To amend the Internal Revenue Code of 1986 to allow for a credit against tax for employers of reservists.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 25, 2019

Mr. Ryan (for himself and Mr. Palazzo) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to allow for a credit against tax for employers of reservists.

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 “Reserve Component
5  Employer Incentive, Compensation, and Relief Act of
6  2019”.
7  SEC. 2. RESERVIST EMPLOYMENT CREDIT.
8  (a) ALLOWANCE OF CREDIT.—Subpart D of part IV
9  of subchapter A of chapter 1 of the Internal Revenue Code
of 1986 is amended by adding at the end the following
new section:

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SEC. 45T. RESERVIST EMPLOYMENT CREDIT.

(a) Establishment of Credit.—For purposes of
section 38, in the case of an eligible employer, the reservist
employment credit for a taxable year is an amount equal
to the sum of the reservist credit amount for each qualified
reservist employed by such employer at any time during
such taxable year.

(b) Reservist Credit Amount.—For purposes of
this section—

(1) In General.—The term ‘reservist credit
amount’ means, with respect to a qualified reservist
for a taxable year, an amount equal to the sum of—

(A) $1,000, plus

(B) in the case of a qualified reservist—

(i) with 30 or more days, and fewer
than 90 days, of service in the uniformed
services during such year, $3,000,

(ii) with 90 or more days, and fewer
than 180 days, of service in the uniformed
services during such year, $5,000, and

(iii) with 180 or more days of service
in the uniformed services during such year,

$10,000.
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“(2) DAYS OF SERVICE.—For purposes of paragraph (1), days of service shall only be taken into account with respect to a qualified reservist employed by an eligible employer to the extent such days are during a period of employment of such reservist by such employer.

“(3) QUALIFIED RESERVIST.—The term ‘qualified reservist’ means, with respect to a taxable year, an individual who is, at any time during such taxable year, a member of the National Guard or a reserve component of the Armed Forces, as named in section 10101 of title 10, United States Code (except for a member of the Individual Ready Reserve).

“(4) OTHER DEFINITIONS.—The terms ‘reserve component’, ‘active service’, ‘full-time National Guard duty’, ‘active Guard and Reserve duty’, and ‘inactive-duty training’ have the meanings given such terms in section 101 of title 10, United States Code. The term ‘National Guard’ has the meaning given such term in section 101(3) of title 32, United States Code. The term ‘service in the uniformed services’ has the meaning given such term in section 4303 of title 38, United States Code.

“(c) ELECTION TO HAVE CREDIT NOT APPLY.—
“(1) IN GENERAL.—A taxpayer may elect to have this section not apply for any taxable year.

“(2) OTHER RULES.—Rules similar to the rules of paragraphs (2) and (3) of section 51(j) shall apply for purposes of this subsection.”.

(b) CREDIT PART OF GENERAL BUSINESS CREDIT.—

Section 38(b) of the Internal Revenue Code of 1986 is amended by striking “plus” at the end of paragraph (31), by striking the period at the end of paragraph (32) and inserting “, plus”, and by adding at the end the following new paragraph:

“(33) in the case of an eligible employer (as defined in section 45T(c)), the reservist employment credit determined under section 45T(a).”.

(c) CREDIT ALLOWED AGAINST AMT.—Subparagraph (B) of section 38(c)(4) of the Internal Revenue Code of 1986 is amended by redesignating clauses (x) through (xii) as clauses (xi) through (xiii), respectively, and by inserting after clause (ix) the following new clause:

“(x) the credit determined under section 45T,”.

(d) CONFORMING AMENDMENTS.—

(1) DENIAL OF DOUBLE BENEFIT.—Section 280C(a) of the Internal Revenue Code of 1986 is amended by inserting “45T(a),” after “45S(a),”.
(2) Election to have credit not apply.—
Section 6501(m) of the Internal Revenue Code of
1986 is amended by inserting “45T(d),” after
“45S(h),”.

(3) Clerical amendment.—The table of sec-
tions for subpart D of part IV of subchapter A of
chapter 1 of the Internal Revenue Code of 1986 is
amended by adding at the end the following new
item:

“Sec. 45T. Reservist employment credit.”.

(e) Effective date.—The amendments made by
this section shall apply to wages paid in taxable years be-
ginning after December 31, 2019.