVIVORS INSURANCE TRUST FUND.—There are hereby appropriated to the Federal Old-Age and Survivors Trust Fund and the Federal Disability Insurance Trust Fund established under section 201 of the Social Security Act (42 U.S.C. 401) amounts equal to the reduction in revenues to the Treasury by reason of the amendments made by subsections (a) and (b). Amounts appropriated by the preceding sentence shall be transferred from the general fund at such times and in such manner as to replicate to the extent possible the transfers which would have occurred to such Trust Fund had such amendments not been enacted.

(d) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall apply to individuals who begin work for the employer after the date of the enactment of this Act.

SEC. 5. REPORT.

Not later than 2 years after the date of the enactment of this Act, and annually thereafter, the Commissioner of Internal Revenue, in consultation with the Secretary of Labor, shall report to the Congress on the effectiveness and cost-effectiveness of the amendments made by sections 2, 3, and 4 in increasing the employment of veterans. Such report shall include the results of a survey, conducted, if needed, in consultation with the Veterans' Employment and Training Service of the Department of Labor, to determine how many veterans are hired by each employer that claims the credit under section 51, by reason of subsection (d)(1)(B) thereof, or 3111(e) of the Internal Revenue Code of 1986.

SEC. 6. TREATMENT OF POSSESSIONS.

(a) PAYMENTS TO POSSESSIONS.—

(1) MIRROR CODE POSSESSIONS.—The Secretary of the Treasury shall pay to each possession of the United States with a mirror code tax system amounts equal to the loss to that possession by reason of the amendments made by this Act. Such amounts shall be determined by the Secretary of the Treasury based on information provided by the government of the respective possession of the United States.

(2) OTHER POSSESSIONS.—The Secretary of the Treasury shall pay to each possession of the United States which does not have a mirror code tax system the amount estimated by the Secretary of the Treasury as being equal to the loss to that possession that would have occurred by reason of the amendments made by this Act if a mirror code tax system had been in effect in such possession. The preceding sentence shall not apply with respect to any possession of the United States unless such possession establishes to the satisfaction of the Secretary that the possession has implemented (or, at the discretion of the Secretary, will implement) an income tax benefit which is substantially equivalent

to the income tax credit in effect after the amendments made by this Act.

(b) COORDINATION WITH CREDIT ALLOWED AGAINST UNITED STATES INCOME TAXES.—The credit allowed against United States income taxes for any taxable year under the amendments made by this Act to section 51 of the Internal Revenue Code of 1986 to any person with respect to any qualified veteran shall be reduced by the amount of any credit (or other tax benefit described in subsection (a)(2)) allowed to such person against income taxes imposed by the possession of the United States by reason of this section with respect to such qualified veteran for such taxable year.

(c) DEFINITIONS AND SPECIAL RULES.—

(1) POSSESSION OF THE UNITED STATES.—For purposes of this section, the term ''possession of the United States'' includes American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, the Commonwealth of Puerto Rico, and the United States Virgin Islands.

(2) MIRROR CODE TAX SYSTEM.—For purposes of this section, the term ''mirror code tax system'' means, with respect to any possession of the United States, the income tax system of such possession if the income tax liability of the residents of such pos-

session under such system is determined by reference to the income tax laws of the United States as if such possession were the United States.

(3) TREATMENT OF PAYMENTS.—For purposes of section 1324(b)(2) of title 31, United States Code, the payments under this section shall be treated in the same manner as a refund due from credit provisions described in such section.

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