

104TH CONGRESS  
2D SESSION

# H. R. 3383

To amend the Fair Labor Standards Act of 1938 to increase the minimum wage rate under that Act and to implement a new work opportunity tax credit, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 1, 1996

Mr. HOUGHTON (for himself and Mr. ROBERTS) introduced the following bill; which was referred to the Committee on Economic and Educational Opportunities, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend the Fair Labor Standards Act of 1938 to increase the minimum wage rate under that Act and to implement a new work opportunity tax credit, 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 “Minimum Wage In-  
5 crease and Work Opportunity Tax Credit Act of 1996”.

1 **SEC. 2. INCREASE IN MINIMUM WAGE.**

2 Paragraph (1) of section 6(a) of the Fair Labor  
3 Standards Act of 1938 (29 U.S.C. 206(a)) is amended to  
4 read as follows:

5 “(1) except as otherwise provided in this sec-  
6 tion, not less than \$4.25 an hour during the period  
7 ending 90 days after the date of the enactment of  
8 the Minimum Wage Increase Act of 1996, not less  
9 than \$4.75 an hour during the year beginning on  
10 that date, and not less than \$5.25 an hour after the  
11 expiration of such year;”.

12 **SEC. 2. WORK OPPORTUNITY TAX CREDIT.**

13 (a) REFERENCE.—Whenever in this section an  
14 amendment or repeal is expressed in terms of an amend-  
15 ment to, or repeal of, a section or other provision, the ref-  
16 erence shall be considered to be made to a section or other  
17 provision of the Internal Revenue Code of 1986.

18 (b) AMOUNT OF CREDIT.—Subsection (a) of section  
19 51 (relating to amount of credit) is amended by striking  
20 “40 percent” and inserting “35 percent”.

21 (c) MEMBERS OF TARGETED GROUPS.—Subsection  
22 (d) of section 51 is amended to read as follows:

23 “(d) MEMBERS OF TARGETED GROUPS.—For pur-  
24 poses of this subpart—

25 “(1) IN GENERAL.—An individual is a member  
26 of a targeted group if such individual is—

1 “(A) a qualified IV–A recipient,

2 “(B) a qualified veteran,

3 “(C) a qualified ex-felon,

4 “(D) a high-risk youth,

5 “(E) a vocational rehabilitation referral, or

6 “(F) a qualified summer youth employee.

7 “(2) QUALIFIED IV–A RECIPIENT.—

8 “(A) IN GENERAL.—The term ‘qualified  
9 IV–A recipient’ means any individual who is  
10 certified by the designated local agency as being  
11 a member of a family receiving assistance under  
12 a IV–A program for at least a 9-month period  
13 ending during the 9-month period ending on the  
14 hiring date.

15 “(B) IV–A PROGRAM.—For purposes of  
16 this paragraph, the term ‘IV–A program’ means  
17 any program providing assistance under a State  
18 plan approved under part A of title IV of the  
19 Social Security Act (relating to assistance for  
20 needy families with minor children) and any  
21 successor of such program.

22 “(3) QUALIFIED VETERAN.—

23 “(A) IN GENERAL.—The term ‘qualified  
24 veteran’ means any veteran who is certified by  
25 the designated local agency as being—

1           “(i) a member of a family receiving  
2 assistance under a IV–A program (as de-  
3 fined in paragraph (2)(B)) for at least a 9-  
4 month period ending during the 12-month  
5 period ending on the hiring date, or

6           “(ii) a member of a family receiving  
7 assistance under a food stamp program  
8 under the Food Stamp Act of 1977 for at  
9 least a 3-month period ending during the  
10 12-month period ending on the hiring date.

11           “(B) VETERAN.—For purposes of subpara-  
12 graph (A), the term ‘veteran’ means any indi-  
13 vidual who is certified by the designated local  
14 agency as—

15           “(i)(I) having served on active duty  
16 (other than active duty for training) in the  
17 Armed Forces of the United States for a  
18 period of more than 180 days, or

19           “(II) having been discharged or re-  
20 leased from active duty in the Armed  
21 Forces of the United States for a service-  
22 connected disability, and

23           “(ii) not having any day during the  
24 60-day period ending on the hiring date

1           which was a day of extended active duty in  
2           the Armed Forces of the United States.

3           For purposes of clause (ii), the term ‘extended  
4           active duty’ means a period of more than 90  
5           days during which the individual was on active  
6           duty (other than active duty for training).

7           “(4) QUALIFIED EX-FELON.—The term ‘quali-  
8           fied ex-felon’ means any individual who is certified  
9           by the designated local agency—

10           “(A) as having been convicted of a felony  
11           under any statute of the United States or any  
12           State,

13           “(B) as having a hiring date which is not  
14           more than 1 year after the last date on which  
15           such individual was so convicted or was released  
16           from prison, and

17           “(C) as being a member of a family which  
18           had an income during the 6 months imme-  
19           diately preceding the earlier of the month in  
20           which such income determination occurs or the  
21           month in which the hiring date occurs, which,  
22           on an annual basis, would be 70 percent or less  
23           of the Bureau of Labor Statistics lower living  
24           standard.

1 Any determination under subparagraph (C) shall be  
2 valid for the 45-day period beginning on the date  
3 such determination is made.

4 “(5) HIGH-RISK YOUTH.—

5 “(A) IN GENERAL.—The term ‘high-risk  
6 youth’ means any individual who is certified by  
7 the designated local agency—

8 “(i) as having attained age 18 but not  
9 age 25 on the hiring date, and

10 “(ii) as having his principal place of  
11 abode within an empowerment zone or en-  
12 terprise community.

13 “(B) YOUTH MUST CONTINUE TO RESIDE  
14 IN ZONE.—In the case of a high-risk youth, the  
15 term ‘qualified wages’ shall not include wages  
16 paid or incurred for services performed while  
17 such youth’s principal place of abode is outside  
18 an empowerment zone or enterprise community.

19 “(6) VOCATIONAL REHABILITATION REFER-  
20 RAL.—The term ‘vocational rehabilitation referral’  
21 means any individual who is certified by the des-  
22 ignated local agency as—

23 “(A) having a physical or mental disability  
24 which, for such individual, constitutes or results  
25 in a substantial handicap to employment, and

1           “(B) having been referred to the employer  
2 upon completion of (or while receiving) rehabili-  
3 tative services pursuant to—

4           “(i) an individualized written rehabili-  
5 tation plan under a State plan for voca-  
6 tional rehabilitation services approved  
7 under the Rehabilitation Act of 1973, or

8           “(ii) a program of vocational rehabili-  
9 tation carried out under chapter 31 of title  
10 38, United States Code.

11           “(7) QUALIFIED SUMMER YOUTH EMPLOYEE.—

12           “(A) IN GENERAL.—The term ‘qualified  
13 summer youth employee’ means any individ-  
14 ual—

15           “(i) who performs services for the em-  
16 ployer between May 1 and September 15,

17           “(ii) who is certified by the designated  
18 local agency as having attained age 16 but  
19 not 18 on the hiring date (or if later, on  
20 May 1 of the calendar year involved),

21           “(iii) who has not been an employee  
22 of the employer during any period prior to  
23 the 90-day period described in subpara-  
24 graph (B)(i), and

1           “(iv) who is certified by the des-  
2           ignated local agency as having his principal  
3           place of abode within an empowerment  
4           zone or enterprise community.

5           “(B) SPECIAL RULES FOR DETERMINING  
6           AMOUNT OF CREDIT.—For purposes of applying  
7           this subpart to wages paid or incurred to any  
8           qualified summer youth employee—

9           “(i) subsection (b)(2) shall be applied  
10          by substituting ‘any 90-day period between  
11          May 1 and September 15’ for ‘the 1-year  
12          period beginning with the day the individ-  
13          ual begins work for the employer’, and

14          “(ii) subsection (b)(3) shall be applied  
15          by substituting ‘\$3,000’ for ‘\$6,000’.

16          The preceding sentence shall not apply to an in-  
17          dividual who, with respect to the same em-  
18          ployer, is certified as a member of another tar-  
19          geted group after such individual has been a  
20          qualified summer youth employee.

21          “(C) YOUTH MUST CONTINUE TO RESIDE  
22          IN ZONE.—Paragraph (5)(B) shall apply for  
23          purposes of this paragraph.

1           “(8) HIRING DATE.—The term ‘hiring date’  
2 means the day the individual is hired by the em-  
3 ployer.

4           “(9) DESIGNATED LOCAL AGENCY.—The term  
5 ‘designated local agency’ means a State employment  
6 security agency established in accordance with the  
7 Act of June 6, 1933, as amended (29 U.S.C. 49–  
8 49n).

9           “(10) SPECIAL RULES FOR CERTIFICATIONS.—

10           “(A) IN GENERAL.—An individual shall  
11 not be treated as a member of a targeted group  
12 unless—

13           “(i) on or before the day on which  
14 such individual begins work for the em-  
15 ployer, the employer has received a certifi-  
16 cation from a designated local agency that  
17 such individual is a member of a targeted  
18 group, or

19           “(ii)(I) on or before the day the indi-  
20 vidual is offered employment with the em-  
21 ployer, a pre-screening notice is completed  
22 by the employer with respect to such indi-  
23 vidual, and

24           “(II) not later than the 14th day after  
25 the individual begins work for the em-

1           ployer, the employer submits such notice,  
2           signed by the employer and the individual  
3           under penalties of perjury, to the des-  
4           ignated local agency as part of a written  
5           request for such a certification from such  
6           agency.

7           For purposes of this paragraph, the term ‘pre-  
8           screening notice’ means a document (in such  
9           form as the Secretary shall prescribe) which  
10          contains information provided by the individual  
11          on the basis of which the employer believes that  
12          the individual is a member of a targeted group.

13           “(B) INCORRECT CERTIFICATIONS.—If—

14                   “(i) an individual has been certified  
15                   by a designated local agency as a member  
16                   of a targeted group, and

17                   “(ii) such certification is incorrect be-  
18                   cause it was based on false information  
19                   provided by such individual,

20          the certification shall be revoked and wages  
21          paid by the employer after the date on which  
22          notice of revocation is received by the employer  
23          shall not be treated as qualified wages.

24           “(C) EXPLANATION OF DENIAL OF RE-  
25          QUEST.—If a designated local agency denies a

1 request for certification of membership in a tar-  
2 geted group, such agency shall provide to the  
3 person making such request a written expla-  
4 nation of the reasons for such denial.”

5 (d) MINIMUM EMPLOYMENT PERIOD.—Paragraph  
6 (3) of section 51(i) (relating to certain individuals ineli-  
7 gible) is amended to read as follows:

8 “(3) INDIVIDUALS NOT MEETING MINIMUM EM-  
9 PLOYMENT PERIOD.—No wages shall be taken into  
10 account under subsection (a) with respect to any in-  
11 dividual unless such individual either—

12 “(A) is employed by the employer at least  
13 180 days (20 days in the case of a qualified  
14 summer youth employee), or

15 “(B) has completed at least 500 hours  
16 (120 hours in the case of a qualified summer  
17 youth employee) of services performed for the  
18 employer.”

19 (e) TERMINATION.—Paragraph (4) of section 51(c)  
20 (relating to wages defined) is amended to read as follows:

21 “(4) TERMINATION.—The term ‘wages’ shall  
22 not include any amount paid or incurred to an indi-  
23 vidual who begins work for the employer—

24 “(A) after December 31, 1994, and before  
25 January 1, 1997, or

1 “(B) after December 31, 1997.”

2 (f) REDESIGNATION OF CREDIT.—

3 (1) Sections 38(b)(2) and 51(a) are each  
4 amended by striking “targeted jobs credit” and in-  
5 serting “work opportunity credit”.

6 (2) The subpart heading for subpart F of part  
7 IV of subchapter A of chapter 1 is amended by  
8 striking “**Targeted Jobs Credit**” and inserting  
9 “**Work Opportunity Credit**”.

10 (3) The table of subparts for such part IV is  
11 amended by striking “targeted jobs credit” and in-  
12 serting “work opportunity credit”.

13 (4) The heading for paragraph (3) of section  
14 1396(e) is amended by striking “TARGETED JOBS  
15 CREDIT” and inserting “WORK OPPORTUNITY CRED-  
16 IT”.

17 (g) TECHNICAL AMENDMENTS.—

18 (1) Paragraph (1) of section 51(c) is amended  
19 by striking “, subsection (d)(8)(D),”.

20 (2) Paragraph (3) of section 51(i) is amended  
21 by striking “(d)(12)” each place it appears and in-  
22 serting “(d)(6)”.

1       (h) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to individuals who begin work for  
3 the employer after December 31, 1996.

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