

.....
(Original Signature of Member)

112TH CONGRESS
2D SESSION

H. R.

To provide a temporary tax credit for increased payroll, to eliminate certain tax benefits for major integrated oil companies, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. LEVIN (for himself and [see ATTACHED LIST of cosponsors]) introduced the following bill; which was referred to the Committee on

A BILL

To provide a temporary tax credit for increased payroll, to eliminate certain tax benefits for major integrated oil companies, 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 “Hire Now Act of
5 2012”.

1 **SEC. 2. TEMPORARY TAX CREDIT FOR INCREASED PAY-**
2 **ROLL.**

3 (a) **IN GENERAL.**—In the case of a qualified employer
4 who elects the application of this section, there shall be
5 allowed as a credit against the tax imposed by chapter
6 1 of the Internal Revenue Code of 1986 for the taxable
7 year which includes December 31, 2012, an amount equal
8 to 10 percent of the excess (if any) of—

9 (1) the sum of the wages and compensation
10 paid by such qualified employer for qualified services
11 during calendar year 2012, over

12 (2) the sum of such wages and compensation
13 paid during calendar year 2011.

14 (b) **LIMITATION.**—The amount of the excess taken
15 into account under subsection (a) with respect to any
16 qualified employer shall not exceed \$5,000,000.

17 (c) **WAGES AND COMPENSATION.**—For purposes of
18 this section—

19 (1) **WAGES.**—The term “wages” has the mean-
20 ing given such term under section 3121 of the Inter-
21 nal Revenue Code of 1986 for purposes of the tax
22 imposed by section 3111(a) of such Code.

23 (2) **COMPENSATION.**—The term “compensa-
24 tion” has the meaning given such term under section
25 3231 of such Code for purposes of the portion of the
26 tax imposed by section 3221(a) of such Code that

1 corresponds to the tax imposed by section 3111(a)
2 of such Code.

3 (3) APPLICATION OF CONTRIBUTION AND BEN-
4 EFIT BASE TO CALENDAR YEAR 2011.—For purposes
5 of determining wages and compensation under sub-
6 section (a)(2), the contribution and benefit base as
7 determined under section 230 of the Social Security
8 Act shall be such amount as in effect for calendar
9 year 2012.

10 (4) SPECIAL RULE WHEN NO WAGES OR COM-
11 PENSATION IN 2011.—In any case in which the sum
12 of the wages and compensation paid by a qualified
13 employer for qualified services during calendar year
14 2011 is zero, then the amount taken into account
15 under subsection (a)(2) shall be 80 percent of the
16 amount taken into account under subsection (a)(1).

17 (5) COORDINATION WITH OTHER EMPLOYMENT
18 CREDITS.—The amount of the excess taken into ac-
19 count under subsection (a) shall be reduced by the
20 sum of all other Federal tax credits determined with
21 respect to wages or compensation paid in calendar
22 year 2012.

23 (d) OTHER DEFINITIONS.—

24 (1) QUALIFIED EMPLOYER.—For purposes of
25 this section—

1 (A) IN GENERAL.—The term “qualified
2 employer” has the meaning given such term
3 under section 3111(d)(2) of the Internal Rev-
4 enue Code of 1986, determined by substituting
5 “section 101 of the Higher Education Act of
6 1965” for “section 101(b) of the Higher Edu-
7 cation Act of 1965” in subparagraph (B) there-
8 of.

9 (B) AGGREGATION RULES.—Rules similar
10 to the rules of sections 414(b), 414(c), 414(m),
11 and 414(o) of such Code shall apply to deter-
12 mine when multiple entities shall be treated as
13 a single employer, and rules with respect to
14 predecessor and successor employers may be
15 applied, in such manner as may be prescribed
16 by the Secretary of the Treasury or the Sec-
17 retary’s designee (in this section referred to as
18 the “Secretary”).

19 (2) QUALIFIED SERVICES.—The term “qualified
20 services” means services performed by an individual
21 who is not described in section 51(i)(1) of such Code
22 (applied by substituting “qualified employer” for
23 “taxpayer” each place it appears)—

24 (A) in a trade or business of the qualified
25 employer, or

1 (B) in the case of a qualified employer ex-
2 empt from tax under section 501(a) of such
3 Code, in furtherance of the activities related to
4 the purpose or function constituting the basis of
5 the employer's exemption under section 501 of
6 such Code.

7 (e) APPLICATION OF CERTAIN RULES.—Rules simi-
8 lar to the rules of sections 280C(a) and 6501(m) of the
9 Internal Revenue Code of 1986 shall apply with respect
10 to the credit determined under this section.

11 (f) TREATMENT OF CREDIT.—For purposes of the
12 Internal Revenue Code of 1986—

13 (1) TAXABLE EMPLOYERS.—

14 (A) IN GENERAL.—The credit allowed
15 under subsection (a) with respect to qualified
16 services described in subsection (d)(2)(A) for
17 any taxable year shall be added to the current
18 year business credit under section 38(b) of such
19 Code for such taxable year and shall be treated
20 as a credit allowed under subpart D of part IV
21 of subchapter A of chapter 1 of such Code.

22 (B) LIMITATION ON CARRYBACKS.—No
23 portion of the unused business credit under sec-
24 tion 38 of such Code for any taxable year which
25 is attributable to an increase in the current

1 year business credit by reason of subparagraph
2 (A) may be carried to a taxable year beginning
3 before the date of the enactment of this section.

4 (2) TAX-EXEMPT EMPLOYERS.—

5 (A) IN GENERAL.—The credit allowed
6 under subsection (a) with respect to qualified
7 services described in subsection (d)(2)(B) for
8 any taxable year—

9 (i) shall be treated as a credit allowed
10 under subpart C of part IV of subchapter
11 A of chapter 1 of such Code, and

12 (ii) shall be added to the credits de-
13 scribed in subparagraph (A) of section
14 6211(b)(4) of such Code.

15 (B) CONFORMING AMENDMENT.—Section
16 1324(b)(2) of title 31, United States Code, is
17 amended by inserting “or due under section 2
18 of the Hire Now Act of 2012” after “the Hous-
19 ing Assistance Tax Act of 2008”.

20 (g) TREATMENT OF POSSESSIONS.—

21 (1) PAYMENTS TO POSSESSIONS.—

22 (A) MIRROR CODE POSSESSIONS.—The
23 Secretary shall pay to each possession of the
24 United States with a mirror code tax system
25 amounts equal to the loss to that possession by

1 reason of the application of subsections (a)
2 through (f). Such amounts shall be determined
3 by the Secretary based on information provided
4 by the government of the respective possession
5 of the United States.

6 (B) OTHER POSSESSIONS.—The Secretary
7 shall pay to each possession of the United
8 States which does not have a mirror code tax
9 system the amount estimated by the Secretary
10 as being equal to the loss to that possession
11 that would have occurred by reason of the ap-
12 plication of subsections (a) through (f) if a mir-
13 ror code tax system had been in effect in such
14 possession. The preceding sentence shall not
15 apply with respect to any possession of the
16 United States unless such possession establishes
17 to the satisfaction of the Secretary that the pos-
18 session has implemented (or, at the discretion
19 of the Secretary, will implement) an income tax
20 benefit which is substantially equivalent to the
21 income tax credit allowed under such sub-
22 sections.

23 (2) COORDINATION WITH CREDIT ALLOWED
24 AGAINST UNITED STATES INCOME TAXES.—No in-
25 crease in the credit determined under section 38(b)

1 of the Internal Revenue Code of 1986 against
2 United States income taxes for any taxable year de-
3 termined by reason of subsection (f)(1)(A) shall be
4 taken into account with respect to any person—

5 (A) to whom a credit is allowed against
6 taxes imposed by the possession by reason of
7 this section for such taxable year, or

8 (B) who is eligible for a payment under a
9 plan described in paragraph (1)(B) with respect
10 to such taxable year.

11 (3) DEFINITIONS AND SPECIAL RULES.—

12 (A) POSSESSION OF THE UNITED
13 STATES.—For purposes of this subsection, the
14 term “possession of the United States” includes
15 American Samoa, Guam, the Commonwealth of
16 the Northern Mariana Islands, the Common-
17 wealth of Puerto Rico, and the United States
18 Virgin Islands.

19 (B) MIRROR CODE TAX SYSTEM.—For pur-
20 poses of this subsection, the term “mirror code
21 tax system” means, with respect to any posses-
22 sion of the United States, the income tax sys-
23 tem of such possession if the income tax liabil-
24 ity of the residents of such possession under
25 such system is determined by reference to the

1 income tax laws of the United States as if such
2 possession were the United States.

3 (C) TREATMENT OF PAYMENTS.—For pur-
4 poses of section 1324(b)(2) of title 31, United
5 States Code, the payments under this sub-
6 section shall be treated in the same manner as
7 a refund due from credit provisions described in
8 such section.

9 (h) REGULATIONS.—The Secretary shall prescribe
10 such regulations or guidance as are necessary to carry out
11 the provisions of this section.

12 **SEC. 3. PROHIBITION ON USING LAST-IN, FIRST-OUT AC-**
13 **COUNTING FOR MAJOR INTEGRATED OIL**
14 **COMPANIES.**

15 (a) IN GENERAL.—Section 472 of the Internal Rev-
16 enue Code of 1986 is amended by adding at the end the
17 following new subsection:

18 “(h) MAJOR INTEGRATED OIL COMPANIES.—Not-
19 withstanding any other provision of this section, a major
20 integrated oil company (as defined in section
21 167(h)(5)(B)) may not use the method provided in sub-
22 section (b) in inventorying of any goods.”.

23 (b) EFFECTIVE DATE AND SPECIAL RULE.—

1 (1) IN GENERAL.—The amendment made by
2 subsection (a) shall apply to taxable years ending
3 after the date of the enactment of this Act.

4 (2) CHANGE IN METHOD OF ACCOUNTING.—In
5 the case of any taxpayer required by the amendment
6 made by this section to change its method of ac-
7 counting for its first taxable year ending after the
8 date of the enactment of this Act—

9 (A) such change shall be treated as initi-
10 ated by the taxpayer,

11 (B) such change shall be treated as made
12 with the consent of the Secretary of the Treas-
13 ury, and

14 (C) the net amount of the adjustments re-
15 quired to be taken into account by the taxpayer
16 under section 481 of the Internal Revenue Code
17 of 1986 shall be taken into account ratably over
18 a period (not greater than 8 taxable years) be-
19 ginning with such first taxable year.

20 **SEC. 4. LIMITATION ON DEDUCTION FOR INTANGIBLE**
21 **DRILLING AND DEVELOPMENT COSTS OF**
22 **MAJOR INTEGRATED OIL COMPANIES.**

23 (a) IN GENERAL.—Section 263(c) of the Internal
24 Revenue Code of 1986 is amended by adding at the end
25 the following new sentence: “This subsection shall not

1 apply to amounts paid or incurred by a taxpayer in any
2 taxable year in which such taxpayer is a major integrated
3 oil company (as defined in section 167(h)(5)(B)).”.

4 (b) EFFECTIVE DATE.—The amendment made by
5 this section shall apply to amounts paid or incurred in tax-
6 able years ending after the date of the enactment of this
7 Act.