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(Original Signature of Member)

118TH CONGRESS  
2D SESSION

**H. R.** \_\_\_\_\_

To amend the Internal Revenue Code of 1986 to enhance the paid family  
and medical leave credit, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

Mr. FEENSTRA introduced the following bill; which was referred to the  
Committee on \_\_\_\_\_

\_\_\_\_\_  
**A BILL**

To amend the Internal Revenue Code of 1986 to enhance  
the paid family and medical leave credit, and for other  
purposes.

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 “Paid Family and Med-  
5       ical Leave Tax Credit Extension and Enhancement Act”.

1 **SEC. 2. ENHANCEMENT OF PAID FAMILY AND MEDICAL**  
2 **LEAVE CREDIT.**

3 (a) IN GENERAL.—Section 45S of the Internal Rev-  
4 enue Code of 1986 is amended—

5 (1) in subsection (a)—

6 (A) by striking paragraph (1) and insert-  
7 ing the following:

8 “(1) IN GENERAL.—For purposes of section 38,  
9 in the case of an eligible employer, the paid family  
10 and medical leave credit is an amount equal to ei-  
11 ther of the following (as elected by such employer):

12 “(A) The applicable percentage of the  
13 amount of wages paid to qualifying employees  
14 with respect to any period in which such em-  
15 ployees are on family and medical leave.

16 “(B) If such employer has an insurance  
17 policy with regards to the provision of paid  
18 family and medical leave which is in force dur-  
19 ing the taxable year, the applicable percentage  
20 of the total amount of premiums paid or in-  
21 curred by such employer during such taxable  
22 year with respect to such insurance policy.”,  
23 and

24 (B) by adding at the end the following:

25 “(3) RATE OF PAYMENT DETERMINED WITH-  
26 OUT REGARD TO WHETHER LEAVE IS TAKEN.—For

1 purposes of determining the applicable percentage  
2 with respect to paragraph (1)(B), the rate of pay-  
3 ment under the insurance policy shall be determined  
4 without regard to whether any qualifying employees  
5 were on family and medical leave during the taxable  
6 year.”,

7 (2) in subsection (b)(1), by striking “credit al-  
8 lowed” and inserting “wages taken into account”,

9 (3) in subsection (c), by striking paragraphs (3)  
10 and (4) and inserting the following:

11 “(3) AGGREGATION RULE.—

12 “(A) IN GENERAL.—Except as provided in  
13 subparagraph (B), all persons which are treated  
14 as a single employer under subsections (b) and  
15 (c) of section 414 shall be treated as a single  
16 employer.

17 “(B) EXCEPTION.—

18 “(i) IN GENERAL.—Subparagraph (A)  
19 shall not apply to any person who estab-  
20 lishes to the satisfaction of the Secretary  
21 that such person has a substantial and le-  
22 gitimate business reason for failing to pro-  
23 vide a written policy described in para-  
24 graph (1) or (2).

1                   “(ii) SUBSTANTIAL AND LEGITIMATE  
2                   BUSINESS REASON.—For purposes of  
3                   clause (i), the term ‘substantial and legiti-  
4                   mate business reason’ shall not include the  
5                   operation of a separate line of business,  
6                   the rate of wages or category of jobs for  
7                   employees (or any similar basis), or the ap-  
8                   plication of State or local laws relating to  
9                   family and medical leave, but may include  
10                  the grouping of employees of a common  
11                  law employer.

12               “(4) TREATMENT OF BENEFITS MANDATED OR  
13               PAID FOR BY STATE OR LOCAL GOVERNMENTS.—For  
14               purposes of this section, any leave which is paid by  
15               a State or local government or required by State or  
16               local law—

17               “(A) except as provided in subparagraph  
18               (B), shall be taken into account in determining  
19               the amount of paid family and medical leave  
20               provided by the employer, and

21               “(B) shall not be taken into account in de-  
22               termining the amount of the paid family and  
23               medical leave credit under subsection (a).”,  
24               (4) in subsection (d)—

1 (A) in paragraph (1), by inserting “(or, at  
2 the election of the employer, for not less than  
3 6 months)” after “1 year or more”, and

4 (B) in paragraph (2)—

5 (i) by inserting “, as determined on  
6 an annualized basis (pro-rata for part-time  
7 employees),” after “compensation”, - and

8 (ii) by striking the period at the end  
9 and inserting “, and”, and

10 (C) by adding at the end the following:

11 “(3) is customarily employed for not less than  
12 20 hours per week.”, and

13 (5) by striking subsection (i).

14 (b) NO DOUBLE BENEFIT.—Section 280C(a) of the  
15 Internal Revenue Code of 1986 is amended—

16 (1) by striking “45S(a)” and inserting  
17 “45S(a)(1)(A)”, and

18 (2) by inserting after the first sentence the fol-  
19 lowing: “No deduction shall be allowed for that por-  
20 tion of the premiums paid or incurred for the tax-  
21 able year which is equal to that portion of the paid  
22 family and medical leave credit which is determined  
23 for the taxable year under section 45S(a)(1)(B).”

24 (c) OUTREACH.—

1           (1) SBA AND RESOURCE PARTNERS.—Each  
2       district office of the Small Business Administration  
3       and each resource partner of the Small Business Ad-  
4       ministration, including small business development  
5       centers described in section 21 of the Small Busi-  
6       ness Act (15 U.S.C. 648)), women’s business centers  
7       described in section 29 of such Act (15 U.S.C. 656),  
8       each chapter of the Service Corps of Retired Execu-  
9       tives described in section 8(b)(1)(B) of such Act (15  
10      U.S.C. 637(b)(1)(B)), and Veteran Business Out-  
11      reach Centers described in section 32 of such Act  
12      (15 U.S.C. 657b), shall conduct outreach to relevant  
13      parties regarding the paid family and medical leave  
14      credit under section 45S of the Internal Revenue  
15      Code of 1986, including through—

16                (A) targeted communications, education,  
17                training, and technical assistance; and

18                (B) the development of a written paid fam-  
19                ily leave policy, as described in paragraphs (1)  
20                and (2) of section 45S(c) of the Internal Rev-  
21                enue Code of 1986.

22           (2) INTERNAL REVENUE SERVICE.—The Sec-  
23      retary of the Treasury (or the Secretary’s delegate)  
24      shall perform targeted outreach to employers and  
25      other relevant entities regarding the availability and

1 requirements of the paid family and medical leave  
2 credit under section 45S of the Internal Revenue  
3 Code of 1986, including providing relevant informa-  
4 tion as part of Internal Revenue Service communica-  
5 tions that are regularly issued to entities that pro-  
6 vide payroll services, tax professionals, and small  
7 businesses.

8 (d) EFFECTIVE DATE.—The amendments made by  
9 this section shall apply to taxable years beginning after  
10 the date of enactment of this Act.