

111TH CONGRESS
2D SESSION

S. 2983

To amend the Internal Revenue Code of 1986 to provide an exemption from employer social security taxes with respect to previously unemployed individuals, and to provide a credit for the retention of such individuals for at least 1 year.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 4, 2010

Mr. SCHUMER (for himself and Mr. HATCH) 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 provide an exemption from employer social security taxes with respect to previously unemployed individuals, and to provide a credit for the retention of such individuals for at least 1 year.

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 “Hire Now Tax Cut
5 Act of 2010”.

1 **SEC. 2. PAYROLL TAX FORGIVENESS FOR HIRING UNEM-**
2 **EMPLOYED WORKERS.**

3 (a) IN GENERAL.—Section 3111 of the Internal Rev-
4 enue Code of 1986 is amended by adding at the end the
5 following new subsection:

6 “(d) SPECIAL EXEMPTION FOR CERTAIN INDIVID-
7 UALS HIRED IN 2010.—

8 “(1) IN GENERAL.—Subsection (a) shall not
9 apply to wages paid by a qualified employer with re-
10 spect to employment during the period beginning on
11 the day after the date of the enactment of this sub-
12 section and ending on December 31, 2010, of any
13 qualified individual for services performed—

14 “(A) in a trade or business of such quali-
15 fied employer, or

16 “(B) in the case of a qualified employer ex-
17 empt from tax under section 501(a), in further-
18 ance of the activities related to the purpose or
19 function constituting the basis of the employer’s
20 exemption under section 501.

21 “(2) QUALIFIED EMPLOYER.—For purposes of
22 this subsection, the term ‘qualified employer’ means
23 any employer other than the United States, any
24 State, any local government, or any instrumentality
25 of the foregoing.

1 “(3) QUALIFIED INDIVIDUAL.—For purposes of
2 this subsection, the term ‘qualified individual’ means
3 any individual who—

4 “(A) begins employment with a qualified
5 employer after February 3, 2010, and before
6 January 1, 2011,

7 “(B) certifies by signed affidavit, under
8 penalties of perjury, that such individual has
9 not been employed for more than 40 hours dur-
10 ing the 60-day period ending on the date such
11 individual begins such employment,

12 “(C) is not employed by the qualified em-
13 ployer to replace another employee of such em-
14 ployer unless such other employee separated
15 from employment voluntarily or for cause, and

16 “(D) is not an individual described in sec-
17 tion 51(i)(1) (applied by substituting ‘qualified
18 employer’ for ‘taxpayer’ each place it appears).

19 “(4) ELECTION.—A qualified employer may
20 elect to have this subsection not apply. Such election
21 shall be made in such manner as the Secretary may
22 require.”.

23 (b) COORDINATION WITH WORK OPPORTUNITY
24 CREDIT.—Section 51(c) of the Internal Revenue Code of

1 1986 is amended by adding at the end the following new
2 paragraph:

3 “(5) COORDINATION WITH PAYROLL TAX FOR-
4 GIVENESS.—The term ‘wages’ shall not include any
5 amount paid or incurred to a qualified individual (as
6 defined in section 3111(d)(3)) during the 1-year pe-
7 riod beginning on the hiring date of such individual
8 by a qualified employer (as defined in section
9 3111(d)) unless such qualified employer makes an
10 election not to have section 3111(d) apply.”.

11 (c) TRANSFERS TO FEDERAL OLD-AGE AND SUR-
12 VIVORS INSURANCE TRUST FUND.—There are hereby ap-
13 propriated to the Federal Old-Age and Survivors Trust
14 Fund and the Federal Disability Insurance Trust Fund
15 established under section 201 of the Social Security Act
16 (42 U.S.C. 401) amounts equal to the reduction in reve-
17 nues to the Treasury by reason of the amendments made
18 by subsection (a). Amounts appropriated by the preceding
19 sentence shall be transferred from the general fund at
20 such times and in such manner as to replicate to the ex-
21 tent possible the transfers which would have occurred to
22 such Trust Fund had such amendments not been enacted.

23 (d) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to wages paid after the date of
25 the enactment of this Act.

1 **SEC. 3. BUSINESS CREDIT FOR RETENTION OF CERTAIN**
2 **NEWLY HIRED INDIVIDUALS IN 2010.**

3 (a) IN GENERAL.—In the case of any taxable year
4 ending after the date of the enactment of this Act, the
5 current year business credit determined under section
6 38(b) of the Internal Revenue Code of 1986 for such tax-
7 able year shall be increased by an amount equal to the
8 product of—

9 (1) \$1,000, and

10 (2) the number of retained workers with respect
11 to which subsection (b)(2) is first satisfied during
12 such taxable year.

13 (b) RETAINED WORKER.—For purposes of this sec-
14 tion, the term “retained worker” means any qualified indi-
15 vidual (as defined in section 3111(d)(3) of the Internal
16 Revenue Code of 1986)—

17 (1) who was employed by the taxpayer on any
18 date during the taxable year,

19 (2) who was so employed by the taxpayer for a
20 period of not less than 52 consecutive weeks, and

21 (3) whose wages for such employment during
22 the last 26 weeks of such period equaled at least 80
23 percent of such wages for the first 26 weeks of such
24 period.

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