

One Hundred Twelfth Congress of the United States of America

AT THE FIRST SESSION

*Begun and held at the City of Washington on Wednesday,
the fifth day of January, two thousand and eleven*

An Act

To amend the Internal Revenue Code of 1986 to repeal the imposition of 3 percent withholding on certain payments made to vendors by government entities, to modify the calculation of modified adjusted gross income for purposes of determining eligibility for certain healthcare-related programs, and for other purposes.

*Be it enacted by the Senate and House of Representatives of
the United States of America in Congress assembled,*

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TITLE I—THREE PERCENT WITHHOLDING REPEAL AND JOB CREATION ACT

SEC. 101. SHORT TITLE.

This title may be cited as the “3% Withholding Repeal and Job Creation Act”.

SEC. 102. REPEAL OF IMPOSITION OF 3 PERCENT WITHHOLDING ON CERTAIN PAYMENTS MADE TO VENDORS BY GOVERNMENT ENTITIES.

(a) **IN GENERAL.**—Section 3402 of the Internal Revenue Code of 1986 is amended by striking subsection (t).

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to payments made after December 31, 2011.

TITLE II—VOW TO HIRE HEROES

SEC. 201. SHORT TITLE.

This title may be cited as the “VOW to Hire Heroes Act of 2011”.

Subtitle D—Improvements to Uniformed Services Employment and Reemployment Rights

SEC. 251. CLARIFICATION OF BENEFITS OF EMPLOYMENT COVERED UNDER USERRA.

Section 4303(2) of title 38, United States Code, is amended by inserting “the terms, conditions, or privileges of employment, including” after “means”.

Subtitle E—Other Matters

SEC. 261. RETURNING HEROES AND WOUNDED WARRIORS WORK OPPORTUNITY TAX CREDITS.

(a) IN GENERAL.—Paragraph (3) of section 51(b) of the Internal Revenue Code of 1986 is amended by striking “\$12,000 per year in the case of any individual who is a qualified veteran by reason of subsection (d)(3)(A)(ii)” and inserting “(\$12,000 per year in the case of any individual who is a qualified veteran by reason of subsection (d)(3)(A)(ii)(I), \$14,000 per year in the case of any individual who is a qualified veteran by reason of subsection (d)(3)(A)(iv), and \$24,000 per year in the case of any individual who is a qualified veteran by reason of subsection (d)(3)(A)(ii)(II))”.

(b) RETURNING HEROES TAX CREDITS.—Subparagraph (A) of section 51(d)(3) of the Internal Revenue Code of 1986 is amended—

- (1) by striking “or” at the end of clause (i),
- (2) by striking the period at the end of clause (ii)(II),

and

(3) by adding at the end the following new clauses:

“(iii) having aggregate periods of unemployment during the 1-year period ending on the hiring date which equal or exceed 4 weeks (but less than 6 months), or

“(iv) having aggregate periods of unemployment during the 1-year period ending on the hiring date which equal or exceed 6 months.”.

(c) SIMPLIFIED CERTIFICATION.—Paragraph (13) of section 51(d) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

“(D) CREDIT FOR UNEMPLOYED VETERANS.—

“(i) IN GENERAL.—Notwithstanding subparagraph (A), for purposes of paragraph (3)(A)—

“(I) a veteran will be treated as certified by the designated local agency as having aggregate periods of unemployment meeting the requirements of clause (ii)(II) or (iv) of such paragraph (whichever is applicable) if such veteran is certified by such agency as being in receipt of unemployment compensation under State or Federal law for not less than 6 months during the 1-year period ending on the hiring date, and

“(II) a veteran will be treated as certified by the designated local agency as having aggregate

periods of unemployment meeting the requirements of clause (iii) of such paragraph if such veteran is certified by such agency as being in receipt of unemployment compensation under State or Federal law for not less than 4 weeks (but less than 6 months) during the 1-year period ending on the hiring date.

“(ii) REGULATORY AUTHORITY.—The Secretary may provide alternative methods for certification of a veteran as a qualified veteran described in clause (ii)(II), (iii), or (iv) of paragraph (3)(A), at the Secretary’s discretion.”

(d) EXTENSION OF CREDIT.—Subparagraph (B) of section 51(c)(4) of the Internal Revenue Code of 1986 is amended to read as follows:

“(B) after—

“(i) December 31, 2012, in the case of a qualified veteran, and

“(ii) December 31, 2011, in the case of any other individual.”

(e) CREDIT MADE AVAILABLE TO TAX-EXEMPT ORGANIZATIONS IN CERTAIN CIRCUMSTANCES.—

(1) IN GENERAL.—Subsection (c) of section 52 of the Internal Revenue Code of 1986 is amended—

(A) by inserting “(1) IN GENERAL.—” before “No credit”, and

(B) by adding at the end the following new paragraph:

“(2) CREDIT MADE AVAILABLE TO QUALIFIED TAX-EXEMPT ORGANIZATIONS EMPLOYING QUALIFIED VETERANS.—For credit against payroll taxes for employment of qualified veterans by qualified tax-exempt organizations, see section 3111(e).”

(2) CREDIT ALLOWABLE.—Section 3111 of such Code is amended by adding at the end the following new subsection:

“(e) CREDIT FOR EMPLOYMENT OF QUALIFIED VETERANS.—

“(1) IN GENERAL.—If a qualified tax-exempt organization hires a qualified veteran with respect to whom a credit would be allowable under section 38 by reason of section 51 if the organization were not a qualified tax-exempt organization, then there shall be allowed as a credit against the tax imposed by subsection (a) on wages paid with respect to employment of all employees of the organization during the applicable period an amount equal to the credit determined under section 51 (after application of the modifications under paragraph (3)) with respect to wages paid to such qualified veteran during such period.

“(2) OVERALL LIMITATION.—The aggregate amount allowed as a credit under this subsection for all qualified veterans for any period with respect to which tax is imposed under subsection (a) shall not exceed the amount of the tax imposed by subsection (a) on wages paid with respect to employment of all employees of the organization during such period.

“(3) MODIFICATIONS.—For purposes of paragraph (1), section 51 shall be applied—

“(A) by substituting ‘26 percent’ for ‘40 percent’ in subsection (a) thereof,

“(B) by substituting ‘16.25 percent’ for ‘25 percent’ in subsection (i)(3)(A) thereof, and

“(C) by only taking into account wages paid to a qualified veteran for services in furtherance of the activities related to the purpose or function constituting the basis of the organization’s exemption under section 501.

“(4) APPLICABLE PERIOD.—The term ‘applicable period’ means, with respect to any qualified veteran, the 1-year period beginning with the day such qualified veteran begins work for the organization.

“(5) DEFINITIONS.—For purposes of this subsection—

“(A) the term ‘qualified tax-exempt organization’ means an employer that is an organization described in section 501(c) and exempt from taxation under section 501(a), and

“(B) the term ‘qualified veteran’ has meaning given such term by section 51(d)(3).”.

(3) TRANSFERS TO FEDERAL OLD-AGE AND SURVIVORS INSURANCE TRUST FUND.—There are hereby appropriated to the Federal Old-Age and Survivors Trust Fund and the Federal Disability Insurance Trust Fund established under section 201 of the Social Security Act (42 U.S.C. 401) amounts equal to the reduction in revenues to the Treasury by reason of the amendments made by paragraphs (1) and (2). Amounts appropriated by the preceding sentence shall be transferred from the general fund at such times and in such manner as to replicate to the extent possible the transfers which would have occurred to such Trust Fund had such amendments not been enacted.

(f) TREATMENT OF POSSESSIONS.—

(1) PAYMENTS TO POSSESSIONS.—

(A) MIRROR CODE POSSESSIONS.—The Secretary of the Treasury shall pay to each possession of the United States with a mirror code tax system amounts equal to the loss to that possession by reason of the amendments made by this section. Such amounts shall be determined by the Secretary of the Treasury based on information provided by the government of the respective possession of the United States.

(B) OTHER POSSESSIONS.—The Secretary of the Treasury shall pay to each possession of the United States which does not have a mirror code tax system the amount estimated by the Secretary of the Treasury as being equal to the loss to that possession that would have occurred by reason of the amendments made by this section if a mirror code tax system had been in effect in such possession. The preceding sentence shall not apply with respect to any possession of the United States unless such possession establishes to the satisfaction of the Secretary that the possession has implemented (or, at the discretion of the Secretary, will implement) an income tax benefit which is substantially equivalent to the income tax credit in effect after the amendments made by this section.

(2) COORDINATION WITH CREDIT ALLOWED AGAINST UNITED STATES INCOME TAXES.—The credit allowed against United States income taxes for any taxable year under the amendments made by this section to section 51 of the Internal Revenue Code of 1986 to any person with respect to any qualified veteran shall be reduced by the amount of any credit (or other tax benefit described in paragraph (1)(B)) allowed to such person

against income taxes imposed by the possession of the United States by reason of this subsection with respect to such qualified veteran for such taxable year.

(3) DEFINITIONS AND SPECIAL RULES.—

(A) POSSESSION OF THE UNITED STATES.—For purposes of this subsection, the term “possession of the United States” includes American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, the Commonwealth of Puerto Rico, and the United States Virgin Islands.

(B) MIRROR CODE TAX SYSTEM.—For purposes of this subsection, the term “mirror code tax system” means, with respect to any possession of the United States, the income tax system of such possession if the income tax liability of the residents of such possession under such system is determined by reference to the income tax laws of the United States as if such possession were the United States.

(C) TREATMENT OF PAYMENTS.—For purposes of section 1324(b)(2) of title 31, United States Code, the payments under this subsection shall be treated in the same manner as a refund due from credit provisions described in such section.

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to individuals who begin work for the employer after the date of the enactment of this Act.

SEC. 262. EXTENSION OF REDUCED PENSION FOR CERTAIN VETERANS COVERED BY MEDICAID PLANS FOR SERVICES FURNISHED BY NURSING FACILITIES.

Section 5503(d)(7) of title 38, United States Code, is amended by striking “May 31, 2015” and inserting “September 30, 2016”.

SEC. 263. REIMBURSEMENT RATE FOR AMBULANCE SERVICES.

Section 111(b)(3) of title 38, United States Code, is amended by adding at the end the following new subparagraph:

“(C) In the case of transportation of a person under subparagraph (B) by ambulance, the Secretary may pay the provider of the transportation the lesser of the actual charge for the transportation or the amount determined by the fee schedule established under section 1834(l) of the Social Security Act (42 U.S.C. 1395(l)) unless the Secretary has entered into a contract for that transportation with the provider.”.

SEC. 264. EXTENSION OF AUTHORITY FOR SECRETARY OF VETERANS AFFAIRS TO OBTAIN INFORMATION FROM SECRETARY OF TREASURY AND COMMISSIONER OF SOCIAL SECURITY FOR INCOME VERIFICATION PURPOSES.

Section 5317(g) of title 38, United States Code, is amended by striking “September 30, 2011” and inserting “September 30, 2016”.

SEC. 265. MODIFICATION OF LOAN GUARANTY FEE FOR CERTAIN SUBSEQUENT LOANS.

(a) IN GENERAL.—Section 3729(b)(2) of title 38, United States Code, is amended—

(1) in subparagraph (A)—

(A) in clause (iii), by striking “November 18, 2011” and inserting “October 1, 2016”; and

(B) in clause (iv), by striking “November 18, 2011” and inserting “October 1, 2016”;

(2) in subparagraph (B)—

(A) in clause (i), by striking “November 18, 2011” and inserting “October 1, 2016”;

(B) by striking clauses (ii) and (iii);

(C) by redesignating clause (iv) as clause (ii); and

(D) in clause (ii), as redesignated by subparagraph (C), by striking “October 1, 2013” and inserting “October 1, 2016”;

(3) in subparagraph (C)—

(A) in clause (i), by striking “November 18, 2011” and inserting “October 1, 2016”; and

(B) in clause (ii), by striking “November 18, 2011” and inserting “October 1, 2016”; and

(4) in subparagraph (D)—

(A) in clause (i), by striking “November 18, 2011” and inserting “October 1, 2016”; and

(B) in clause (ii), by striking “November 18, 2011” and inserting “October 1, 2016”.

(b) EFFECTIVE DATE.—The amendments made by subsection

(a) shall take effect on the later of—

(1) November 18, 2011; or

(2) the date of the enactment of this Act.

TITLE III—OTHER PROVISIONS RELATING TO FEDERAL VENDORS

SEC. 301. ONE HUNDRED PERCENT LEVY FOR PAYMENTS TO FEDERAL VENDORS RELATING TO PROPERTY.

(a) IN GENERAL.—Section 6331(h)(3) of the Internal Revenue Code of 1986 is amended by striking “goods or services” and inserting “property, goods, or services”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to levies issued after the date of the enactment of this Act.

SEC. 302. STUDY AND REPORT ON REDUCING THE AMOUNT OF THE TAX GAP OWED BY FEDERAL CONTRACTORS.

(a) STUDY.—

(1) IN GENERAL.—The Secretary of the Treasury, or the Secretary’s delegate, in consultation with the Director of the Office of Management and Budget and the heads of such other Federal agencies as the Secretary determines appropriate, shall conduct a study on ways to reduce the amount of Federal tax owed but not paid by persons submitting bids or proposals for the procurement of property or services by the Federal government.

(2) MATTERS STUDIED.—The study conducted under paragraph (1) shall include the following matters:

(A) An estimate of the amount of delinquent taxes owed by Federal contractors.

(B) The extent to which the requirement that persons submitting bids or proposals certify whether such persons have delinquent tax debts has—

(i) improved tax compliance; and

(ii) been a factor in Federal agency decisions not to enter into or renew contracts with such contractors.

(C) In cases in which Federal agencies continue to contract with persons who report having delinquent tax debt, the factors taken into consideration in awarding such contracts.

(D) The degree of the success of the Federal lien and levy system in recouping delinquent Federal taxes from Federal contractors.

(E) The number of persons who have been suspended or debarred because of a delinquent tax debt over the past 3 years.

(F) An estimate of the extent to which the subcontractors under Federal contracts have delinquent tax debt.

(G) The Federal agencies which have most frequently awarded contracts to persons notwithstanding any certification by such person that the person has delinquent tax debt.

(H) Recommendations on ways to better identify Federal contractors with delinquent tax debts.

(b) REPORT.—Not later than 12 months after the date of the enactment of this Act, the Secretary of the Treasury shall submit to the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate, the Committee on Oversight and Government Reform of the House of Representatives, and the Committee on Homeland Security and Government Affairs of the Senate, a report on the study conducted under subsection (a), together with any legislative recommendations.

TITLE IV—MODIFICATION OF CALCULATION OF MODIFIED ADJUSTED GROSS INCOME FOR DETERMINING CERTAIN HEALTHCARE PROGRAM ELIGIBILITY

SEC. 401. MODIFICATION OF CALCULATION OF MODIFIED ADJUSTED GROSS INCOME FOR DETERMINING CERTAIN HEALTHCARE PROGRAM ELIGIBILITY.

(a) IN GENERAL.—Subparagraph (B) of section 36B(d)(2) of the Internal Revenue Code of 1986 is amended by striking “and” at the end of clause (i), by striking the period at the end of clause (ii) and inserting “, and”, and by adding at the end the following new clause:

“(iii) an amount equal to the portion of the taxpayer’s social security benefits (as defined in section 86(d)) which is not included in gross income under section 86 for the taxable year.”.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

(c) NO IMPACT ON SOCIAL SECURITY TRUST FUNDS.—

(1) ESTIMATE OF SECRETARY.—The Secretary of the Treasury, or the Secretary’s delegate, shall annually estimate the impact that the amendments made by subsection (a) have on the income and balances of the trust funds established under section 201 of the Social Security Act (42 U.S.C. 401).

(2) TRANSFER OF FUNDS.—If, under paragraph (1), the Secretary of the Treasury or the Secretary's delegate estimates that such amendments have a negative impact on the income and balances of such trust funds, the Secretary shall transfer, not less frequently than quarterly, from the general fund an amount sufficient so as to ensure that the income and balances of such trust funds are not reduced as a result of such amendments.

TITLE V—BUDGETARY EFFECTS

SEC. 501. STATUTORY PAY-AS-YOU-GO ACT OF 2010.

The budgetary effects of this Act, for the purpose of complying with the Statutory Pay-As-You-Go Act of 2010, shall be determined by reference to the latest statement titled "Budgetary Effects of PAYGO Legislation" for this Act, submitted for printing in the Congressional Record by the Chairman of the House Budget Committee, provided that such statement has been submitted prior to the vote on passage.

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*