

**Amendment to the Amendment in the Nature of a Substitute to Subtitle G. Budget
Reconciliation Legislative Recommendations Relating to Promoting Economic Security
offered by Rep. Rice of South Carolina**

The amendment would provide a Healthy Workplace Tax Credit – 50% payroll tax credit for COVID employee protection, workplace reconfiguration, and technology expenses.

AMENDMENT

OFFERED BY Mr. Rice

At the end of subtitle G, add the following:

1 **SEC. 9674. HEALTHY WORKPLACE TAX CREDIT.**

2 (a) IN GENERAL.—In the case of an employer, there
3 shall be allowed as a credit against applicable employment
4 taxes for each calendar quarter an amount equal to 50
5 percent of the sum of—

6 (1) the qualified employee protection expenses
7 paid or incurred by the employer during such cal-
8 endar quarter,

9 (2) the qualified workplace reconfiguration ex-
10 penses paid or incurred by the employer during such
11 calendar quarter, and

12 (3) the qualified workplace technology expenses
13 paid or incurred by the employer during such cal-
14 endar quarter.

15 (b) LIMITATIONS AND REFUNDABILITY.—

16 (1) OVERALL DOLLAR LIMITATION ON CRED-
17 IT.—

18 (A) IN GENERAL.—The amount of the
19 credit allowed under subsection (a) with respect

1 to any employer for any calendar quarter shall
2 not exceed the excess (if any) of—

3 (i) the applicable dollar limit with re-
4 spect to such employer for such calendar
5 quarter, over

6 (ii) the aggregate credits allowed
7 under subsection (a) with respect to such
8 employer for all preceding calendar quar-
9 ters.

10 (B) APPLICABLE DOLLAR LIMIT.—The
11 term “applicable dollar limit” means, with re-
12 spect to any employer for any calendar quarter,
13 the sum of—

14 (i) \$1,000, multiplied so much of the
15 average number of employees employed by
16 such employer during such calendar quar-
17 ter as does not exceed 500, plus

18 (ii) \$750, multiplied by so much of
19 such average number of employees as ex-
20 ceeds 500 but does not exceed 1,000, plus

21 (iii) \$500, multiplied by so much of
22 such average number of employees as ex-
23 ceeds 1,000.

24 (2) CREDIT LIMITED TO EMPLOYMENT
25 TAXES.—The credit allowed by subsection (a) with

1 respect to any calendar quarter shall not exceed the
2 applicable employment taxes (reduced by any credits
3 allowed against such taxes under sections 7001 and
4 7003 of the Families First Coronavirus Response
5 Act, section 2301 of the CARES Act, or any other
6 provision of this Act) on the wages paid with respect
7 to the employment of all the employees of the eligi-
8 ble employer for such calendar quarter.

9 (3) REFUNDABILITY OF EXCESS CREDIT.—

10 (A) IN GENERAL.—If the amount of the
11 credit under subsection (a) exceeds the limita-
12 tion of paragraph (2) for any calendar quarter,
13 such excess shall be treated as an overpayment
14 that shall be refunded under sections 6402(a)
15 and 6413(b) of the Internal Revenue Code of
16 1986.

17 (B) TREATMENT OF PAYMENTS.—For pur-
18 poses of section 1324 of title 31, United States
19 Code, any amounts due to the employer under
20 this paragraph shall be treated in the same
21 manner as a refund due from a credit provision
22 referred to in subsection (b)(2) of such section.

23 (c) QUALIFIED EMPLOYEE PROTECTION EX-
24 PENSES.—For purposes of this section, the term “quali-

1 fied employee protection expenses” means amounts paid
2 or incurred by the employer for—

3 (1) testing employees of the employer for
4 COVID-19 (including on a periodic basis),

5 (2) equipment to protect employees of the em-
6 ployer from contracting COVID-19, including masks,
7 gloves, and disinfectants, and

8 (3) cleaning products or services (whether pro-
9 vided by an employee of the taxpayer or a cleaning
10 service provider) related to preventing the spread of
11 COVID-19.

12 (d) QUALIFIED WORKPLACE RECONFIGURATION EX-
13 PENSES.—For purposes of this section—

14 (1) IN GENERAL.—The term “qualified work-
15 place reconfiguration expenses” means amounts paid
16 or incurred by the employer to design and recon-
17 figure retail space, work areas, break areas, or other
18 areas that employees or customers regularly use in
19 the ordinary course of the employer’s trade or busi-
20 ness if such design and reconfiguration—

21 (A) has a primary purpose of preventing
22 the spread of COVID-19,

23 (B) is with respect to an area that is lo-
24 cated in the United States and that is leased or
25 owned by the employer,

1 (C) is consistent with the purpose of the
2 property immediately before the reconfigura-
3 tion,

4 (D) is commensurate with the risks faced
5 by the employees or customers or is consistent
6 with recommendations made by the Centers for
7 Disease Control and Prevention or the Occupa-
8 tional Safety and Health Administration,

9 (E) is completed pursuant to a reconfig-
10 uration plan and no comparable reconfiguration
11 plan was in place before March 13, 2020, and

12 (F) is completed before January 1, 2022.

13 (2) REGULATIONS.—The Secretary shall pre-
14 scribe such regulations and other guidance as may
15 be necessary or appropriate to carry out the pur-
16 poses of this subsection, including guidance defining
17 primary purpose and reconfiguration plan.

18 (e) QUALIFIED WORKPLACE TECHNOLOGY EX-
19 PENSES.—For purposes of this section—

20 (1) IN GENERAL.—The term “qualified work-
21 place technology expenses” means amounts paid or
22 incurred by the employer for technology systems
23 that employees or customers use in the ordinary
24 course of the employer’s trade or business if such
25 technology system—

1 (A) has a primary purpose of preventing
2 the spread of COVID-19,

3 (B) is used for limiting physical contact
4 between customers and employees in the United
5 States,

6 (C) is commensurate with the risks faced
7 by the employees or customers or is consistent
8 with recommendations made by the Centers for
9 Disease Control and Prevention or the Occupa-
10 tional Safety and Health Administration,

11 (D) is acquired by the taxpayer after De-
12 cember 31, 2020, and is not acquired pursuant
13 to a written binding contract entered into be-
14 fore March 13, 2020, and

15 (E) is placed in service by the taxpayer be-
16 fore January 1, 2022.

17 (2) TECHNOLOGY SYSTEMS.—The term “tech-
18 nology systems” means computer software (as de-
19 fined in section 167(f)(1)) and qualified techno-
20 logical equipment (as defined in section 168(i)(2)).

21 (3) REGULATIONS.—The Secretary shall pre-
22 scribe such regulations and other guidance as may
23 be necessary or appropriate to carry out the pur-
24 poses of this subsection, including guidance defining
25 primary purpose.

1 (f) OTHER DEFINITIONS.—For purposes of this sec-
2 tion—

3 (1) APPLICABLE EMPLOYMENT TAXES.—The
4 term “applicable employment taxes” means the fol-
5 lowing:

6 (A) The taxes imposed under section
7 3111(b) of the Internal Revenue Code of 1986.

8 (B) So much of the taxes imposed under
9 section 3221(a) of such Code as are attrib-
10 utable to the rate in effect under section
11 3111(b) of such Code.

12 (2) COVID-19.—Except where the context
13 clearly indicates otherwise, any reference in this sec-
14 tion to COVID-19 shall be treated as including a
15 reference to the virus which causes COVID-19.

16 (3) SECRETARY.—The term “Secretary” means
17 the Secretary of the Treasury or the Secretary’s del-
18 egate.

19 (4) OTHER TERMS.—Any term used in this sec-
20 tion (other than subsection (b)(1)(B)) which is also
21 used in chapter 21 or 22 of the Internal Revenue
22 Code of 1986 shall have the same meaning as when
23 used in such chapter.

24 (g) CERTAIN GOVERNMENTAL EMPLOYERS.—This
25 credit shall not apply to the Government of the United

1 States, the government of any State or political subdivi-
2 sion thereof, or any agency or instrumentality of any of
3 the foregoing.

4 (h) SPECIAL RULES.—

5 (1) AGGREGATION RULE.—All persons treated
6 as a single employer under subsection (a) or (b) of
7 section 52 of the Internal Revenue Code of 1986, or
8 subsection (m) or (o) of section 414 of such Code,
9 shall be treated as one employer for purposes of this
10 section.

11 (2) DENIAL OF DOUBLE BENEFIT.—

12 (A) IN GENERAL.—Rules similar to the
13 rules of paragraphs (1) and (2) of section
14 280C(b) shall apply for purposes of this section.

15 (B) EXPENSES NOT TAKEN INTO ACCOUNT
16 MORE THAN ONCE.—Any qualified workplace
17 reconfiguration expense or qualified workplace
18 technology expense shall not be treated as a
19 qualified employee protection expense and any
20 qualified workplace technology expense shall not
21 be treated as a qualified workplace reconfigura-
22 tion expense.

23 (3) THIRD-PARTY PAYORS.—Any credit allowed
24 under this section shall be treated as a credit de-
25 scribed in section 3511(d)(2) of such Code.

1 (4) ELECTION NOT TO HAVE SECTION APPLY.—

2 This section shall not apply with respect to any eligi-
3 ble employer for any calendar quarter if such em-
4 ployer elects (at such time and in such manner as
5 the Secretary may prescribe) not to have this section
6 apply.

7 (i) TREATMENT OF DEPOSITS.—The Secretary shall
8 waive any penalty under section 6656 of the Internal Rev-
9 enue Code of 1986 for any failure to make a deposit of
10 any applicable employment taxes if the Secretary deter-
11 mines that such failure was due to the reasonable anticipa-
12 tion of the credit allowed under this section.

13 (j) REGULATIONS AND GUIDANCE.—The Secretary
14 shall prescribe such regulations and other guidance as
15 may be necessary or appropriate to carry out the purposes
16 of this section, including—

17 (1) with respect to the application of the credit
18 under subsection (a) to third-party payors (including
19 professional employer organizations, certified profes-
20 sional employer organizations, or agents under sec-
21 tion 3504 of the Internal Revenue Code of 1986),
22 regulations or other guidance allowing such payors
23 to submit documentation necessary to substantiate
24 the amount of the credit allowed under subsection
25 (a), and

1 (2) regulations or other guidance to prevent
2 abusive transactions.

3 (k) APPLICATION.—This section shall only apply to
4 amounts paid or incurred after December 31, 2020, and
5 before January 1, 2022.



Amendment to the Amendment in the Nature of a Substitute to Subtitle G. Budget Reconciliation Legislative Recommendations Relating to Promoting Economic Security offered by Rep. Smucker of Pennsylvania.

The amendment would create a general business credit for businesses that hire long-term unemployed workers (unemployed for more than 12 weeks): \$1,000 credit/hire (\$500 for part-time) for any qualifying business, additional \$1,000 credit/hire (full-time or part-time) for small businesses with 50 or fewer employees.

AMENDMENT

OFFERED BY Mr. Smucker

At the end of subtitle G, add the following:

1 **SEC. 9674. CREDIT FOR HIRING LONG-TERM UNEMPLOYED**
2 **INDIVIDUALS.**

3 (a) IN GENERAL.—Subpart D of part IV of sub-
4 chapter A of chapter 1 of the Internal Revenue Code of
5 1986 is amended by adding at the end the following new
6 section:

7 **“SEC. 45U. CREDIT FOR HIRING OF LONG-TERM UNEM-**
8 **PLOYED INDIVIDUALS.**

9 “(a) IN GENERAL.—For purposes of section 38, the
10 long-term unemployed hiring credit determined under this
11 section for any taxable year is an amount equal to 50 per-
12 cent of qualified wages paid or incurred during such tax-
13 able year.

14 “(b) DOLLAR LIMITATION.—

15 “(1) IN GENERAL.—The credit determined
16 under subsection (a) with respect to any employee
17 shall not exceed—

18 “(A) \$1,000 with respect any full-time em-
19 ployee, and

1 “(B) \$500 with respect to any part-time
2 employee.

3 “(2) INCREASE FOR SMALL BUSINESSES.—In
4 the case of a taxpayer the average number of em-
5 ployees of which on business days during the taxable
6 year does not exceed 50, the limitation under para-
7 graph (1) shall be increased by \$1,000.

8 “(3) AGGREGATE LIMITATION.—With respect to
9 any employee, the limitation under paragraph (1)
10 (after the application of paragraph (2)) shall be de-
11 creased by the aggregate credits allowed to the tax-
12 payer under subsection (a) with respect to such em-
13 ployee for all prior taxable years.

14 “(c) QUALIFIED WAGES.—For purposes of this sec-
15 tion—

16 “(1) IN GENERAL.—The term ‘qualified wages’
17 means wages (within the meaning of section 51)
18 paid or incurred by the employer during the quali-
19 fied period to a qualified long-term unemployed indi-
20 vidual.

21 “(2) QUALIFIED PERIOD.—The term ‘qualified
22 period’ means, with respect to any qualified long-
23 term unemployed individual, the 21-day period be-
24 ginning on the date that such individual begins work
25 for the employer.

1 “(d) QUALIFIED LONG-TERM UNEMPLOYED INDI-
2 VIDUAL.—For purposes of this section—

3 “(1) IN GENERAL.—The term ‘qualified long-
4 term unemployed individual’ means any individual
5 who—

6 “(A) has attained age 18 as of the hiring
7 date,

8 “(B) is authorized to be employed in the
9 United States for purposes of section 274A of
10 the Immigration and Nationality Act (8 U.S.C.
11 1324a),

12 “(C) during the period beginning on March
13 27, 2020, and ending on the hiring date—

14 “(i) began at least 1 period of unem-
15 ployment,

16 “(ii) was neither employed nor a full-
17 time student for periods aggregating not
18 less than 12 weeks, and

19 “(iii) was seeking employment for pe-
20 riods aggregating not less than 4 weeks.

21 “(2) CERTIFICATION AUTHORIZED.—The Sec-
22 retary may establish a program for appropriate
23 State or local agencies to certify the status of indi-
24 viduals as qualified long-term unemployed individ-
25 uals for purposes of this section.

1 “(e) OTHER DEFINITIONS AND SPECIAL RULES.—

2 For purposes of this section—

3 “(1) FULL-TIME EMPLOYEE.—The term ‘full-
4 time employee’ means any individual employed by
5 the employer for 40 or more hours per week on aver-
6 age with respect to weeks during the period de-
7 scribed in subsection (c)(2).

8 “(2) PART-TIME EMPLOYEE.—The term ‘part-
9 time employee’ means any individual who is not a
10 full-time employee and who is employed by the em-
11 ployer for 20 or more hours per week on average
12 with respect to weeks during the period described in
13 subsection (c)(2).

14 “(3) APPLICATION OF CERTAIN RULES.—Rules
15 similar to the rules of section 52, and subsections
16 (f)(1), (i)(1), and (i)(2) of section 51, shall apply for
17 purposes of this section.

18 “(4) NONDISPLACEMENT.—An employee shall
19 not be taken into account in determining the credit
20 allowed under this section if—

21 “(A) the hiring of such employee results in
22 the layoff or partial displacement (such as a re-
23 duction in hours, wages, or employment bene-
24 fits) of an existing employee or position of the
25 employer, or

1 “(B) such employee performs the same
2 work or substantially the same work as that
3 performed by any individual who has been laid
4 off or partially displaced and has not received
5 an offer from the employer to be restored to the
6 position the individual had immediately prior to
7 being so laid off or partially displaced.

8 “(f) TERMINATION.—No credit shall be determined
9 under this section with respect to any individual who be-
10 gins work for the employer after December 31, 2021.”.

11 (c) PART OF GENERAL BUSINESS CREDIT.—Section
12 38(b) of such Code is amended by striking “plus” at the
13 end of paragraph (32), by striking the period at the end
14 of paragraph (33) and inserting “, plus”, and by adding
15 at the end the following new paragraph:

16 “(34) the long-term unemployed hiring credit
17 determined under section 45U(a).”.

18 (e) CLERICAL AMENDMENT.—The table of sections
19 for subpart D of part IV of subchapter A of chapter 1
20 of such Code is amended by adding at the end the fol-
21 lowing new item:

 “Sec. 45U. Credit for hiring of long-term unemployed individuals.”.

22 (b) EFFECTIVE DATE.—The amendments made by
23 this section shall apply with respect to individuals who

- 1 begin work for the employer after the date of the enact-
- 2 ment of this Act.



Amendment to the Amendment in the Nature of a Substitute to Subtitle G. Budget Reconciliation Legislative Recommendations Relating to Promoting Economic Security offered by Rep. Brady of Texas

The amendment would provide additional (\$1,400 per individual, spouse, and dependent) economic impact payments for workers unemployed due to two Biden executive orders: (1) moratorium on oil and gas leasing on federal lands and waters, and (2) revocation of Keystone XL pipeline permit.

AMENDMENT

OFFERED BY MR. Brady

At the end of section 6428B of the Internal Revenue Code of 1986, as proposed to be added by section 9601(a), add the following:

1 “(j) INCREASED CREDIT FOR CERTAIN TAX-
2 PAYERS.—

3 “(1) IN GENERAL.—In the case of any specified
4 taxpayer, the 2021 rebate amount shall be twice
5 such amount (as determined without regard to this
6 paragraph).

7 “(2) SPECIFIED TAXPAYER.—For purposes of
8 this subsection, the term ‘specified taxpayer’ means
9 any taxpayer if the employment of such taxpayer (ei-
10 ther spouse in the case of a joint return) is termi-
11 nated (before December 31, 2021) as a result of—

12 “(A) section 6 (relating to revoking the
13 March 2019 Permit for the Keystone XL Pipe-
14 line) of Executive Order 13990 (86 Fed. Reg.
15 7037),

16 “(B) Department of Interior Order No.
17 3395 (relating to Temporary Suspension of
18 Delegated Authority), or

1 “(C) the increase in the Federal minimum
2 wage enacted by the public law which included
3 the provision of law which amended this title to
4 include this section.

5 “(3) COORDINATION WITH ADVANCE RE-
6 FUND.—Paragraph (1) shall be taken into account
7 in determining the advance refund amount with re-
8 spect to any specified taxpayer only if such taxpayer
9 has submitted to the Secretary such information as
10 the Secretary may require for purposes of deter-
11 mining such taxpayer’s status as a specified tax-
12 payer.”.



Amendment to the Amendment in the Nature of a Substitute to Subtitle G. Budget Reconciliation Legislative Recommendations Relating to Promoting Economic Security offered by Rep. Buchanan of Florida

The amendment would provide a small business tax credit to offset the cost of the federal minimum wage mandate.

AMENDMENT

OFFERED BY Mr. Buchanan

At the end of subtitle G, add the following:

1 **SEC. 9674. CREDIT FOR MINIMUM WAGE DIFFERENTIAL.**

2 (a) IN GENERAL.—In the case of an employer, there
3 shall be allowed as a credit against applicable employment
4 taxes for each calendar quarter an amount equal to the
5 applicable percentage of the qualified wage differential
6 with respect to each employee of the employer who was
7 employed by the employer on the date of the enactment
8 of this Act.

9 (b) APPLICABLE PERCENTAGE.—For purposes of
10 this section, the term “applicable percentage” means, with
11 respect to any calendar quarter—

12 (1) 100 percent in the case of any employer the
13 average number of employees on business days dur-
14 ing the calendar quarter of which is less than 50,
15 and

16 (2) 50 percent in the case of any employer the
17 average number of employees on business days dur-
18 ing the calendar quarter of which is not less than 50
19 and is less than 500, and

20 (3) 0 percent in any other case.

1 (c) QUALIFIED WAGE DIFFERENTIAL.—For pur-
2 poses of this section, the term “qualified wage differen-
3 tial” means, with respect to any employee for any calendar
4 quarter, the product of the number of hours of work per-
5 formed by such employee for the employer during such cal-
6 endar quarter, multiplied by the excess (if any) of—

7 (1) the Federal minimum wage in effect for
8 such calendar quarter, over

9 (2) the average hourly rate of pay paid by the
10 employer to such employee determined with respect
11 to the 30-day period ending on the date of the en-
12 actment of this Act.

13 (d) LIMITATION AND REFUNDABILITY.—

14 (1) CREDIT LIMITED TO EMPLOYMENT
15 TAXES.—The credit allowed by subsection (a) with
16 respect to any calendar quarter shall not exceed the
17 applicable employment taxes (reduced by any credits
18 allowed against such taxes under sections 7001 and
19 7003 of the Families First Coronavirus Response
20 Act, section 2301 of the CARES Act, and any other
21 provision of this Act) on the wages paid with respect
22 to the employment of all the employees of the eligi-
23 ble employer for such calendar quarter.

24 (2) REFUNDABILITY OF EXCESS CREDIT.—

1 (A) IN GENERAL.—If the amount of the
2 credit under subsection (a) exceeds the limita-
3 tion of paragraph (2) for any calendar quarter,
4 such excess shall be treated as an overpayment
5 that shall be refunded under sections 6402(a)
6 and 6413(b) of the Internal Revenue Code of
7 1986.

8 (B) TREATMENT OF PAYMENTS.—For pur-
9 poses of section 1324 of title 31, United States
10 Code, any amounts due to the employer under
11 this paragraph shall be treated in the same
12 manner as a refund due from a credit provision
13 referred to in subsection (b)(2) of such section.

14 (e) OTHER DEFINITIONS.—For purposes of this sec-
15 tion—

16 (1) APPLICABLE EMPLOYMENT TAXES.—The
17 term “applicable employment taxes” means the fol-
18 lowing:

19 (A) The taxes imposed under section
20 3111(b) of the Internal Revenue Code of 1986.

21 (B) So much of the taxes imposed under
22 section 3221(a) of such Code as are attrib-
23 utable to the rate in effect under section
24 3111(b) of such Code.

1 (2) FEDERAL MINIMUM WAGE.—For purposes
2 of this section, the term “Federal minimum wage”
3 means, with respect to any hour of work, the wage
4 rate which applies to such hour of work under the
5 Fair Labor Standards Act of 1938.

6 (3) OTHER TERMS.—Any term used in this sec-
7 tion which is also used in chapter 21 or 22 of the
8 Internal Revenue Code of 1986 shall have the same
9 meaning as when used in such chapter.

10 (f) SPECIAL RULES.—

11 (1) AGGREGATION RULE.—All persons treated
12 as a single employer under subsection (a) or (b) of
13 section 52 of the Internal Revenue Code of 1986, or
14 subsection (m) or (o) of section 414 of such Code,
15 shall be treated as one employer for purposes of this
16 section.

17 (2) CERTAIN GOVERNMENTAL EMPLOYERS.—
18 This credit shall not apply to the Government of the
19 United States, the government of any State or polit-
20 ical subdivision thereof, or any agency or instrumen-
21 tality of any of the foregoing.

22 (3) CERTAIN INDIVIDUALS NOT SUBJECT TO
23 MINIMUM WAGE.—No credit shall be allowed under
24 subsection (a) with respect to any employee for any
25 calendar quarter to the extent that the Federal min-

1 imum wage does not apply to such employee or the
2 rate of pay paid by such employer to such employee
3 does not equal or exceed the Federal minimum wage.

4 (4) CERTAIN RULES TO APPLY.—For purposes
5 of this section, rules similar to the rules of sections
6 51(i)(1) and 280C(a) of the Internal Revenue Code
7 of 1986 shall apply.

8 (5) DENIAL OF DOUBLE BENEFIT.—With re-
9 spect to any employee taken into account under this
10 section for any calendar quarter, no wages paid to
11 such employee for such calendar quarter shall be
12 taken into account as wages for purposes of sections
13 41, 45A, 45P, 45S, 51, and 1396 of the Internal
14 Revenue Code of 1986 or section 2301 of CARES.

15 (6) THIRD-PARTY PAYORS.—Any credit allowed
16 under this section shall be treated as a credit de-
17 scribed in section 3511(d)(2) of such Code.

18 (7) ELECTION NOT TO HAVE SECTION APPLY.—
19 This section shall not apply with respect to any em-
20 ployee for any calendar quarter if the employer
21 elects (at such time and in such manner as the Sec-
22 retary may prescribe) not to have this section apply.

23 (g) TREATMENT OF DEPOSITS.—The Secretary shall
24 waive any penalty under section 6656 of the Internal Rev-
25 enue Code of 1986 for any failure to make a deposit of

1 any applicable employment taxes if the Secretary deter-
2 mines that such failure was due to the reasonable anticipa-
3 tion of the credit allowed under this section.

4 (h) REGULATIONS AND GUIDANCE.—The Secretary
5 shall prescribe such regulations and other guidance as
6 may be necessary or appropriate to carry out the purposes
7 of this section, including—

8 (1) with respect to the application of the credit
9 under subsection (a) to third-party payors (including
10 professional employer organizations, certified profes-
11 sional employer organizations, or agents under sec-
12 tion 3504 of the Internal Revenue Code of 1986),
13 regulations or other guidance allowing such payors
14 to submit documentation necessary to substantiate
15 the amount of the credit allowed under subsection
16 (a), and

17 (2) regulations or other guidance to prevent
18 abusive transactions.

19 (i) APPLICATION.—This section shall apply with re-
20 spect to hours of work performed after the date of the
21 enactment of this Act and before January 1, 2022.



Amendment to the Amendment in the Nature of a Substitute to Subtitle G. Budget Reconciliation Legislative Recommendations Relating to Promoting Economic Security offered by Rep. Smith of Missouri

This amendment would expand 529-eligible expenses to books and instructional materials, tutoring expenses, fees for exams related to college admissions, and educational therapy for students with disabilities.

AMENDMENT

OFFERED BY Mr. Smith

At the end of subtitle G, add the following:

1 **SEC. 9674. 529 ACCOUNT FUNDING FOR HOMESCHOOL AND**
2 **ADDITIONAL ELEMENTARY AND SECONDARY**
3 **EXPENSES.**

4 (a) IN GENERAL.—Section 529(c)(7) of the Internal
5 Revenue Code of 1986 is amended to read as follows:

6 “(7) TREATMENT OF ELEMENTARY AND SEC-
7 ONDARY TUITION.—Any reference in this section to
8 the term ‘qualified higher education expense’ shall
9 include a reference to the following expenses in con-
10 nection with enrollment or attendance at, or for stu-
11 dents enrolled at or attending, an elementary or sec-
12 ondary public, private, or religious school:

13 “(A) Tuition.

14 “(B) Curriculum and curricular materials.

15 “(C) Books or other instructional mate-
16 rials.

17 “(D) Online educational materials.

18 “(E) Tuition for tutoring or educational
19 classes outside of the home, including at a tu-

1 toring facility, but only if the tutor or instruc-
2 tor is not related to the student and—

3 “(i) is licensed as a teacher in any
4 State,

5 “(ii) has taught at an eligible edu-
6 cational institution, or

7 “(iii) is a subject matter expert in the
8 relevant subject.

9 “(F) Fees for a nationally standardized
10 norm-referenced achievement test, an advanced
11 placement examination, or any examinations re-
12 lated to college or university admission.

13 “(G) Fees for dual enrollment in an insti-
14 tution of higher education.

15 “(H) Educational therapies for students
16 with disabilities provided by a licensed or ac-
17 credited practitioner or provider, including oc-
18 cupational, behavioral, physical, and speech-lan-
19 guage therapies.

20 Such term shall include expenses for the purposes
21 described in subparagraphs (A) through (H) in con-
22 nection with a homeschool (whether treated as a
23 homeschool or a private school for purposes of appli-
24 cable State law).”

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to distributions made after the
3 date of the enactment of this Act.



Amendment to the Amendment in the Nature of a Substitute to Subtitle G. Budget Reconciliation Legislative Recommendations Relating to Promoting Economic Security offered by Rep. Smith of Missouri

The amendment would create an Increased Child Tax Credit (\$2,000 under TCJA) made permanent.

AMENDMENT

OFFERED BY Mr. Smith

At the end of subtitle G, add the following:

1 **SEC. 9674. TEMPORARY PROVISIONS OF CHILD TAX CREDIT**

2 **MADE PERMANENT.**

3 (a) IN GENERAL.—Section 24 of the Internal Rev-
4 enue Code of 1986 is amended by striking subsections (a),
5 (b), and (c) and inserting the following new subsections:

6 “(a) ALLOWANCE OF CREDIT.—There shall be al-
7 lowed as a credit against the tax imposed by this chapter
8 for the taxable year an amount equal to the sum of—

9 “(1) \$2,000 for each qualifying child of the tax-
10 payer, and

11 “(2) \$500 for each qualifying dependent (other
12 than a qualifying child) of the taxpayer.

13 “(b) LIMITATION BASED ON ADJUSTED GROSS IN-
14 COME.—The amount of the credit allowable under sub-
15 section (a) shall be reduced (but not below zero) by \$50
16 for each \$1,000 (or fraction thereof) by which the tax-
17 payer’s modified adjusted gross income exceeds \$400,000
18 in the case of a joint return (\$200,000 in any other case).
19 For purposes of the preceding sentence, the term “modi-
20 fied adjusted gross income” means adjusted gross income

1 increased by any amount excluded from gross income
2 under section 911, 931, or 933.

3 “(c) QUALIFYING CHILD; QUALIFYING DEPEND-
4 ENT.—For purposes of this section—

5 “(1) QUALIFYING CHILD.—The term ‘qualifying
6 child’ means any qualifying dependent of the tax-
7 payer—

8 “(A) who is a qualifying child (as defined
9 in section 7706(c)) of the taxpayer,

10 “(B) who has not attained age 17 at the
11 close of the calendar year in which the taxable
12 year of the taxpayer begins, and

13 “(C) whose name and social security num-
14 ber are included on the taxpayer’s return of tax
15 for the taxable year.

16 “(2) QUALIFYING DEPENDENT.—The term
17 ‘qualifying dependent’ means any dependent of the
18 taxpayer (as defined in section 7706 without regard
19 to all that follows ‘resident of the United States’ in
20 section 7706(b)(3)(A)) whose name and TIN are in-
21 cluded on the taxpayer’s return of tax for the tax-
22 able year.

23 “(3) SOCIAL SECURITY NUMBER DEFINED.—
24 For purposes of this subsection, the term ‘social se-
25 curity number’ means, with respect to a return of

1 tax, a social security number issued to an individual
2 by the Social Security Administration, but only if
3 the social security number is issued—

4 “(A) to a citizen of the United States or
5 pursuant to subclause (I) (or that portion of
6 subclause (III) that relates to subclause (I)) of
7 section 205(c)(2)(B)(i) of the Social Security
8 Act, and

9 “(B) on or before the due date of filing
10 such return.”.

11 (b) PORTION OF CREDIT REFUNDABLE.—

12 (1) IN GENERAL.—Section 24(d)(1)(A) of such
13 Code is amended to read as follows:

14 “(A) the credit which would be allowed
15 under this section determined—

16 “(i) by substituting ‘\$1,400’ for
17 ‘\$2,000’ in subsection (a)(1),

18 “(ii) without regard to subsection
19 (a)(2), and

20 “(iii) without regard to this subsection
21 and the limitation under section 26(a),
22 or”.

23 (2) MODIFICATION OF LIMITATION BASED ON
24 EARNED INCOME.—Section 24(d)(1)(B)(i) of such

1 Code is amended by striking “\$3,000” and inserting
2 “\$2,500”.

3 (3) INFLATION ADJUSTMENT.—Section 24(d) of
4 such Code is amended by inserting after paragraph
5 (3) the following new paragraph:

6 “(4) ADJUSTMENT FOR INFLATION.—

7 “(A) IN GENERAL.—In the case of a tax-
8 able year beginning after 2021, the \$1,400
9 amount in paragraph (1)(A)(i) shall be in-
10 creased by an amount equal to—

11 “(i) such dollar amount, multiplied by

12 “(ii) the cost-of-living adjustment de-
13 termined under section 1(f)(3) for the cal-
14 endar year in which the taxable year be-
15 gins, determined by substituting ‘2020’ for
16 ‘2016’ in subparagraph (A)(ii) thereof.

17 “(B) ROUNDING.—If any increase under
18 subparagraph (A) is not a multiple of \$100,
19 such increase shall be rounded to the next low-
20 est multiple of \$100.

21 “(C) LIMITATION.—The amount of any in-
22 crease under subparagraph (A) (after the appli-
23 cation of subparagraph (B)) shall not exceed
24 \$600.”.

25 (4) CONFORMING AMENDMENTS.—

1 (A) Section 24(e) of such Code is amended
2 to read as follows:

3 “(e) TAXPAYER IDENTIFICATION REQUIREMENT.—
4 No credit shall be allowed under this section if the identi-
5 fying number of the taxpayer was issued after the due date
6 for filing the return of tax for the taxable year.”.

7 (B) Section 24 of such Code is amended by
8 striking subsection (h).

9 (c) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to taxable years beginning after
11 December 31, 2020.

12 **SEC. 9675. APPLICATION OF SOCIAL SECURITY NUMBER RE-**
13 **QUIREMENT TO TAXPAYER CLAIMING CHILD**
14 **TAX CREDIT.**

15 (a) IN GENERAL.—Section 24(e) of the Internal Rev-
16 enue Code of 1986, as amended by section 9674, is
17 amended to read as follows:

18 “(e) TAXPAYER IDENTIFICATION REQUIREMENT.—
19 No credit shall be allowed under this section unless the
20 social security number of the taxpayer (in the case of a
21 joint return, the social security numbers of each spouse)
22 is included on the return of tax for the taxable year.”.

1 (b) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2020.



Amendment to the Amendment in the Nature of a Substitute to Subtitle G. Budget Reconciliation Legislative Recommendations Relating to Promoting Economic Security offered by Rep. Schweikert of Arizona

The amendment would improve integrity of EITC and CDCTC by requiring Treasury to establish a program for reviewing claims and inconsistencies.

AMENDMENT

OFFERED BY Mr. Schweiker

At the end of part 2 (relating to the child tax credit)
of subtitle G, add the following:

1 **SEC. 9613. IMPROVEMENT OF PROGRAM INTEGRITY.**

2 (a) CHILD TAX CREDIT.—

3 (1) STUDY.—The Treasury Inspector General
4 for Tax Administration shall conduct a study evalu-
5 ating the changes to the child tax credit under sec-
6 tions 9611 and 9612 of this Act.

7 (2) REPORT.—Not later than 90 days after the
8 date of the enactment of this section, the Treasury
9 Inspector General for Tax Administration shall sub-
10 mit to the Secretary of the Treasury a report con-
11 taining—

12 (A) a detailed analysis of the likelihood, if
13 any, of an increase of \$10 billion or more in im-
14 proper payments to taxpayers due the changes
15 to the child tax credit, and

16 (B) recommendations for the improvement
17 of the integrity of administration of the child
18 tax credit.

1 (b) DATABASE CONSULTATION FOR CHILD TAX
2 CREDIT AND EARNED INCOME TAX CREDIT.—

3 (1) CHILD TAX CREDIT.—Section 24 of the In-
4 ternal Revenue Code of 1986 is amended by adding
5 at the end the following new subsection:

6 “(j) VERIFICATION OF QUALIFICATION.—No credit
7 shall be allowed under this section to a taxpayer with re-
8 spect to any qualifying child unless the Secretary verifies
9 the eligibility of a taxpayer for such credit by consulting
10 the databases for—

11 “(1) the supplemental nutrition assistance pro-
12 gram under the Food and Nutrition Act of 2008 (7
13 U.S.C. 2011 et seq.) (commonly known as the
14 ‘SNAP Program’), and

15 “(2) the program of block grants for States for
16 temporary assistance for needy families established
17 under part A of title IV of the Social Security Act
18 (42 U.S.C. 601 et seq.) (commonly known as the
19 ‘TANF Program’).”.

20 (2) EARNED INCOME TAX CREDIT.—Section 32
21 of such Code is amended by adding at the end the
22 following new subsection:

23 “(n) VERIFICATION OF QUALIFICATION.—Rules simi-
24 lar to the rules of section 24(j) shall apply.”.

1 (3) EFFECTIVE DATE.—The amendments made
2 by this subsection shall apply to taxable years begin-
3 ning after December 31, 2020.



Amendment to the Amendment in the Nature of a Substitute to Subtitle G. Budget Reconciliation Legislative Recommendations Relating to Promoting Economic Security offered by Rep. Reed of New York

This amendment provides the ability for divorced spouses and victims of domestic violence who previously filed taxes on a joint basis to update their tax information for purposes of receiving a recovery rebate.

AMENDMENT

OFFERED BY MR . Reed

At the end of section 6428B(g) of the Internal Revenue Code of 1986, as proposed to be added by section 9601(a), add the following:

1 “(10) OPPORTUNITY TO UPDATE ACCOUNT IN-
2 FORMATION.—The Secretary shall establish a meth-
3 od for individuals, including individuals who are vic-
4 tims of domestic violence or have divorced since the
5 filing of the return of tax with respect to which the
6 payment under this subsection is determined, to up-
7 date the account information of such individual for
8 purposes of making electronic payments under this
9 subsection.”.



Amendment to the Amendment in the Nature of a Substitute to Subtitle G. Budget Reconciliation Legislative Recommendations Relating to Promoting Economic Security offered by Rep. Kelly of Pennsylvania

This amendment provides for better customer service at the IRS for people who receive erroneous and missing advance payments of a recovery rebate.

AMENDMENT

OFFERED BY MR. Kelly

At the end of section 6428B(g) of the Internal Revenue Code of 1986, as proposed to be added by section 9601(a), add the following:

1 “(10) ESTABLISHMENT OF PROGRAM TO RE-
2 SOLVE ERRORS.—Not later than 15 days after the
3 date of the enactment of this section, the Secretary
4 shall establish a program within the Internal Revenue
5 Service, to be known as the ‘Economic Impact
6 Payment Resolution Program’, to implement procedures
7 to receive claims of missing or incorrect payments
8 under this subsection and to conduct casework
9 until such claims are resolved.”.



Amendment to the Amendment in the Nature of a Substitute to Subtitle G. Budget Reconciliation Legislative Recommendation Relating to Promoting Economic Security offered by Rep. Nunes of California

This amendment would strike the new universal entitlement and expansions created under the amendment in the nature of a substitute and replace them with more tailored policies to lower health care costs and improve coverage options for Americans.

AMENDMENT

OFFERED BY MR. NUNES OF CALIFORNIA

Strike part 7 of subtitle G and insert the following:

1 **PART 7—LOWER COSTS AND MORE CHOICES**

2 **COVERAGE ALTERNATIVE**

3 **SEC. 9661. ON-SITE EMPLOYEE CLINICS.**

4 (a) IN GENERAL.—Paragraph (1) of section 223(c)
5 of the Internal Revenue Code of 1986, as amended by sec-
6 tion 9664 of this part, is amended by adding at the end
7 the following new subparagraph:

8 “(F) SPECIAL RULE FOR QUALIFIED ITEMS
9 AND SERVICES.—

10 “(i) IN GENERAL.—For purposes of
11 subparagraph (A)(ii), an individual shall
12 not be treated as covered under a health
13 plan described in subclauses (I) and (II) of
14 such subparagraph merely because the in-
15 dividual is eligible to receive, or receives,
16 qualified items and services—

17 “(I) at a healthcare facility lo-
18 cated at a facility owned or leased by
19 the employer of the individual (or of
20 the individual’s spouse), or

1 “(II) at a healthcare facility op-
2 erated primarily for the benefit of em-
3 ployees of the employer of the indi-
4 vidual (or of the individual’s spouse).

5 “(ii) QUALIFIED ITEMS AND SERVICES
6 DEFINED.—For purposes of this subpara-
7 graph, the term ‘qualified items and serv-
8 ices’ means the following:

9 “(I) Physical examination.

10 “(II) Immunizations, including
11 injections of antigens provided by em-
12 ployees.

13 “(III) Drugs or biologicals other
14 than a prescribed drug (as such term
15 is defined in section 213(d)(3)).

16 “(IV) Treatment for injuries oc-
17 ccurring in the course of employment.

18 “(V) Preventive care for chronic
19 conditions (as defined in clause (iv)).

20 “(VI) Drug testing.

21 “(VII) Hearing or vision
22 screenings and related services.

23 “(iii) AGGREGATION.—For purposes
24 of clause (i), all persons treated as a single
25 employer under subsection (b), (c), (m), or

1 (o) of section 414 shall be treated as a sin-
2 gle employer.

3 “(iv) PREVENTIVE CARE FOR CHRON-
4 IC CONDITIONS.—For purposes of this sub-
5 paragraph, the term ‘preventive care for
6 chronic conditions’ means any item or
7 service specified in the Appendix of Inter-
8 nal Revenue Service Notice 2019–45 which
9 is prescribed to treat an individual diag-
10 nosed with the associated chronic condition
11 specified in such Appendix for the purpose
12 of preventing the exacerbation of such
13 chronic condition or the development of a
14 secondary condition, including any amend-
15 ment, addition, removal, or other modifica-
16 tion made by the Secretary (pursuant to
17 the authority granted to the Secretary
18 under paragraph (2)(C)) to the items or
19 services specified in such Appendix subse-
20 quent to the date of enactment of this sub-
21 paragraph.”.

22 (b) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to months in taxable years begin-
24 ning after the date of enactment of this Act.

1 **SEC. 9662. TEMPORARY INCREASE IN CONTRIBUTION LIM-**
2 **ITS FOR HEALTH SAVINGS ACCOUNTS.**

3 (a) IN GENERAL.—Section 223(b) of the Internal
4 Revenue Code of 1986 is amended by adding at the end
5 the following new paragraph:

6 “(9) INCREASE IN MONTHLY LIMITATIONS FOR
7 TAXABLE YEARS 2021 AND 2022.—In the case of any
8 month during a taxable year which begins after De-
9 cember 31, 2020, and before January 1, 2023, the
10 dollar amount in effect under subparagraph (A) or
11 (B) of paragraph (2) for such month shall be twice
12 the amount otherwise applicable under such sub-
13 paragraph, as determined—

14 “(A) before application of paragraph (3),
15 “(B) after application of subsection (g),
16 and
17 “(C) without regard to this paragraph.”.

18 (b) EFFECTIVE DATE.—The amendment made by
19 this section shall apply with respect to taxable years begin-
20 ning after December 31, 2020.

21 **SEC. 9663. REPEAL OF CEILING ON DEDUCTIBLE AND OUT-**
22 **OF-POCKET EXPENSES UNDER A HIGH DE-**
23 **DUCTIBLE HEALTH PLAN.**

24 (a) IN GENERAL.—Subparagraph (A) of section
25 223(c)(2) of the Internal Revenue Code of 1986 is amend-
26 ed to read as follows:

1 “(A) HIGH DEDUCTIBLE HEALTH PLAN.—

2 The term ‘high deductible health plan’ means a
3 health plan which has an annual deductible
4 which is not less than—

5 “(i) \$1,000 for self-only coverage, and

6 “(ii) twice the dollar amount in clause

7 (i) for family coverage.”.

8 (b) CONFORMING AMENDMENTS.—

9 (1) Subparagraph (D) of section 223(c)(2) of
10 the Internal Revenue Code of 1986 is amended to
11 read as follows:

12 “(D) SPECIAL RULE FOR NETWORK
13 PLANS.—In the case of a plan using a network
14 of providers, such plan’s annual deductible for
15 services provided outside of such network shall
16 not be taken into account for purposes of sub-
17 section (b)(2).”.

18 (2) Clause (ii) of section 223(g)(1)(B) of such
19 Code is amended by striking “each dollar amount in
20 subsection (c)(2)(A)” and inserting “the dollar
21 amount in subsection (c)(2)(A)(i)”.

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall apply with respect to taxable years begin-
24 ning after December 31, 2020.

1 **SEC. 9664. TREATMENT OF DIRECT PRIMARY CARE SERV-**
2 **ICE ARRANGEMENTS.**

3 (a) IN GENERAL.—Section 223(c)(1) of the Internal
4 Revenue Code of 1986 is amended by adding at the end
5 the following new subparagraph:

6 “(E) TREATMENT OF DIRECT PRIMARY
7 CARE SERVICE ARRANGEMENTS.—

8 “(i) IN GENERAL.—A direct primary
9 care service arrangement shall not be
10 treated as a health plan for purposes of
11 subparagraph (A)(ii).

12 “(ii) DIRECT PRIMARY CARE SERVICE
13 ARRANGEMENT.—For purposes of this
14 paragraph—

15 “(I) IN GENERAL.—The term ‘di-
16 rect primary care service arrange-
17 ment’ means, with respect to any indi-
18 vidual, an arrangement under which
19 such individual is provided medical
20 care (as defined in section 213(d))
21 consisting solely of primary care serv-
22 ices provided by primary care practi-
23 tioners (as defined in section
24 1833(x)(2)(A) of the Social Security
25 Act, determined without regard to
26 clause (ii) thereof), if the sole com-

1 pensation for such care is a fixed peri-
2 odic fee.

3 “(II) LIMITATION.—With respect
4 to any individual for any month, such
5 term shall not include any arrange-
6 ment if the aggregate fees for all di-
7 rect primary care service arrange-
8 ments (determined without regard to
9 this subclause) with respect to such
10 individual for such month exceed
11 \$150 (twice such dollar amount in the
12 case of an individual with any direct
13 primary care service arrangement (as
14 so determined) that covers more than
15 one individual).

16 “(iii) CERTAIN SERVICES SPECIFI-
17 CALLY EXCLUDED FROM TREATMENT AS
18 PRIMARY CARE SERVICES.—For purposes
19 of this subparagraph, the term ‘primary
20 care services’ shall not include—

21 “(I) procedures that require the
22 use of general anesthesia, and

23 “(II) laboratory services not typi-
24 cally administered in an ambulatory
25 primary care setting.

1 The Secretary, after consultation with the
2 Secretary of Health and Human Services,
3 shall issue regulations or other guidance
4 regarding the application of this clause.”.

5 (b) DIRECT PRIMARY CARE SERVICE ARRANGEMENT
6 FEES TREATED AS MEDICAL EXPENSES.—Section
7 223(d)(2)(C) of the Internal Revenue Code of 1986 is
8 amended by striking “or” at the end of clause (iii), by
9 striking the period at the end of clause (iv) and inserting
10 “, or”, and by adding at the end the following new clause:

11 “(v) any direct primary care service arrangement.”.

12 (c) INFLATION ADJUSTMENT.—Section 223(g)(1) of
13 the Internal Revenue Code of 1986 is amended—

14 (1) by inserting “, (c)(1)(E)(ii)(II),” after
15 “(b)(2),” each place such term appears, and

16 (2) in subparagraph (B), by inserting “and
17 (iii)” after “clause (ii)” in clause (i), by striking
18 “and” at the end of clause (i), by striking the period
19 at the end of clause (ii) and inserting “, and”, and
20 by inserting after clause (ii) the following new
21 clause:

22 “(iii) in the case of the dollar amount
23 in subsection (c)(1)(E)(ii)(II) for taxable
24 years beginning in calendar years after
25 2021, ‘calendar year 2020’.”.

1 (d) REPORTING OF DIRECT PRIMARY CARE SERVICE
2 ARRANGEMENT FEES ON W-2.—Section 6051(a) of the
3 Internal Revenue Code of 1986 is amended by striking
4 “and” at the end of paragraph (16), by striking the period
5 at the end of paragraph (17) and inserting “, and”, and
6 by inserting after paragraph (17) the following new para-
7 graph:

8 “(18) in the case of a direct primary care serv-
9 ice arrangement (as defined in section
10 223(c)(1)(D)(ii)) which is provided in connection
11 with employment, the aggregate fees for such ar-
12 rangement for such employee.”.

13 (e) EFFECTIVE DATE.—

14 (1) IN GENERAL.—Except as provided under
15 paragraph (2), the amendments made by this section
16 shall apply to months beginning after December 31,
17 2020, in taxable years ending after such date.

18 (2) INFLATION ADJUSTMENT.—The amend-
19 ments made by subsection (c) shall apply to taxable
20 years beginning in calendar years beginning after
21 December 31, 2021.

22 **SEC. 9665. MAKING PERMANENT THE SAFE HARBOR FOR**
23 **ABSENCE OF DEDUCTIBLE FOR TELEHEALTH.**

24 (a) IN GENERAL.—Section 223(c)(2)(E) of the Inter-
25 nal Revenue Code of 1986 is amended by striking “In the

1 case of plan years beginning on or before December 31,
2 2021, a” and inserting “A”.

3 (b) CERTAIN COVERAGE DISREGARDED.—Section
4 223(c)(1)(B)(ii) of the Internal Revenue Code of 1986 is
5 amended by striking “(in the case of plan years beginning
6 on or before December 31, 2021)”.

7 **SEC. 9666. MODIFICATIONS TO PREMIUM TAX CREDIT RE-**
8 **LATING TO ABORTION COVERAGE.**

9 (a) IN GENERAL.—Section 36B(c)(3)(A) of the In-
10 ternal Revenue Code of 1986 is amended by striking
11 “shall not include” and all that follows and inserting the
12 following: “shall not include any health plan that—

13 “(i) is a catastrophic plan described in
14 section 1302(e) of such Act, or

15 “(ii) includes coverage for abortions
16 (other than any abortion necessary to save
17 the life of the mother or any abortion with
18 respect to a pregnancy that is the result of
19 an act of rape or incest).”.

20 (b) CONFORMING AMENDMENTS.—Section 36B(c)(3)
21 of such Code is amended by adding at the end the fol-
22 lowing new subparagraph:

23 “(C) CERTAIN RULES RELATED TO ABOR-
24 TION.—

1 “(i) OPTION TO PURCHASE SEPARATE
2 COVERAGE OR PLAN.—Nothing in subpara-
3 graph (A) shall be construed as prohibiting
4 any individual from purchasing separate
5 coverage for abortions described in such
6 subparagraph, or a health plan that in-
7 cludes such abortions, so long as no credit
8 is allowed under this section with respect
9 to the premiums for such coverage or plan.

10 “(ii) OPTION TO OFFER COVERAGE OR
11 PLAN.—Nothing in subparagraph (A) shall
12 restrict any health insurance issuer offer-
13 ing a health plan from offering separate
14 coverage for abortions described in such
15 subparagraph, or a plan that includes such
16 abortions, so long as premiums for such
17 separate coverage or plan are not paid for
18 with any amount attributable to the credit
19 allowed under this section (or the amount
20 of any advance payment of the credit
21 under section 1412 of the Patient Protec-
22 tion and Affordable Care Act).

23 “(iii) OTHER TREATMENTS.—The
24 treatment of any infection, injury, disease,
25 or disorder that has been caused by or ex-

1 acerbated by the performance of an abor-
2 tion shall not be treated as an abortion for
3 purposes of subparagraph (A).”.

4 **SEC. 9667. ELIGIBILITY FOR CATASTROPHIC PLANS DUR-**
5 **ING PUBLIC HEALTH EMERGENCY.**

6 (a) IN GENERAL.—Section 1311(e)(2) of the Patient
7 Protection and Affordable Care Act is amended by adding
8 at the end the following new flush matter:

9 “Notwithstanding the preceding sentence, an indi-
10 vidual shall be treated as described in this para-
11 graph for any plan year ending not later than the
12 date that is one year after the last day of the emer-
13 gency period described in section 1135(g)(1)(B) of
14 the Social Security Act.”.

15 (b) EFFECTIVE DATE.—The amendment made by
16 this section shall apply to plan years ending after the date
17 of the enactment of this Act.

18 **SEC. 9668. CODIFICATION OF RULES RELATING TO HEALTH**
19 **REIMBURSEMENT ARRANGEMENTS AND**
20 **OTHER ACCOUNT-BASED GROUP HEALTH**
21 **PLANS.**

22 The final rules published by the Department of the
23 Treasury, the Department of Labor, and the Department
24 of Health and Human Services in the Federal Register
25 on June 20, 2019, (84 Fed. Reg. 28888) relating to health

- 1 reimbursement arrangements and other account-based
- 2 group health plans shall have the same force and effect
- 3 as if included in the enactment of this Act.



Amendment to the Amendment in the Nature of a Substitute to Subtitle G. Budget Reconciliation Legislative Recommendations Relating to Promoting Economic Security offered by Rep. Rice of South Carolina

This amendment would add provisions to the amendment in the nature of a substitute that advance long-term, sustainable solutions to achieve the goal of American medical security and manufacturing dominance.

AMENDMENT

OFFERED BY Mr. Rice

At the end of subtitle G, add the following:

1 **SEC. 9674. DOMESTIC MEDICAL AND DRUG MANUFAC-**
2 **TURING CREDIT.**

3 (a) IN GENERAL.—Subpart D of part IV of sub-
4 chapter A of chapter 1 of the Internal Revenue Code of
5 1986 is amended by adding at the end the following new
6 section:

7 **“SEC. 45U. DOMESTIC MEDICAL AND DRUG MANUFAC-**
8 **TURING CREDIT.**

9 “(a) IN GENERAL.—For purposes of section 38, the
10 domestic medical and drug manufacturing credit deter-
11 mined under this section for any taxable year is an amount
12 equal to 10.5 percent of the lesser of—

13 “(1) the qualified medical and drug manufac-
14 turing income of the taxpayer for the taxable year,
15 or

16 “(2) taxable income of the taxpayer for the tax-
17 able year.

18 “(b) CREDIT LIMITED TO WAGES PAID.—

19 “(1) IN GENERAL.—The amount of the credit
20 allowable under subsection (a) for any taxable year

1 shall not exceed 50 percent of the W-2 wages of the
2 taxpayer for the taxable year.

3 “(2) W-2 WAGES.—For purposes of this sec-
4 tion—

5 “(A) IN GENERAL.—The term ‘W-2
6 wages’ means, with respect to any person for
7 any taxable year of such person, the sum of the
8 amounts described in paragraphs (3) and (8) of
9 section 6051(a) paid by such person with re-
10 spect to employment of employees by such per-
11 son during the calendar year ending during
12 such taxable year.

13 “(B) LIMITATION TO WAGES ATTRIB-
14 UTABLE TO DOMESTIC PRODUCTION.—Such
15 term shall not include any amount which is not
16 properly allocable to domestic medical and drug
17 manufacturing gross receipts for purposes of
18 subsection (c)(1).

19 “(C) RETURN REQUIREMENT.—Such term
20 shall not include any amount which is not prop-
21 erly included in a return filed with the Social
22 Security Administration on or before the 60th
23 day after the due date (including extensions)
24 for such return.

1 “(3) ACQUISITIONS, DISPOSITIONS, AND SHORT
2 TAXABLE YEARS.—The Secretary shall provide for
3 the application of this subsection in cases of a short
4 taxable year or where the taxpayer acquires, or dis-
5 poses of, the major portion of a trade or business or
6 the major portion of a separate unit of a trade or
7 business during the taxable year.

8 “(c) QUALIFIED MEDICAL AND DRUG MANUFAC-
9 TURING INCOME.—For purposes of this section—

10 “(1) IN GENERAL.—The term ‘qualified medical
11 and drug manufacturing income’ for any taxable
12 year means an amount equal to the excess (if any)
13 of—

14 “(A) the taxpayer’s domestic medical and
15 drug manufacturing gross receipts for the tax-
16 able year, over

17 “(B) the sum of—

18 “(i) the cost of goods sold that are al-
19 locable to such receipts, and

20 “(ii) other expenses, losses, or deduc-
21 tions which are properly allocable to such
22 receipts.

23 “(2) ALLOCATION METHOD.—The Secretary
24 shall prescribe rules for the proper allocation of
25 items described in paragraph (1)(B) for purposes of

1 determining qualified medical and drug manufac-
2 turing income. Such rules shall provide for the prop-
3 er allocation of items whether or not such items are
4 directly allocable to domestic medical and drug man-
5 ufacturing gross receipts.

6 “(3) SPECIAL RULES FOR DETERMINING
7 COSTS.—

8 “(A) IN GENERAL.—For purposes of deter-
9 mining costs under clause (i) of paragraph
10 (1)(B), any item or service brought into the
11 United States shall be treated as acquired by
12 purchase, and its cost shall be treated as not
13 less than its value immediately after it entered
14 the United States.

15 “(B) EXPORTS FOR FURTHER MANUFAC-
16 TURE.—In the case of any property described
17 in subparagraph (A) that had been exported by
18 the taxpayer for further manufacture, the in-
19 crease in cost or adjusted basis under subpara-
20 graph (A) shall not exceed the difference be-
21 tween the value of the property when exported
22 and the value of the property when brought
23 back into the United States after the further
24 manufacture.

1 “(4) DOMESTIC MEDICAL AND DRUG MANUFAC-
2 TURING GROSS RECEIPTS.—

3 “(A) IN GENERAL.—The term ‘domestic
4 medical and drug manufacturing gross receipts’
5 means the gross receipts of the taxpayer which
6 are derived from any sale, exchange, or other
7 disposition of—

8 “(i) any active pharmaceutical ingre-
9 dient, or

10 “(ii) any qualified countermeasure,
11 which was manufactured or produced by the
12 taxpayer in whole or in significant part within
13 the United States.

14 “(B) ACTIVE PHARMACEUTICAL INGRE-
15 DIENT.—The term ‘active pharmaceutical ingre-
16 dient’ means any substance or mixture of sub-
17 stances intended to be used in the manufacture
18 of a drug product and (when so used) becomes
19 an active ingredient in the drug product.

20 “(C) QUALIFIED COUNTERMEASURE.—The
21 term ‘qualified countermeasure’ has the mean-
22 ing given such term in section 319F–1(a)(2) of
23 the Public Health Service Act (42 U.S.C.
24 247d–6a(a)(2)).”

1 “(D) PARTNERSHIPS OWNED BY EX-
2 PANDED AFFILIATED GROUPS.—For purposes
3 of this paragraph, if all of the interests in the
4 capital and profits of a partnership are owned
5 by members of a single expanded affiliated
6 group at all times during the taxable year of
7 such partnership, the partnership and all mem-
8 bers of such group shall be treated as a single
9 taxpayer during such period.

10 “(d) DEFINITIONS AND SPECIAL RULES.—For pur-
11 poses of this section—

12 “(1) APPLICATION OF SECTION TO PASS-THRU
13 ENTITIES.—

14 “(A) PARTNERSHIPS AND S CORPORA-
15 TIONS.—In the case of a partnership or S cor-
16 poration—

17 “(i) this section shall be applied at the
18 partner or shareholder level,

19 “(ii) each partner or shareholder shall
20 take into account such person’s allocable
21 share of each item described in subpara-
22 graph (A) or (B) of subsection (c)(1) (de-
23 termined without regard to whether the
24 items described in such subparagraph (A)

1 exceed the items described in such sub-
2 paragraph (B)), and

3 “(iii) each partner or shareholder
4 shall be treated for purposes of subsection
5 (b) as having W–2 wages for the taxable
6 year in an amount equal to such person’s
7 allocable share of the W–2 wages of the
8 partnership or S corporation for the tax-
9 able year (as determined under regulations
10 prescribed by the Secretary).

11 “(B) TRUSTS AND ESTATES.—In the case
12 of a trust or estate—

13 “(i) the items referred to in subpara-
14 graph (A)(ii) (as determined therein) and
15 the W–2 wages of the trust or estate for
16 the taxable year, shall be apportioned be-
17 tween the beneficiaries and the fiduciary
18 (and among the beneficiaries) under regu-
19 lations prescribed by the Secretary, and

20 “(ii) for purposes of paragraph (2),
21 adjusted gross income of the trust or es-
22 tate shall be determined as provided in sec-
23 tion 67(e) with the adjustments described
24 in such paragraph.

1 “(C) REGULATIONS.—The Secretary may
2 prescribe rules requiring or restricting the allo-
3 cation of items and wages under this paragraph
4 and may prescribe such reporting requirements
5 as the Secretary determines appropriate.

6 “(2) APPLICATION TO INDIVIDUALS.—In the
7 case of an individual, subsection (a)(2) shall be ap-
8 plied by substituting ‘adjusted gross income’ for
9 ‘taxable income’. For purposes of the preceding sen-
10 tence, adjusted gross income shall be determined
11 after application of sections 86, 135, 137, 219, 221,
12 222, and 469.

13 “(3) SPECIAL RULE FOR AFFILIATED
14 GROUPS.—

15 “(A) IN GENERAL.—All members of an ex-
16 panded affiliated group shall be treated as a
17 single corporation for purposes of this section.

18 “(B) EXPANDED AFFILIATED GROUP.—
19 For purposes of this section, the term ‘ex-
20 panded affiliated group’ means an affiliated
21 group as defined in section 1504(a), deter-
22 mined—

23 “(i) by substituting ‘more than 50
24 percent’ for ‘at least 80 percent’ each place
25 it appears, and

1 “(ii) without regard to paragraphs (2)
2 and (4) of section 1504(b).

3 “(C) ALLOCATION OF CREDIT.—Except as
4 provided in regulations, the credit under sub-
5 section (a) shall be allocated among the mem-
6 bers of the expanded affiliated group in propor-
7 tion to each member’s respective amount (if
8 any) of qualified medical and drug manufac-
9 turing income.

10 “(4) TRADE OR BUSINESS REQUIREMENT.—
11 This section shall be applied by only taking into ac-
12 count items which are attributable to the actual con-
13 duct of a trade or business.

14 “(5) COORDINATION WITH MINIMUM TAX.—For
15 purposes of determining alternative minimum tax-
16 able income under section 55, qualified medical and
17 drug manufacturing income shall be determined
18 without regard to any adjustments under sections 56
19 through 59.

20 “(6) UNRELATED BUSINESS TAXABLE IN-
21 COME.—For purposes of determining the tax im-
22 posed by section 511, subsection (a)(1)(B) shall be
23 applied by substituting ‘unrelated business taxable
24 income’ for ‘taxable income’.

1 “(7) REGULATIONS.—The Secretary shall pre-
2 scribe such regulations as are necessary to carry out
3 the purposes of this section, including regulations
4 which prevent more than 1 taxpayer from being al-
5 lowed a credit under this section with respect to any
6 activity described in subsection (c)(4)(A).”.

7 (b) TREATMENT UNDER BASE EROSION TAX.—Sec-
8 tion 59A(b)(1)(B)(ii) of such Code is amended by striking
9 “plus” at the end of subclause (I), by redesignating sub-
10 clause (II) as subclause (III), and by inserting after sub-
11 clause (I) the following new subclause:

12 “(II) the credit allowed under
13 section 38 for the taxable year which
14 is properly allocable to the domestic
15 medical and drug manufacturing cred-
16 it determined under section 45U(a),
17 plus”.

18 (c) PART OF GENERAL BUSINESS CREDIT.—Section
19 38(b) of such Code is amended by striking “plus” at the
20 end of paragraph (32), by striking the period at the end
21 of paragraph (33) and inserting “, plus”, and by adding
22 at the end the following new paragraph:

23 “(34) the domestic medical and drug manufac-
24 turing credit determined under section 45U(a).”.

1 (d) CREDIT ALLOWED AGAINST ALTERNATIVE MIN-
2 IMUM TAX.—Section 38(c)(4)(B) of such Code is amended
3 by redesignating clauses (x) through (xii) as clauses (xi)
4 through (xiii), respectively, and by inserting after clause
5 (ix) the following new clause:

6 “(x) the credit determined under sec-
7 tion 45U.”.

8 (e) CLERICAL AMENDMENT.—The table of sections
9 for subpart D of part IV of subchapter A of chapter 1
10 of such Code is amended by adding at the end the fol-
11 lowing new item:

“Sec. 45U. Domestic medical and drug manufacturing credit.”.

12 (f) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to taxable years beginning after
14 December 31, 2020.

15 **SEC. 9675. QUALIFYING ADVANCED MEDICAL MANUFAC-**
16 **TURING EQUIPMENT CREDIT.**

17 (a) IN GENERAL.—Subpart E of part IV of sub-
18 chapter A of chapter 1 of the Internal Revenue Code of
19 1986 is amended by adding at the end the following new
20 section:

21 **“SEC. 48D. QUALIFYING ADVANCED MEDICAL MANUFAC-**
22 **TURING EQUIPMENT CREDIT.**

23 “(a) IN GENERAL.—For purposes of section 46, the
24 qualifying advanced medical manufacturing equipment
25 credit determined under this section for any taxable year

1 is the applicable percentage of the basis of any qualifying
2 advanced medical manufacturing equipment placed in
3 service during such taxable year.

4 “(b) APPLICABLE PERCENTAGE.—For purposes of
5 subsection (a), the applicable percentage is—

6 “(1) 30 percent in the case of equipment which
7 is placed in service before January 1, 2028,

8 “(2) 20 percent in the case of equipment which
9 is placed in service during calendar year 2028,

10 “(3) 10 percent in the case of equipment which
11 is placed in service during calendar year 2029, and

12 “(4) 0 percent in the case of equipment which
13 is placed in service after December 31, 2029.

14 “(c) QUALIFYING ADVANCED MEDICAL MANUFAC-
15 TURING EQUIPMENT.—For purposes of this section, the
16 term ‘qualifying advanced medical manufacturing equip-
17 ment’ means property of a character subject to the allow-
18 ance for depreciation—

19 “(1) which is machinery or equipment that is
20 designed and used to manufacture a—

21 “(A) drug (as such term is defined in sec-
22 tion 201(g)(1) of the Federal Food, Drug, and
23 Cosmetic Act),

24 “(B) device (as such term is defined in sec-
25 tion 201(h) of such Act), or

1 “(C) biological product (as such term is
2 defined in section 351(i) of the Public Health
3 Service Act),

4 “(2) which has been identified by the Secretary
5 (after consultation with the Secretary of Health and
6 Human Services) as machinery or equipment that—

7 “(A) incorporates novel technology or uses
8 an established technique or technology in a new
9 or innovative way, or

10 “(B) that can improve medical product
11 quality, address shortages of medicines, and
12 speed time-to-market,

13 “(3) which is placed in service in the United
14 States by the taxpayer, and

15 “(4) with respect to which depreciation is allow-
16 able.

17 “(d) CERTAIN QUALIFIED PROGRESS EXPENDI-
18 TURES RULES MADE APPLICABLE.—Rules similar to the
19 rules of subsections (c)(4) and (d) of section 46 (as in
20 effect on the day before the enactment of the Revenue
21 Reconciliation Act of 1990) shall apply for purposes of
22 this section.

23 “(e) REGULATIONS.—The Secretary shall prescribe
24 such regulations or other guidance as may be necessary

1 to carry out the purposes of this section, including regula-
2 tions which prevent abuse or fraud.”.

3 (b) TREATMENT UNDER BASE EROSION TAX.—Sec-
4 tion 59A(b)(1)(B)(ii) of such Code, as amended by section
5 7 of this Act, is further amended by striking “plus” at
6 the end of subclause (II), by redesignating subclause (III)
7 as subclause (IV), and by inserting after subclause (II)
8 the following new subclause:

9 “(III) the credit allowed under
10 section 46 for the taxable year which
11 is properly allocable to the qualifying
12 advanced medical manufacturing
13 equipment credit determined under
14 section 48D(a), plus”.

15 (c) PART OF INVESTMENT CREDIT.—Section 46 of
16 such Code is amended by striking “and” at the end of
17 paragraph (5), by striking the period at the end of para-
18 graph (6) and inserting “, and”, and by adding at the
19 end the following new paragraph:

20 “(7) the qualifying advanced medical manufac-
21 turing equipment credit.”.

22 (d) CLERICAL AMENDMENT.—The table of sections
23 for subpart D of part IV of subchapter A of chapter 1
24 of such Code is amended by adding at the end the fol-
25 lowing new item:

“Sec. 48D. Qualifying advanced medical manufacturing equipment credit.”.

1 (e) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to periods after the date of the
3 enactment of this section under rules similar to the rules
4 of section 48(m) of the Internal Revenue Code of 1986
5 (as in effect on the date of the enactment fo the Revenue
6 Reconciliation Act of 1990).

7 **SEC. 9676. NEW MEDICAL RESEARCH EXPENDITURE COM-**
8 **PONENT OF CREDIT FOR INCREASING RE-**
9 **SEARCH ACTIVITIES.**

10 (a) IN GENERAL.—Section 41(a) of the Internal Rev-
11 enue Code of 1986 is amended by striking “and” at the
12 end of paragraph (2), by striking the period at the end
13 of paragraph (3) and inserting “, and”, and by adding
14 at the end the following new paragraph:

15 “(4) 14 percent of specified medical research
16 expenditures.”.

17 (b) SPECIFIED MEDICAL RESEARCH EXPENDI-
18 TURES.—Section 41(f) of such Code is amended by adding
19 at the end the following new paragraph:

20 “(7) SPECIFIED MEDICAL RESEARCH EXPENDI-
21 TURES.—

22 “(A) IN GENERAL.—The term ‘specified
23 medical research expenditures’ means amounts
24 paid or incurred for qualified research with re-
25 spect to any qualified countermeasure.

1 “(B) QUALIFIED COUNTERMEASURE.—The
2 term ‘qualified countermeasure’ has the mean-
3 ing given to such term in section 319F–1(a)(2)
4 of the Public Health Service Act (42 U.S.C.
5 247d–6a(a)(2)).”.

6 (c) DENIAL OF DOUBLE BENEFIT.—

7 (1) TAXABLE YEARS BEGINNING BEFORE JANU-
8 ARY 1, 2021.—In the case of specified medical re-
9 search expenditures (as defined in section 41(f)(7)
10 of such Code (as added by this section)) paid or in-
11 curred in taxable years beginning before January 1,
12 2021—

13 (A) such expenditures shall be treated in
14 the same manner as qualified research expenses
15 and basic research expenses under section
16 280C(c)(1) of such Code (as in effect on the
17 day before the enactment of the Tax Cuts and
18 Jobs Act), and

19 (B) the amount determined under section
20 280C(c)(2)(A) (as in effect on such day) for the
21 taxable year shall be increased by the amount
22 of credit determined for the taxable year under
23 section 41(a)(4) (as added by this section).

24 (2) TAXABLE YEARS BEGINNING AFTER DECEM-
25 BER 31, 2020.—Section 280C(c)(1) of such Code is

1 amended by striking “section 41(a)(1)” and insert-
2 ing “paragraphs (1) and (4) of section 41(a)”.

3 (d) CONFORMING AMENDMENT.—Section 41(f)(1) of
4 such Code is amended by striking “and amounts paid or
5 incurred to energy research consortiums” each place it ap-
6 pears and inserting “, amounts paid or incurred to energy
7 research consortiums, and specified medical research ex-
8 penditures”.

9 (e) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to amounts paid or incurred after
11 the date of the enactment of this Act, in taxable years
12 ending after such date.

13 **SEC. 9677. REFUNDABLE PORTION OF RESEARCH CREDIT**
14 **FOR SMALL BUSINESSES ENGAGING IN SPEC-**
15 **IFIED MEDICAL RESEARCH.**

16 (a) IN GENERAL.—Section 41 of the Internal Rev-
17 enue Code of 1986 is amended by adding at the end the
18 following new subsection:

19 “(i) REFUNDABLE PORTION FOR SMALL BUSI-
20 NESSES ENGAGING IN SPECIFIED MEDICAL RESEARCH.—

21 “(1) IN GENERAL.—At the election of a medical
22 research small business, the portion of the credit de-
23 termined under this section for the taxable year
24 which is properly allocable to specified medical re-
25 search shall be treated (other than for purposes of

1 section 280C) as a credit allowed under subpart C
2 (and not this subpart).

3 “(2) MEDICAL RESEARCH SMALL BUSINESS.—
4 For purposes of this subsection, the term ‘medical
5 research small business’ means any domestic C cor-
6 poration—

7 “(A) which conducts any specified medical
8 research during the taxable year, and

9 “(B) the gross receipts of which (deter-
10 mined under the rules of subsection (c)) for the
11 taxable year do not exceed \$1,000,000.

12 “(3) SPECIFIED MEDICAL RESEARCH.—For
13 purposes of this subsection, the term ‘specified med-
14 ical research’ means any qualified research with re-
15 spect to qualified countermeasures (as defined in
16 section 319F–1(a)(2) of the Public Health Service
17 Act (42 U.S.C. 247d–6a(a)(2))).

18 “(4) ELECTION.—Any election under this sub-
19 section for any taxable year—

20 “(A) shall specify the amount of the credit
21 to which such election applies,

22 “(B) shall be made on or before the due
23 date (including extensions) of the return of tax
24 for the taxable year,

1 “(C) may not be made for any taxable year
2 with respect to any portion of the credit deter-
3 mined under this section with respect to which
4 an election is made under subsection (h), and

5 “(D) may be revoked only with the consent
6 of the Secretary.

7 “(5) REGULATIONS.—The Secretary shall pre-
8 scribe such regulations for purposes of this sub-
9 section as may be necessary or appropriate for de-
10 termining proper allocation to specified medical re-
11 search of the portion of any credit allowed to a tax-
12 payer for a taxable year under this section.”.

13 (b) CONFORMING AMENDMENT.—Section 1324(b) of
14 title 31, United States Code, is amended by inserting
15 “41(i),” after “6428,”.

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to taxable years beginning after
18 December 31, 2020.

19 **SEC. 9678. EXCEPTION FROM PASSIVE LOSS RULES FOR IN-**
20 **VESTMENTS IN SPECIFIED MEDICAL RE-**
21 **SEARCH SMALL BUSINESS PASS-THRU ENTI-**
22 **TIES.**

23 (a) IN GENERAL.—Subsection (c) of section 469 of
24 the Internal Revenue Code of 1986 is amended by redesign-
25 ating paragraphs (4) through (7) as paragraphs (5)

1 through (8), respectively, and by inserting after paragraph
2 (3) the following new paragraph:

3 “(4) SPECIFIED MEDICAL RESEARCH ACTIVI-
4 TIES.—

5 “(A) IN GENERAL.—The term ‘passive ac-
6 tivity’ shall not include any qualified medical re-
7 search activity of the taxpayer carried on by a
8 specified medical research small business pass-
9 thru entity.

10 “(B) TREATMENT OF LOSSES AND DEDUC-
11 TIONS.—

12 “(i) IN GENERAL.—Losses or deduc-
13 tions of a taxpayer in connection with
14 qualified medical research activities carried
15 on by a specified medical research small
16 business pass-thru entity shall not be
17 treated as losses or deductions, respec-
18 tively, from a passive activity except as
19 provided in clause (ii) and subparagraph
20 (C).

21 “(ii) LIMITATION.—Clause (i) shall
22 apply to losses and deductions of a tax-
23 payer in connection with a specified med-
24 ical small business pass-thru entity for a
25 taxable year only to the extent that the ag-

1 gregate losses and deductions of the tax-
2 payer in connection with qualified medical
3 research activities of such entity for such
4 taxable year do not exceed the portion of
5 the taxpayer's adjusted basis in the tax-
6 payer's ownership interest in such entity
7 that is attributable to money or other
8 property contributed—

9 “(I) in exchange for such owner-
10 ship interest, and

11 “(II) specifically for use in con-
12 nection with qualified medical re-
13 search activities.

14 For purposes of the preceding sentence,
15 the taxpayer's basis shall not include any
16 portion of such basis which is attributable
17 to an increase in a partner's share of the
18 liabilities of a partnership that is consid-
19 ered under section 752(a) as a contribution
20 of money.

21 “(C) TREATMENT OF CARRYOVERS.—Sub-
22 paragraph (B)(i) shall not apply to the portion
23 of any loss or deduction that is carried over
24 under subsection (b) into a taxable year other

1 than the taxable year in which such loss or de-
2 duction arose.

3 “(D) QUALIFIED MEDICAL RESEARCH AC-
4 TIVITY.—For purposes of this paragraph, the
5 term ‘qualified medical research activity’ means
6 any qualified research (within the meaning of
7 section 41(d)) with respect to qualified counter-
8 measures (as defined in section 319F–1(a)(2)
9 of the Public Health Service Act (42 U.S.C.
10 247d–6a(a)(2))).

11 “(E) SPECIFIED MEDICAL RESEARCH
12 SMALL BUSINESS PASS-THRU ENTITY.—For
13 purposes of this paragraph, the term ‘specified
14 medical research small business pass-thru enti-
15 ty’ means any domestic pass-thru entity for any
16 taxable year if—

17 “(i) more than 80 percent of such en-
18 tity’s expenditures on qualified research for
19 such taxable year are paid or incurred in
20 connection with qualified medical research
21 activities, and

22 “(ii) the gross receipts (as determined
23 under the rules of section 41(h)(3)) of
24 such entity for the taxable year (and each

1 preceding taxable year) is less than
2 \$1,000,000.

3 “(F) CAPITAL EXPENDITURES TAKEN INTO
4 ACCOUNT FOR EXPENDITURES TEST.—An ex-
5 penditure shall not fail to be taken into account
6 under subparagraph (E)(i) merely because such
7 expenditure is chargeable to capital account.

8 “(G) PASS-THRU ENTITY.—For purposes
9 of this paragraph, the term ‘pass-thru entity’
10 means any partnership, S corporation, or other
11 entity identified by the Secretary as a pass-thru
12 entity for purposes of this paragraph.

13 “(H) AGGREGATION RULES.—

14 “(i) IN GENERAL.—All persons treat-
15 ed as a single employer under subsection
16 (a) or (b) of section 52, or subsection (m)
17 or (o) of section 414, shall be treated as a
18 single entity for purposes of subparagraphs
19 (E) and (F)(iii).

20 “(ii) LIMITATION WHERE ENTITY
21 WOULD NOT QUALIFY.—No entity shall be
22 treated as a specified medical research
23 small business pass-thru entity unless such
24 entity qualifies as such both with and with-
25 out the application of clause (i).”.

1 (b) MATERIAL PARTICIPATION NOT REQUIRED.—
2 Paragraph (5) of section 469(c) of the Internal Revenue
3 Code of 1986, as redesignated by subsection (a), is amend-
4 ed by striking “and (3)” in the heading and text and in-
5 serting “, (3), and (4)”.

6 (c) CERTAIN RESEARCH-RELATED DEDUCTIONS AND
7 CREDITS OF SPECIFIED MEDICAL RESEARCH SMALL
8 BUSINESS PASS-THRU ENTITIES ALLOWED FOR PUR-
9 POSES OF DETERMINING ALTERNATIVE MINIMUM TAX.—

10 (1) DEDUCTION FOR RESEARCH AND EXPERI-
11 MENTAL EXPENDITURES.—Paragraph (2) of section
12 56(b) of the Internal Revenue Code of 1986 is
13 amended by adding at the end the following new
14 subparagraph:

15 “(E) EXCEPTION FOR SPECIFIED MEDICAL
16 RESEARCH SMALL BUSINESS PASS-THRU ENTI-
17 TIES.—In the case of a specified medical re-
18 search small business pass-thru entity (as de-
19 fined in section 469(c)(4)), this paragraph shall
20 not apply to any amount allowable as a deduc-
21 tion under section 174(a).”.

22 (2) ALLOWANCE OF CERTAIN RESEARCH-RE-
23 LATED CREDITS.—Subparagraph (B) of section
24 38(c)(4) of such Code is amended by redesignating
25 clauses (ii) through (ix) as clauses (iii) through (x),

1 respectively, and by inserting after clause (i) the fol-
2 lowing new clause:

3 “(ii) the credit of an individual tax-
4 payer determined under section 41 to the
5 extent attributable to a specified medical
6 research small business pass-thru entity
7 (as defined in section 469(c)(4)),”.

8 (d) EXCEPTION TO LIMITATION ON PASS-THRU OF
9 RESEARCH CREDIT.—Subsection (g) of section 41 of such
10 Code is amended by adding at the end the following:
11 “Paragraphs (2) and (4) shall not apply with respect to
12 any specified medical research small business pass-thru
13 entity (as defined in section 469(c)(4)).”.

14 (e) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to losses and credits arising in tax-
16 able years beginning after December 31, 2020.



Amendment to the Amendment in the Nature of a Substitute to Subtitle G. Budget Reconciliation Legislative Recommendations Relating to Promoting Economic Security offered by Rep. Arrington of Texas

The amendment would condition eligibility on a demonstration of at least 10 percent reduced income in 2020 as compared to 2019. It would require the use of 2020 tax return information for the advance payment.

AMENDMENT**OFFERED BY MR . Arrington**

At the end of section 6428B(d) of the Internal Revenue Code of 1986, as proposed to be added by section 9601(a), insert the following:

1 “(3) REQUIREMENT OF DECREASE IN AD-
2 JUSTED GROSS INCOME.—No credit shall be allowed
3 under subsection (a) with respect to any taxpayer
4 unless the taxpayer’s adjusted gross income for the
5 taxpayer’s first taxable year beginning in 2020 does
6 not exceed 90 percent of the taxpayer’s adjusted
7 gross income for the taxpayer’s first taxable year be-
8 ginning in 2019.”.

In section 6428B(g)(1) of the Internal Revenue Code of 1986, as proposed to be added by section 9601(a)—

(1) strike “Subject to paragraphs (5) and (6), each” and insert “Each”, and

(2) strike “2019” and insert “2020”.

In section 6428B(g) of the Internal Revenue Code of 1986, as proposed to be added by section 9601(a), strike paragraphs (5) and (6) and insert the following:

1 “(5) USE OF 2020 TAX RETURNS.—An advance
2 refund amount with respect to any taxpayer shall be
3 determined by the Secretary under this subsection
4 only if such taxpayer has filed a return of tax for
5 the taxpayer’s first taxable year beginning in
6 2020.”.

