

109TH CONGRESS  
2D SESSION

# S. 3977

To provide a Federal income tax credit for Patriot employers, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

SEPTEMBER 28, 2006

Mr. DURBIN (for himself and Mr. OBAMA) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To provide a Federal income tax credit for Patriot employers, 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. REDUCED TAXES FOR PATRIOT EMPLOYERS.**

4       (a) IN GENERAL.—Subpart D of part IV of sub-  
5 chapter A of chapter 1 of the Internal Revenue Code of  
6 1986 is amended by adding at the end the following new  
7 section:

8 **“SEC. 45N. REDUCTION IN TAX OF PATRIOT EMPLOYERS.**

9       “(a) IN GENERAL.—In the case of any taxable year  
10 with respect to which a taxpayer is certified by the Sec-

1     retary as a Patriot employer, the Patriot employer credit  
2     determined under this section for purposes of section 38  
3     shall be equal to 1 percent of the taxable income of the  
4     taxpayer which is properly allocable to all trades or busi-  
5     nesses with respect to which the taxpayer is certified as  
6     a Patriot employer for the taxable year.

7           “(b) PATRIOT EMPLOYER.—For purposes of sub-  
8     section (a), the term ‘Patriot employer’ means, with re-  
9     spect to any taxable year, any taxpayer which—

10           “(1) maintains its headquarters in the United  
11     States if the taxpayer has ever been headquartered  
12     in the United States,

13           “(2) pays at least 60 percent of each employee’s  
14     health care premiums,

15           “(3) if such taxpayer employs at least 50 em-  
16     ployees on average during the taxable year—

17           “(A) maintains or increases the number of  
18     full-time workers in the United States relative  
19     to the number of full-time workers outside of  
20     the United States,

21           “(B) compensates each employee of the  
22     taxpayer at an hourly rate (or equivalent there-  
23     of) not less than an amount equal to the Fed-  
24     eral poverty level for a family of three for the

1           calendar year in which the taxable year begins  
2           divided by 2,080,

3           “(C) provides either—

4               “(i) a defined contribution plan which  
5               for any plan year—

6                   “(I) requires the employer to  
7               make nonelective contributions of at  
8               least 5 percent of compensation for  
9               each employee who is not a highly  
10               compensated employee, or

11                   “(II) requires the employer to  
12               make matching contributions of 100  
13               percent of the elective contributions of  
14               each employee who is not a highly  
15               compensated employee to the extent  
16               such contributions do not exceed the  
17               percentage specified by the plan (not  
18               less than 5 percent) of the employee’s  
19               compensation, or

20                   “(ii) a defined benefit plan which for  
21               any plan year requires the employer to  
22               make contributions on behalf of each em-  
23               ployee who is not a highly compensated  
24               employee in an amount which will provide  
25               an accrued benefit under the plan for the

1 plan year which is not less than 5 percent  
2 of the employee's compensation, and

3 " (D) provides full differential salary and  
4 insurance benefits for all National Guard and  
5 Reserve employees who are called for active  
6 duty, and

7 " (4) if such taxpayer employs less than 50 em-  
8 ployees on average during the taxable year, either—

9 " (A) compensates each employee of the  
10 taxpayer at an hourly rate (or equivalent there-  
11 of) not less than an amount equal to the Fed-  
12 eral poverty level for a family of 3 for the cal-  
13 endar year in which the taxable year begins di-  
14 vided by 2,080, or

15 " (B) provides either—

16 " (i) a defined contribution plan which  
17 for any plan year—

18 " (I) requires the employer to  
19 make nonelective contributions of at  
20 least 5 percent of compensation for  
21 each employee who is not a highly  
22 compensated employee, or

23 " (II) requires the employer to  
24 make matching contributions of 100  
25 percent of the elective contributions of

15 (b) ALLOWANCE AS GENERAL BUSINESS CREDIT.—  
16 Section 38(b) of the Internal Revenue Code or 1986 is  
17 amended by striking “and” at the end of paragraph (25),  
18 by striking the period at the end of paragraph (26) and  
19 inserting “, and”, and by adding at the end the following:  
20 “(27) the Patriot employer credit determined  
21 under section 45N.”.

22 (c) EFFECTIVE DATE.—The amendments made by  
23 this section shall apply to taxable years beginning after  
24 December 31, 2006.

