

112TH CONGRESS  
1ST SESSION

# H. R. 2868

To amend the Internal Revenue Code of 1986 to provide payroll tax relief to encourage the hiring of unemployed individuals, and for other purposes.

---

## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 8, 2011

Mr. DOLD 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 provide payroll tax relief to encourage the hiring of unemployed individuals, 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 “Unemployed Workers  
5 Hiring Act of 2011”.

6 **SEC. 2. TEMPORARY PAYROLL TAX REDUCTION FOR NEWLY**  
7 **HIRED EMPLOYEES.**

8 (a) EMPLOYER.—

9 (1) IN GENERAL.—Paragraph (1) of section  
10 3111(d) of the Internal Revenue Code of 1986 is

1 amended by striking so much as precedes subpara-  
2 graph (A) and inserting the following:

3 “(1) IN GENERAL.—Subsection (a) shall not  
4 apply to wages paid by a qualified employer with re-  
5 spect to employment of any qualified individual dur-  
6 ing the 1-year period beginning with the date the in-  
7 dividual’s employment with the employer began for  
8 services performed—”.

9 (2) QUALIFIED INDIVIDUAL.—Paragraph (3) of  
10 section 3111(d) of such Code is amended—

11 (A) by striking subparagraphs (A) and (B)  
12 and inserting the following new subparagraphs:

13 “(A) begins employment with a qualified  
14 employer during the 2-year period beginning  
15 after the date of the enactment of the Unem-  
16 ployed Workers Hiring Act of 2011,

17 “(B) certifies by signed affidavit, under  
18 penalties of perjury, that such individual on the  
19 day before the date the employee begins work  
20 for the employer was in receipt of unemploy-  
21 ment compensation under State or Federal law  
22 or was unemployed and had exhausted the right  
23 to such unemployment compensation,” and

24 (B) by striking “and” at the end of sub-  
25 paragraph (C), by striking the period at the end

1 of subparagraph (D), and by adding at the end  
2 the following new subparagraphs:

3 “(E) prior to the date the employment  
4 with the employer begins, has not been em-  
5 ployed by the employer at any time, and

6 “(F) is employed on average at least 30  
7 hours of service per week.”.

8 (3) RECAPTURE.—Subsection (d) of section  
9 3111 of such Code is amended by adding at the end  
10 the following new paragraph:

11 “(6) RECAPTURE.—

12 “(A) IN GENERAL.—In any case in which  
13 an individual ceases to be a qualified individual  
14 with respect to the employer during the 1-year  
15 period beginning with the date the individual’s  
16 employment with the employer began, the tax  
17 imposed under subsection (a) with respect to in-  
18 dividuals in his employ shall be increased by the  
19 amount such tax was reduced with respect to  
20 such individual by reason of paragraph (1).

21 “(B) DUE DATE.—The increase in tax  
22 under subparagraph (A) shall be paid over to  
23 the Secretary—

24 “(i) not later than 30 days after the  
25 date such individual first ceases to be a

1 qualified individual during such 1-year pe-  
2 riod, and

3 “(ii) in the same manner as deposits  
4 are made under section 6302 of taxes im-  
5 posed on such employer under subsection  
6 (a) with respect to individuals in his em-  
7 ploy.”.

8 (b) EMPLOYEE.—Section 3101 of such Code is  
9 amended by adding at the end the following new sub-  
10 section:

11 “(d) TEMPORARY EXEMPTION FOR NEWLY HIRED  
12 UNEMPLOYED INDIVIDUALS.—In the case of a qualified  
13 individual (as defined in section 3111(d)(3)) of a qualified  
14 employer (as defined in section 3111(d)(2)), subsection (a)  
15 shall not apply with respect to the wages of such individual  
16 with respect to employment with such employer during the  
17 1-year period beginning with the date such employee  
18 began work for such employer.”.

19 (c) APPLICATION TO RAILROAD RETIREMENT  
20 TAXES.—

21 (1) EMPLOYERS.—

22 (A) IN GENERAL.—Paragraph (1) of sec-  
23 tion 3221(c) of such Code is amended to read  
24 as follows:

1           “(1) IN GENERAL.—In the case of compensa-  
2           tion paid by a qualified employer—

3                   “(A) with respect to having a qualified in-  
4                   dividual in the employer’s employ for services  
5                   rendered to such qualified employer, and

6                   “(B) during the 1-year period beginning  
7                   with the date any qualified individual’s employ-  
8                   ment with such employer began,

9           the applicable percentage under subsection (a) shall  
10           be equal to the rate of tax in effect under section  
11           3111(b) for the calendar year.”.

12           (2) QUALIFIED INDIVIDUAL.—Paragraph (3) of  
13           section 3221(c) of such Code is amended—

14                   (A) by striking subparagraphs (A) and (B)  
15                   and inserting the following new subparagraphs:

16                   “(A) begins employment with a qualified  
17                   employer during the 2-year period beginning  
18                   after the date of the enactment of the Unem-  
19                   ployed Workers Hiring Act of 2011,

20                   “(B) certifies by signed affidavit, under  
21                   penalties of perjury, that such individual on the  
22                   day before the date the employee begins work  
23                   for the employer was in receipt of unemploy-  
24                   ment compensation under State or Federal law

1 or was unemployed and had exhausted the right  
2 to such unemployment compensation,” and

3 (B) by striking “and” at the end of sub-  
4 paragraph (C), by striking the period at the end  
5 of subparagraph (D), and by adding at the end  
6 the following new subparagraphs:

7 “(E) prior to the date the employment  
8 with the employer begins, has not been em-  
9 ployed by the employer at any time, and

10 “(F) is employed on average at least 30  
11 hours of service per week.”.

12 (3) RECAPTURE.—Subsection (c) of section  
13 3221 of such Code is amended by adding at the end  
14 the following new paragraph:

15 “(6) RECAPTURE.—

16 “(A) IN GENERAL.—In any case in which  
17 an individual ceases to be a qualified individual  
18 with respect to the employer during the 1-year  
19 period beginning with the date the individual’s  
20 employment with the employer began, the tax  
21 imposed under subsection (a) with respect to in-  
22 dividuals in his employ shall be increased by the  
23 amount such tax was reduced with respect to  
24 such individual by reason of paragraph (1).

1           “(B) DUE DATE.—The increase in tax  
2           under subparagraph (A) shall be paid over to  
3           the Secretary—

4                   “(i) not later than 30 days after the  
5                   date such individual first ceases to be a  
6                   qualified individual during such 1-year pe-  
7                   riod, and

8                   “(ii) in the same manner as deposits  
9                   are made under section 6302 of taxes im-  
10                  posed on such employer under subsection  
11                  (a) with respect to individuals in his em-  
12                  ploy.”.

13           (4) EMPLOYEE.—Section 3201 of such Code is  
14           amended by redesignating subsection (c) as sub-  
15           section (d) and by inserting after subsection (b) the  
16           following new subsection:

17           “(c) TEMPORARY EXEMPTION FOR NEWLY HIRED  
18           UNEMPLOYED INDIVIDUALS.—In the case of a qualified  
19           individual (as defined in section 3221(c)(3)) employed by  
20           a qualified employer (as defined in section 3221(c)(2), the  
21           applicable percentage with respect to compensation re-  
22           ceived during the 1-year period beginning with the date  
23           such qualified individual’s employment with such employer  
24           began shall be equal to the rate of tax in effect under sec-  
25           tion 3101(b) for the calendar year.”.

1 (d) GUIDANCE.—The Secretary of the Treasury shall  
2 provide such guidance as is necessary or appropriate to  
3 carry out the purposes of the amendments made by this  
4 section.

5 (e) TRANSFERS TO FEDERAL OLD-AGE AND SUR-  
6 VIVORS INSURANCE TRUST FUND.—There are hereby ap-  
7 propriated to the Federal Old-Age and Survivors Trust  
8 Fund and the Federal Disability Insurance Trust Fund  
9 established under section 201 of the Social Security Act  
10 (42 U.S.C. 401) amounts equal to the reduction in reve-  
11 nues to the Treasury by reason of the amendments made  
12 by subsections (a) and (b). Amounts appropriated by the  
13 preceding sentence shall be transferred from the general  
14 fund at such times and in such manner as to replicate  
15 to the extent possible the transfers which would have oc-  
16 curred to such Trust Fund had such amendments not  
17 been enacted.

18 (f) TRANSFERS TO SOCIAL SECURITY EQUIVALENT  
19 BENEFIT ACCOUNT.—There are hereby appropriated to  
20 the Social Security Equivalent Benefit Account estab-  
21 lished under section 15A(a) of the Railroad Retirement  
22 Act of 1974 (45 U.S.C. 231n–1(a)) amounts equal to the  
23 reduction in revenues to the Treasury by reason of the  
24 amendments made by subsection (c). Amounts appro-  
25 priated by the preceding sentence shall be transferred



1 from the general fund at such times and in such manner  
2 as to replicate to the extent possible the transfers which  
3 would have occurred to such Account had such amend-  
4 ments not been enacted.

5 (g) EFFECTIVE DATE.—

6 (1) IN GENERAL.—Except as provided in para-  
7 graph (2), the amendments made by this subsection  
8 shall apply to wages paid after the date of the enact-  
9 ment of this Act.

10 (2) RAILROAD RETIREMENT TAXES.—The  
11 amendments made by subsection (c) shall apply to  
12 compensation paid after the date of the enactment  
13 of this Act.

○