

116TH CONGRESS  
2D SESSION

# H. R. 6992

To amend the Internal Revenue Code of 1986 to encourage domestic insourcing and discourage foreign outsourcing.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 22, 2020

Mr. PASCRELL (for himself, Mr. DANNY K. DAVIS of Illinois, Ms. SÁNCHEZ, Ms. DELBENE, Mr. SWALWELL of California, Ms. NORTON, Ms. BROWNLEY of California, Mrs. WATSON COLEMAN, Ms. BARRAGÁN, Ms. LEE of California, and Mr. COHEN) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to encourage domestic insourcing and discourage foreign outsourcing.

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 “Bring Jobs Home  
5 Act”.

6 **SEC. 2. CREDIT FOR INSOURCING EXPENSES.**

7 (a) IN GENERAL.—Subpart D of part IV of sub-  
8 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 is amended by adding at the end the following new  
2 section:

3 **“SEC. 45U. CREDIT FOR INSOURCING EXPENSES.**

4 “(a) IN GENERAL.—For purposes of section 38, the  
5 insourcing expenses credit for any taxable year is an  
6 amount equal to 20 percent of the eligible insourcing ex-  
7 penses of the taxpayer which are taken into account in  
8 such taxable year under subsection (d).

9 “(b) ELIGIBLE INSOURCING EXPENSES.—For pur-  
10 poses of this section—

11 “(1) IN GENERAL.—The term ‘eligible  
12 insourcing expenses’ means—

13 “(A) eligible expenses paid or incurred by  
14 the taxpayer in connection with the elimination  
15 of any business unit of the taxpayer (or of any  
16 member of any expanded affiliated group in  
17 which the taxpayer is also a member) located  
18 outside the United States, and

19 “(B) eligible expenses paid or incurred by  
20 the taxpayer in connection with the establish-  
21 ment of any business unit of the taxpayer (or  
22 of any member of any expanded affiliated group  
23 in which the taxpayer is also a member) located  
24 within the United States,

1 if such establishment constitutes the relocation of  
2 business unit so eliminated. For purposes of the pre-  
3 ceding sentence, a relocation shall not be treated as  
4 failing to occur merely because such elimination oc-  
5 curs in a different taxable year than such establish-  
6 ment.

7 “(2) ELIGIBLE EXPENSES.—The term ‘eligible  
8 expenses’ means—

9 “(A) any amount for which a deduction is  
10 allowed to the taxpayer under section 162, and

11 “(B) permit and license fees, lease broker-  
12 age fees, equipment installation costs, and, to  
13 the extent provided by the Secretary, other  
14 similar expenses.

15 Such term does not include any compensation which  
16 is paid or incurred in connection with severance  
17 from employment and, to the extent provided by the  
18 Secretary, any similar amount.

19 “(3) BUSINESS UNIT.—The term ‘business unit’  
20 means—

21 “(A) any trade or business, and

22 “(B) any line of business, or functional  
23 unit, which is part of any trade or business.

24 “(4) EXPANDED AFFILIATED GROUP.—The  
25 term ‘expanded affiliated group’ means an affiliated

1 group as defined in section 1504(a), determined  
2 without regard to section 1504(b)(3) and by sub-  
3 stituting ‘more than 50 percent’ for ‘at least 80 per-  
4 cent’ each place it appears in section 1504(a). A  
5 partnership or any other entity (other than a cor-  
6 poration) shall be treated as a member of an ex-  
7 panded affiliated group if such entity is controlled  
8 (within the meaning of section 954(d)(3)) by mem-  
9 bers of such group (including any entity treated as  
10 a member of such group by reason of this para-  
11 graph).

12 “(5) EXPENSES MUST BE PURSUANT TO  
13 INSOURCING PLAN.—Amounts shall be taken into ac-  
14 count under paragraph (1) only to the extent that  
15 such amounts are paid or incurred pursuant to a  
16 written plan approved the board of directors or au-  
17 thorized officers to carry out the relocation described  
18 in paragraph (1).

19 “(6) OPERATING EXPENSES NOT TAKEN INTO  
20 ACCOUNT.—Any amount paid or incurred in connec-  
21 tion with the ongoing operation of a business unit  
22 shall not be treated as an amount paid or incurred  
23 in connection with the establishment or elimination  
24 of such business unit.

1           “(c) INCREASED DOMESTIC EMPLOYMENT REQUIRE-  
2 MENT.—No credit shall be allowed under this section un-  
3 less the number of full-time equivalent employees of the  
4 taxpayer for the taxable year for which the credit is  
5 claimed exceeds the number of full-time equivalent em-  
6 ployees of the taxpayer for the last taxable year ending  
7 before the first taxable year in which such eligible  
8 insourcing expenses were paid or incurred. For purposes  
9 of this subsection, full-time equivalent employees has the  
10 meaning given such term under section 45R(d) (and the  
11 applicable rules of section 45R(e)), determined by only  
12 taking into account wages (as otherwise defined in section  
13 45R(e)) paid with respect to services performed within the  
14 United States. All employers treated as a single employer  
15 under subsection (b), (c), (m), or (o) of section 414 shall  
16 be treated as a single employer for purposes of this sub-  
17 section.

18           “(d) CREDIT ALLOWED UPON COMPLETION OF  
19 INSOURCING PLAN.—

20                   “(1) IN GENERAL.—Except as provided in para-  
21 graph (2), eligible insourcing expenses shall be taken  
22 into account under subsection (a) in the taxable year  
23 during which the plan described in subsection (b)(5)  
24 has been completed and all eligible insourcing ex-

1       penses pursuant to such plan have been paid or in-  
2       curred.

3               “(2) ELECTION TO APPLY EMPLOYMENT TEST  
4       AND CLAIM CREDIT IN FIRST FULL TAXABLE YEAR  
5       AFTER COMPLETION OF PLAN.—If the taxpayer  
6       elects the application of this paragraph, eligible  
7       insourcing expenses shall be taken into account  
8       under subsection (a) in the first taxable year after  
9       the taxable year described in paragraph (1).

10              “(e) POSSESSIONS TREATED AS PART OF THE  
11       UNITED STATES.—For purposes of this section, the term  
12       ‘United States’ shall be treated as including each posses-  
13       sion of the United States (including the Commonwealth  
14       of Puerto Rico and the Commonwealth of the Northern  
15       Mariana Islands).

16              “(f) REGULATIONS.—The Secretary shall prescribe  
17       such regulations or other guidance as may be necessary  
18       or appropriate to carry out the purposes of this section.”.

19              (b) CREDIT TO BE PART OF GENERAL BUSINESS  
20       CREDIT.—Section 38(b) of such Code is amended by strik-  
21       ing “plus” at the end of paragraph (32), by striking the  
22       period at the end of paragraph (33) and inserting “, plus”,  
23       and by adding at the end the following new paragraph:

24                      “(34) the insourcing expenses credit determined  
25       under section 45U(a).”.

1 (c) CONFORMING AMENDMENTS.—

2 (1) Section 280C of such Code is amended by  
3 adding at the end the following new subsection:

4 “(i) CREDIT FOR INSOURCING EXPENSES.—No de-  
5 duction shall be allowed for that portion of the expenses  
6 otherwise allowable as a deduction taken into account in  
7 determining the credit under section 45U for the taxable  
8 year which is equal to the amount of the credit determined  
9 for such taxable year under section 45U(a).”.

10 (2) The table of sections for subpart D of part  
11 IV of subchapter A of chapter 1 of such Code is  
12 amended by adding at the end the following new  
13 item:

“Sec. 45U. Credit for insourcing expenses.”.

14 (d) EFFECTIVE DATE.—The amendments made by  
15 this section shall apply to amounts paid or incurred after  
16 the date of the enactment of this Act.

17 (e) APPLICATION TO UNITED STATES POSSES-  
18 SIONS.—

19 (1) PAYMENTS TO POSSESSIONS.—

20 (A) MIRROR CODE POSSESSIONS.—The  
21 Secretary of the Treasury shall make periodic  
22 payments to the United States Virgin Islands,  
23 Guam, and the Commonwealth of the Northern  
24 Mariana Islands in an amount equal to the loss  
25 to that possession by reason of section 45U of

1 the Internal Revenue Code of 1986. Such  
2 amount shall be determined by the Secretary of  
3 the Treasury based on information provided by  
4 the government of the respective possession.

5 (B) OTHER POSSESSIONS.—The Secretary  
6 of the Treasury shall make annual payments to  
7 the Commonwealth of Puerto Rico and Amer-  
8 ican Samoa in an amount estimated by the Sec-  
9 retary of the Treasury as being equal to the ag-  
10 gregate benefits that would have been provided  
11 to residents of each such possession by reason  
12 of section 45U of such Code if a mirror code  
13 tax system had been in effect in such posses-  
14 sion. The preceding sentence shall not apply  
15 with respect to any possession of the United  
16 States unless such possession has a plan, which  
17 has been approved by the Secretary of the  
18 Treasury, under which such possession will  
19 promptly distribute such payment to the resi-  
20 dents of such possession.

21 (2) COORDINATION WITH CREDIT ALLOWED  
22 AGAINST UNITED STATES INCOME TAXES.—No cred-  
23 it shall be allowed against United States income  
24 taxes under section 45U of such Code to any per-  
25 son—



1 (A) to whom a credit is allowed against  
2 taxes imposed by the possession by reason of  
3 such section, or

4 (B) who is eligible for a payment under a  
5 plan described in paragraph (1)(B).

6 (3) TREATMENT OF PAYMENTS.—For purposes  
7 of section 1324(b)(2) of title 31, United States  
8 Code, the payments under this section shall be treat-  
9 ed in the same manner as a refund due from sec-  
10 tions referred to in such section 1324(b)(2).

11 **SEC. 3. DENIAL OF DEDUCTION FOR OUTSOURCING EX-**  
12 **PENSES.**

13 (a) IN GENERAL.—Part IX of subchapter B of chap-  
14 ter 1 of the Internal Revenue Code of 1986 is amended  
15 by adding at the end the following new section:

16 **“SEC. 280I. OUTSOURCING EXPENSES.**

17 “(a) IN GENERAL.—No deduction otherwise allow-  
18 able under this chapter shall be allowed for any specified  
19 outsourcing expense.

20 “(b) SPECIFIED OUTSOURCING EXPENSE.—For pur-  
21 poses of this section—

22 “(1) IN GENERAL.—The term ‘specified out-  
23 sourcing expense’ means—

24 “(A) any eligible expense paid or incurred  
25 by the taxpayer in connection with the elimi-

1 nation of any business unit of the taxpayer (or  
2 of any member of any expanded affiliated group  
3 in which the taxpayer is also a member) located  
4 within the United States, and

5 “(B) any eligible expense paid or incurred  
6 by the taxpayer in connection with the estab-  
7 lishment of any business unit of the taxpayer  
8 (or of any member of any expanded affiliated  
9 group in which the taxpayer is also a member)  
10 located outside the United States,

11 if such establishment constitutes the relocation of  
12 business unit so eliminated. For purposes of the pre-  
13 ceding sentence, a relocation shall not be treated as  
14 failing to occur merely because such elimination oc-  
15 curs in a different taxable year than such establish-  
16 ment.

17 “(2) APPLICATION OF CERTAIN DEFINITIONS  
18 AND RULES.—

19 “(A) DEFINITIONS.—For purposes of this  
20 section, the terms ‘eligible expenses’, ‘business  
21 unit’, and ‘expanded affiliated group’ shall have  
22 the respective meanings given such terms by  
23 section 45U(b).

24 “(B) OPERATING EXPENSES NOT TAKEN  
25 INTO ACCOUNT.—A rule similar to the rule of

1 section 45U(b)(6) shall apply for purposes of  
2 this section.

3 “(c) SPECIAL RULES.—

4 “(1) APPLICATION TO DEDUCTIONS FOR DE-  
5 PRECIATION AND AMORTIZATION.—In the case of  
6 any portion of a specified outsourcing expense which  
7 is not deductible in the taxable year in which paid  
8 or incurred, such portion shall neither be chargeable  
9 to capital account nor amortizable.

10 “(2) POSSESSIONS TREATED AS PART OF THE  
11 UNITED STATES.—For purposes of this section, the  
12 term ‘United States’ shall be treated as including  
13 each possession of the United States (including the  
14 Commonwealth of Puerto Rico and the Common-  
15 wealth of the Northern Mariana Islands).

16 “(d) REGULATIONS.—The Secretary shall prescribe  
17 such regulations or other guidance as may be necessary  
18 or appropriate to carry out the purposes of this section,  
19 including regulations which provide (or create a rebuttable  
20 presumption) that certain establishments of business units  
21 outside the United States will be treated as relocations  
22 (based on timing or such other factors as the Secretary  
23 may provide) of business units eliminated within the  
24 United States.”.

1 (b) LIMITATION ON SUBPART F INCOME OF CON-  
 2 TROLLED FOREIGN CORPORATIONS DETERMINED WITH-  
 3 OUT REGARD TO SPECIFIED OUTSOURCING EXPENSES.—

4 Section 952(c) of such Code is amended by adding at the  
 5 end the following new paragraph:

6 “(4) EARNINGS AND PROFITS DETERMINED  
 7 WITHOUT REGARD TO SPECIFIED OUTSOURCING EX-  
 8 PENSES.—For purposes of this subsection, earnings  
 9 and profits of any controlled foreign corporation  
 10 shall be determined without regard to any specified  
 11 outsourcing expense (as defined in section  
 12 280I(b)).”.

13 (c) CLERICAL AMENDMENT.—The table of sections  
 14 for part IX of subchapter B of chapter 1 of such Code  
 15 is amended by adding at the end the following new item:

“Sec. 280I. Outsourcing expenses.”.

16 (d) EFFECTIVE DATE.—The amendments made by  
 17 this section shall apply to amounts paid or incurred after  
 18 the date of the enactment of this Act.

19 **SEC. 4. REINSTATEMENT OF DEDUCTION FOR MOVING EX-**  
 20 **PENSES.**

21 (a) IN GENERAL.—Section 217 of the Internal Rev-  
 22 enue Code of 1986 is amended by striking subsection (k).

1           (b) EFFECTIVE DATE.—The amendment made by  
2 this section shall apply to taxable years ending after the  
3 date of the enactment of this Act.

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