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(Original Signature of Member)

112TH CONGRESS
1ST SESSION

H. R. _____

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

Mr. WEBSTER introduced the following bill; which was referred to the
Committee on _____

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”.

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

3 (a) IN GENERAL.—Subpart F of part IV of sub-
4 chapter A of chapter 1 of the Internal Revenue Code of
5 1986 is amended by inserting after section 51 the fol-
6 lowing new section:

7 **“SEC. 51A. PASS-THRU ENTITIES HIRING THE UNEM-**
8 **PLOYED.**

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

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

18 “(c) APPLICABLE AMOUNT.—For purposes of this
19 section—

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

1 “(2) NUMBER OF EMPLOYEES.—The applicable
2 amount for any quarter shall be zero if the number
3 of employees who received wages in such quarter
4 does not exceed the number of employees who re-
5 ceived wages in the quarter ending before the date
6 the qualified individual was hired.

7 “(3) NUMBER OF QUALIFIED INDIVIDUALS.—
8 Not more than one qualified individual may be taken
9 into account in a taxable year under subsection (a).
10 “(d) QUALIFIED INDIVIDUAL.—For purposes of this
11 section—

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

14 “(A) on the day the individual is hired by
15 the employer, was in receipt of unemployment
16 compensation under State or Federal law for
17 not fewer than 1 week during the 1-year period
18 ending on such day, and

19 “(B) while employed does not receive any
20 unemployment compensation under State or
21 Federal law for any period after such day.

22 “(2) CONTINUOUS EMPLOYMENT IN SUC-
23 CEEDING TAXABLE YEARS.—The term ‘qualified in-
24 dividual’ includes any individual with respect to
25 whom a credit was allowed under subsection (a) in

1 a preceding taxable year and who has been employed
2 by the employer since such day of hiring without a
3 break in service.

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

7 “(1) an S corporation, partnership, trust, or es-
8 tate,

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

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

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

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

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

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

3 (c) CLERICAL AMENDMENT.—The table of sections
4 for subpart F of part IV of subchapter A of chapter 1
5 of such Code is amended by inserting after the item relat-
6 ing to section 51 the following new item:

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

7 (d) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to individuals who begin work for
9 the employer in taxable years ending after the date of the
10 enactment of this Act.