

115TH CONGRESS
1ST SESSION

S. _____

To amend the Internal Revenue Code of 1986 to provide a credit to employers who provide paid family and medical leave, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mrs. FISCHER (for herself and Mr. KING) introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to provide a credit to employers who provide paid family and medical leave, 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 “Strong Families Act”.

5 **SEC. 2. EMPLOYER CREDIT FOR PAID FAMILY AND MED-**
6 **ICAL LEAVE.**

7 (a) IN GENERAL.—

8 (1) ALLOWANCE OF CREDIT.—Subpart D of
9 part IV of subchapter A of chapter 1 of the Internal

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

3 **“SEC. 45S. EMPLOYER CREDIT FOR PAID FAMILY AND MED-**
4 **ICAL LEAVE.**

5 “(a) IN GENERAL.—For purposes of section 38, in
6 the case of an eligible employer, the paid family and med-
7 ical leave credit is an amount equal to 25 percent of the
8 amount of wages paid to qualifying employees during any
9 period in which such employees are on family and medical
10 leave.

11 “(b) LIMITATIONS.—

12 “(1) IN GENERAL.—The credit allowed under
13 subsection (a) with respect to any employee for any
14 taxable year shall not exceed the lesser of—

15 “(A) \$3,000, or

16 “(B) the product of the wages normally
17 paid to such employee for each hour (or frac-
18 tion thereof) of services performed for the em-
19 ployer and the number of hours (or fraction
20 thereof) for which family and medical leave is
21 taken.

22 For purposes of subparagraph (B), in the case of
23 any employee who is not paid on an hourly basis, the
24 wages of such employee shall be prorated to an
25 hourly basis under regulations established by the

1 Secretary, in consultation with the Secretary of
2 Labor.

3 “(2) MAXIMUM AMOUNT OF LEAVE SUBJECT TO
4 CREDIT.—The amount of family and medical leave
5 that may be taken into account with respect to any
6 employee under subsection (a) for any taxable year
7 shall not exceed 12 weeks.

8 “(c) ELIGIBLE EMPLOYER.—For purposes of this
9 section—

10 “(1) IN GENERAL.—The term ‘eligible em-
11 ployer’ means any employer who has in place a pol-
12 icy that meets the following requirements:

13 “(A) The policy provides—

14 “(i) all qualifying full-time employees
15 with not less than 2 weeks of annual paid
16 family and medical leave, and

17 “(ii) all qualifying employees who are
18 not full-time employees with an amount of
19 annual paid family and medical leave that
20 bears the same ratio to 2 weeks as—

21 “(I) the number of hours the em-
22 ployee is expected to work during any
23 week, bears to

24 “(II) the number of hours an
25 equivalent qualifying full-time em-

1 “(i) ADDED EMPLOYEE.—The term
2 ‘added employee’ means a qualifying em-
3 ployee who is not covered by title I of the
4 Family and Medical Leave Act of 1993.

5 “(ii) ADDED EMPLOYER.—The term
6 ‘added employer’ means an eligible em-
7 ployer (determined without regard to this
8 paragraph), whether or not covered by that
9 title I, who offers paid family and medical
10 leave to added employees.

11 “(3) TREATMENT OF STATE-PAID BENEFITS.—
12 For purposes of paragraph (1), any leave which is
13 paid by a State or local government shall not be
14 taken into account in determining the amount of
15 paid family and medical leave provided by the em-
16 ployer.

17 “(4) NO INFERENCE.—Nothing in this sub-
18 section shall be construed as subjecting an employer
19 to any penalty, liability, or other consequence (other
20 than ineligibility for the credit allowed by reason of
21 subsection (a)) for failure to comply with the re-
22 quirements of this subsection.

23 “(d) QUALIFYING EMPLOYEES.—For purposes of
24 this section, the term ‘qualifying employee’ means any em-
25 ployee (as defined in section 3(e) of the Fair Labor Stand-

1 ards Act of 1938) who has been employed by the employer
2 for 1 year or more.

3 “(e) FAMILY AND MEDICAL LEAVE.—For purposes
4 of this section, the term ‘family and medical leave’ means
5 leave for any purpose described under subparagraph (A),
6 (B), (C), (D), or (E) of paragraph (1), or paragraph (3),
7 of section 102(a) of the Family and Medical Leave Act
8 of 1993, whether the leave is provided under that Act or
9 by a policy of the employer. Such term shall not include
10 any leave provided as paid vacation leave, personal leave,
11 or medical or sick leave (within the meaning of those 3
12 terms under section 102(d)(2) of that Act).

13 “(f) WAGES.—For purposes of this section, the term
14 ‘wages’ has the meaning given such term by subsection
15 (b) of section 3306 (determined without regard to any dol-
16 lar limitation contained in such section). Such term shall
17 not include any amount taken into account for purposes
18 of determining any other credit allowed under this sub-
19 part.

20 “(g) ELECTION TO HAVE CREDIT NOT APPLY.—

21 “(1) IN GENERAL.—A taxpayer may elect to
22 have this section not apply for any taxable year.

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

1 “(h) TERMINATION.—This section shall not apply to
2 wages paid in any taxable year beginning after the date
3 which is 2 years after the date of the enactment of the
4 Strong Families Act.”.

5 (b) CREDIT PART OF GENERAL BUSINESS CREDIT.—
6 Section 38(b) of the Internal Revenue Code of 1986 is
7 amended by striking “plus” at the end of paragraph (35),
8 by striking the period at the end of paragraph (36) and
9 inserting “, plus”, and by adding at the end the following
10 new paragraph:

11 “(37) in the case of an eligible employer (as de-
12 fined in section 45S(c)), the paid family and medical
13 leave credit determined under section 45S(a).”.

14 (c) CREDIT ALLOWED AGAINST AMT.—Subpara-
15 graph (B) of section 38(c)(4) of the Internal Revenue
16 Code of 1986 is amended by redesignating clauses (vii)
17 through (ix) as clauses (vii) through (x), respectively, and
18 by inserting after clause (vi) the following new clause:

19 “(vii) the credit determined under sec-
20 tion 45S,”.

21 (d) CONFORMING AMENDMENTS.—

22 (1) DENIAL OF DOUBLE BENEFIT.—Section
23 280C(a) of the Internal Revenue Code of 1986 is
24 amended by inserting “45S(a),” after “45P(a),”.

1 (2) ELECTION TO HAVE CREDIT NOT APPLY.—
2 Section 6501(m) of such Code is amended by insert-
3 ing “45S(g),” after “45H(g),”.

4 (3) CLERICAL AMENDMENT.—The table of sec-
5 tions for subpart D of part IV of subchapter A of
6 chapter 1 of such Code is amended by adding at the
7 end the following new item:

“Sec. 45S. Employer credit for paid family and medical leave.”.

8 (e) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to wages paid in taxable years be-
10 ginning after the date of the enactment of this Act.

11 **SEC. 3. GAO STUDY OF IMPACT OF TAX CREDIT TO PRO-**
12 **MOTE ACCESS TO PAID FAMILY AND MED-**
13 **ICAL LEAVE.**

14 (a) STUDY.—Not later than 3 years after the date
15 of enactment of this Act, the Comptroller General of the
16 United States, in consultation with the Secretary of the
17 Treasury and the Secretary of Labor, shall—

18 (1) complete a study that—

19 (A) examines the effectiveness of the tax
20 credit for paid family and medical leave author-
21 ized under section 45S of the Internal Revenue
22 Code of 1986 (as added by this Act) in terms
23 of—

1 (i) increasing access to paid family
2 and medical leave among qualifying em-
3 ployees;

4 (ii) promoting the creation of new
5 paid family and medical leave policies
6 among eligible employers;

7 (iii) increasing the generosity of exist-
8 ing paid family and medical leave policies
9 among eligible employers; and

10 (iv) incenting employee or employer
11 behavior that might not otherwise have oc-
12 curred in the absence of the credit;

13 (B) provides recommendations for ways to
14 modify or enhance the tax credit to further pro-
15 mote access to paid family and medical leave
16 for qualifying employees;

17 (C) provides suggestions of alternative
18 policies that Federal and State governments
19 could implement to increase access to paid fam-
20 ily and medical leave, particularly among quali-
21 fying employees; and

22 (2) prepare and submit a report to the Com-
23 mittee on Finance of the Senate and the Committee
24 on Ways and Means of the House of Representatives
25 setting forth the conclusions of the study conducted

1 under paragraph (1) in such a manner that the rec-
2 ommendations included in the report can inform fu-
3 ture legislative action. Such report shall also be
4 made publicly available via the website of the Gov-
5 ernment Accountability Office.

6 (b) PROHIBITION.—In carrying out the requirements
7 of this section, the Comptroller General of the United
8 States may request qualitative and quantitative informa-
9 tion from employers and employees claiming the credit
10 under section 45S of the Internal Revenue Code of 1986,
11 but nothing in this section shall be construed as man-
12 dating additional reporting requirements for such employ-
13 ers or employees beyond what is already required by law.