

# Union Calendar No. 272

107<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 4626

[Report No. 107-457]

To amend the Internal Revenue Code of 1986 to accelerate the marriage penalty relief in the standard deduction and to modify the work opportunity credit and the welfare-to-work credit.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 1, 2002

Mr. HOUGHTON (for himself and Mr. WELLER) introduced the following bill;  
which was referred to the Committee on Ways and Means

MAY 14, 2002

Reported with an amendment, committed to the Committee of the Whole  
House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italics]

[For text of introduced bill, see copy of bill as introduced on May 1, 2002]

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## A BILL

To amend the Internal Revenue Code of 1986 to accelerate the marriage penalty relief in the standard deduction and to modify the work opportunity credit and the welfare-to-work credit.

1        *Be it enacted by the Senate and House of Representa-*  
2        *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2       *This Act may be cited as the “Encouraging Work and*  
 3 *Supporting Marriage Act of 2002”.*

4       **TITLE I—ACCELERATION OF**  
 5 **MARRIAGE PENALTY RELIEF**

6 **SEC. 101. ACCELERATION OF INCREASE IN STANDARD DE-**  
 7 **DUCTION FOR JOINT RETURNS.**

8       *(a) IN GENERAL.—Paragraph (7) of section 63(c) of*  
 9 *the Internal Revenue Code of 1986, as amended by section*  
 10 *301 of the Economic Growth and Tax Relief Reconciliation*  
 11 *Act of 2001, is amended to read as follows:*

12               *“(7) APPLICABLE PERCENTAGE.—For purposes*  
 13 *of paragraph (2), the applicable percentage shall be*  
 14 *determined in accordance with the following table:*

<b>“For taxable years beginning in calendar year—</b>	<b>The applicable percentage is—</b>
<i>2003 or 2004 .....</i>	<i>170</i>
<i>2005 .....</i>	<i>174</i>
<i>2006 .....</i>	<i>184</i>
<i>2007 .....</i>	<i>187</i>
<i>2008 .....</i>	<i>190</i>
<i>2009 and thereafter .....</i>	<i>200.”.</i>

15       *(b) CONFORMING AMENDMENT.—Subsection (d) of sec-*  
 16 *tion 301 of the Economic Growth and Tax Relief Reconcili-*  
 17 *ation Act of 2001 is amended by striking “December 31,*  
 18 *2004” and inserting “December 31, 2002”.*

19       *(c) EFFECTIVE DATE.—The amendments made by this*  
 20 *section shall apply to taxable years beginning after Decem-*  
 21 *ber 31, 2002.*

1 **TITLE II—MODIFICATIONS TO**  
2 **WORK OPPORTUNITY CREDIT**  
3 **AND WELFARE-TO-WORK**  
4 **CREDIT**

5 **SEC. 201. MODIFICATIONS TO WORK OPPORTUNITY CREDIT**  
6 **AND WELFARE-TO-WORK CREDIT.**

7 (a) *ELIGIBILITY OF EX-FELONS DETERMINED WITH-*  
8 *OUT REGARD TO FAMILY INCOME.*—Paragraph (4) of sec-  
9 *tion 51(d) of the Internal Revenue Code of 1986 is amended*  
10 *by adding “and” at the end of subparagraph (A), by strik-*  
11 *ing “, and” at the end of subparagraph (B) and inserting*  
12 *a period, and by striking all that follows subparagraph (B).*

13 (b) *INCREASE IN MAXIMUM AGE FOR ELIGIBILITY OF*  
14 *FOOD STAMP RECIPIENTS.*—Clause (i) of section  
15 *51(d)(8)(A) of such Code is amended by striking “25” and*  
16 *inserting “30”.*

17 (c) *CLARIFICATION OF TREATMENT OF INDIVIDUALS*  
18 *UNDER INDIVIDUAL WORK PLANS.*—Subparagraph (B) of  
19 *section 51(d)(6) of such Code (relating to vocational reha-*  
20 *bilitation referral) is amended by striking “or” at the end*  
21 *of clause (i), by striking the period at the end of clause*  
22 *(ii) and inserting “, or”, and by adding at the end the fol-*  
23 *lowing new clause:*

24 *“(iii) an individual work plan devel-*  
25 *oped and implemented by an employment*

1           *network pursuant to subsection (g) of sec-*  
2           *tion 1148 of the Social Security Act with*  
3           *respect to which the requirements of such*  
4           *subsection are met.”*

5           *(d) EFFECTIVE DATE.—The amendments made by this*  
6           *section shall apply to individuals who begin work for the*  
7           *employer after December 31, 2002.*

8           **SEC. 202. CONSOLIDATION OF WORK OPPORTUNITY CREDIT**  
9                                   **WITH WELFARE-TO-WORK CREDIT.**

10           *(a) IN GENERAL.—Paragraph (1) of section 51(d) of*  
11           *the Internal Revenue Code of 1986 is amended by striking*  
12           *“or” at the end of subparagraph (G), by striking the period*  
13           *at the end of subparagraph (H) and inserting “, or”, and*  
14           *by adding at the end the following new subparagraph:*

15                           *“(I) a long-term family assistance recipi-*  
16                           *ent.”*

17           *(b) LONG-TERM FAMILY ASSISTANCE RECIPIENT.—*  
18           *Subsection (d) of section 51 of such Code is amended by*  
19           *redesignating paragraphs (10) through (12) as paragraphs*  
20           *(11) through (13), respectively, and by inserting after para-*  
21           *graph (9) the following new paragraph:*

22                           *“(10) LONG-TERM FAMILY ASSISTANCE RECIPI-*  
23                           *ENT.—The term ‘long-term family assistance recipi-*  
24                           *ent’ means any individual who is certified by the des-*  
25                           *ignated local agency—*

1           “(A) as being a member of a family receiv-  
2           ing assistance under a IV–A program (as defined  
3           in paragraph (2)(B)) for at least the 18-month  
4           period ending on the hiring date,

5           “(B)(i) as being a member of a family re-  
6           ceiving such assistance for 18 months beginning  
7           after August 5, 1997, and

8           “(i) as having a hiring date which is not  
9           more than 2 years after the end of the earliest  
10          such 18-month period, or

11          “(C)(i) as being a member of a family  
12          which ceased to be eligible for such assistance by  
13          reason of any limitation imposed by Federal or  
14          State law on the maximum period such assist-  
15          ance is payable to a family, and

16          “(ii) as having a hiring date which is not  
17          more than 2 years after the date of such ces-  
18          sation.”

19          (c) *INCREASED CREDIT FOR EMPLOYMENT OF LONG-*  
20          *TERM FAMILY ASSISTANCE RECIPIENTS.*—Section 51 of  
21          such Code is amended by inserting after subsection (d) the  
22          following new subsection:

23          “(e) *CREDIT FOR SECOND-YEAR WAGES FOR EMPLOY-*  
24          *MENT OF LONG-TERM FAMILY ASSISTANCE RECIPIENTS.*—

1           “(1) *IN GENERAL.*—*With respect to the employ-*  
2           *ment of a long-term family assistance recipient—*

3                   “(A) *the amount of the work opportunity*  
4                   *credit determined under this section for the tax-*  
5                   *able year shall include 40 percent of the qualified*  
6                   *second-year wages for such year, and*

7                   “(B) *in lieu of applying subsection (b)(3),*  
8                   *the amount of the qualified first-year wages, and*  
9                   *the amount of qualified second-year wages, which*  
10                   *may be taken into account with respect to such*  
11                   *a recipient shall not exceed \$10,000 per year.*

12           “(2) *QUALIFIED SECOND-YEAR WAGES.*—*For*  
13           *purposes of this subsection, the term ‘qualified second-*  
14           *year wages’ means qualified wages—*

15                   “(A) *which are paid to a long-term family*  
16                   *assistance recipient, and*

17                   “(B) *which are attributable to service ren-*  
18                   *dered during the 1-year period beginning on the*  
19                   *day after the last day of the 1-year period with*  
20                   *respect to such recipient determined under sub-*  
21                   *section (b)(2).*

22           “(3) *SPECIAL RULES FOR AGRICULTURAL AND*  
23           *RAILWAY LABOR.*—*If such recipient is an employee to*  
24           *whom subparagraph (A) or (B) of subsection (h)(1)*

1       *applies, rules similar to the rules of such subpara-*  
2       *graphs shall apply except that—*

3               “(A) *such subparagraph (A) shall be ap-*  
4               *plied by substituting ‘\$10,000’ for ‘\$6,000’, and*

5               “(B) *such subparagraph (B) shall be ap-*  
6               *plied by substituting ‘\$833.33’ for ‘\$500’.*”

7       (d) *REPEAL OF SEPARATE WELFARE-TO-WORK CRED-*  
8       *IT.—*

9               (1) *IN GENERAL.—Section 51A of such Code is*  
10       *hereby repealed.*

11              (2) *CLERICAL AMENDMENT.—The table of sec-*  
12       *tions for subpart F of part IV of subchapter A of*  
13       *chapter 1 of such Code is amended by striking the*  
14       *item relating to section 51A.*

15       (e) *EFFECTIVE DATE.—The amendments made by this*  
16       *section shall apply to individuals who begin work for the*  
17       *employer after December 31, 2002.*

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