

103^D CONGRESS
1ST SESSION

H. R. 2597

To amend the Internal Revenue Code of 1986 to allow a credit to small employers for the cost of implementing health promotion and disease prevention programs for their employees.

IN THE HOUSE OF REPRESENTATIVES

JULY 1, 1993

Mr. MACHTLEY (for himself and Mr. KOPETSKI) 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 allow a credit to small employers for the cost of implementing health promotion and disease prevention programs for their employees.

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 “Worksite Wellness Act
5 of 1993”.

6 **SEC. 2. STATEMENT OF FINDINGS.**

7 The Congress hereby finds that—

1 (1) more businesses are promoting disease pre-
2 vention, healthy lifestyles, and good nutrition
3 through wellness programs than did so in the past;

4 (2) businesses can save on insurance premiums
5 and reduce the number of health insurance claims
6 filed by their employees if employees would partici-
7 pate in a wellness program;

8 (3) wellness programs lead to lower health care
9 costs, reduced absenteeism, increased productivity,
10 and higher morale;

11 (4) one of the Healthy People 2000 national
12 health objectives is to have disease prevention and
13 health promotion programs in at least 85 percent of
14 worksites with 50 or more employees;

15 (5) a recent survey conducted by the Office of
16 Disease Prevention and Health Promotion reported
17 that 81 percent of companies with 50 or more em-
18 ployees had at least 1 health promotion activity in
19 1992 compared with 66 percent in 1985; and

20 (6) small businesses have less money to devote
21 to employee benefits and therefore shall be given
22 greater incentives to invest in wellness programs for
23 their employees.

1 **SEC. 3. CREDIT FOR EXPENDITURES TO IMPLEMENT**
2 **HEALTH PROMOTION AND DISEASE REDUC-**
3 **TION PROGRAMS.**

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

8 **“SEC. 45A. EXPENDITURES TO IMPLEMENT WELLNESS PRO-**
9 **GRAMS FOR EMPLOYEES.**

10 GENERAL RULE.—For purposes of section 38, in the
11 case of an eligible small employer, the amount of the
12 wellness program credit determined under this section for
13 the taxable year is 50 percent of the qualified wellness
14 program expenses paid or incurred by the taxpayer during
15 the taxable year.

16 “(b) LIMITATION.—The credit determined under sub-
17 section (a) with respect to any eligible small employer for
18 any taxable year shall not exceed \$10,000.

19 “(c) ELIGIBLE SMALL EMPLOYER.—The term ‘eligi-
20 ble small employer’ means any employer if—

21 “(1) either—

22 “(A) the gross receipts of such employer
23 for the preceding taxable year did not exceed
24 \$3,500,000, or

25 “(B) in the case of any employer to which
26 subparagraph (A) does not apply, such em-

1 employer employee not more than 500 full-time
2 employees during the preceding taxable year,
3 and

4 “(2) such employer elects the application of this
5 section for the taxable year.

6 For purposes of paragraph (1)(B), an employee shall be
7 considered a full-time employee if such employee is em-
8 ployed at least 30 hours per week for 20 or more calendar
9 weeks in the calendar year.

10 “(d) QUALIFIED WELLNESS PROGRAM EXPENSES.—

11 For purposes of this section—

12 “(1) IN GENERAL.—Except as otherwise pro-
13 vided in this subsection, the term ‘qualified wellness
14 program expenses’ means the expenses paid or in-
15 curred by the taxpayer in providing services (and
16 other benefits) to employees under a qualified
17 wellness program of the taxpayer.

18 “(2) DEPRECIATION ALLOWANCES.—For pur-
19 poses of this subsection, depreciation allowances
20 under section 167 shall be treated as expenses.

21 “(3) ONLY DOMESTIC EMPLOYMENT QUALI-
22 FIED.—Amounts may be taken into account under
23 paragraph (1) with respect to any services only if
24 such services are provided in the United States.

1 “(e) QUALIFIED WELLNESS PROGRAM.—For pur-
2 poses of this section, the term ‘qualified wellness program’
3 means any separate written plan of an employer for the
4 exclusive benefit of his employees if—

5 “(1) such plan provides employees with 1 or
6 more of the following benefits:

7 “(A) physical fitness or sports programs,

8 “(B) nutrition or weight control programs,

9 “(C) programs to reduce use of tobacco,
10 alcohol, or other drugs,

11 “(D) mental health programs,

12 “(E) maternal and infant health programs,

13 “(F) heart disease prevention programs,

14 “(G) immunization programs, and

15 “(H) programs for clinical prevention serv-
16 ices.

17 “(2) such plan benefits employees who qualify
18 under a classification set up by the employer and
19 found by the Secretary not to be discriminatory in
20 favor of employees who are highly compensated em-
21 ployees (within the meaning of section 414(q)) or
22 their dependents, and

23 “(3) such plan does not provide eligible employ-
24 ees with a choice between benefits under such plan
25 and other remuneration includible in gross income.

1 “(f) SPECIAL RULES.—

2 “(1) APPLICATION OF DISCRIMINATION
3 RULES.—For purposes of subsection (e)(2), there
4 shall be excluded from consideration employees not
5 included in the program who are included in a unit
6 of employees covered by an agreement which the
7 Secretary of Labor finds to be a collective bargain-
8 ing agreement between employee representatives and
9 1 or more employers.

10 “(2) CERTAIN BUSINESS PRACTICES.—For pur-
11 poses of subsection (e)(3), the business practices of
12 the employer (as well as the written plan) shall be
13 taken into account.

14 “(3) CERTAIN OTHER RULES MADE APPLICA-
15 BLE.—For purpose of this section, rules similar to
16 the rules of paragraphs (2), (3), (4), (5), and (6) of
17 section 44(d) shall apply.”

18 (b) CREDIT MADE PART OF GENERAL BUSINESS
19 CREDIT.—Subsection (b) of section 38 of such Code is
20 amended by striking “plus” at the end of paragraph (7),
21 by striking the period at the end of paragraph (8) and
22 inserting “, plus”, and by adding at the end thereof the
23 following new paragraph:

1 “(9) in the case of an eligible small employer,
2 the wellness program credit determined under sec-
3 tion 45A(a).”

4 (c) DENIAL OF DOUBLE BENEFIT.—Section 280C of
5 such Code is amended by adding at the end thereof the
6 following new subsection:

7 “(d) CREDIT FOR WELLNESS PROGRAM EX-
8 PENSES.—No deduction shall be allowed for that portion
9 of the qualified wellness program expenses (as defined in
10 section 45A(c)) otherwise allowable as a deduction for the
11 taxable year which is equal to the amount of the credit
12 determined for such taxable year under section 45A(a).”

13 (d) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to taxable years beginning after
15 the date of the enactment of this Act.

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