To amend the Internal Revenue Code of 1986 to extend the employer credit for paid family and medical leave, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mrs. Fischer (for herself, Mr. King, and Ms. Collins) 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 extend the employer credit for paid family and medical leave, and for other purposes.

Be it enacted by the Senate and House of Representa-
atives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Paid Family Leave Pilot Extension Act”.

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SEC. 2. EXTENSION OF EMPLOYER CREDIT FOR PAID FAMILY AND MEDICAL LEAVE.

(a) Program Extension.—Section 45S(i) of the Internal Revenue Code of 1986 is amended by striking “December 31, 2019” and inserting “December 31, 2022”.

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after December 31, 2019.

SEC. 3. EMPLOYER REQUIREMENTS FOR RATE OF PAYMENT.

(a) In General.—Subsection (c) of section 45S of the Internal Revenue Code of 1986 is amended—

(1) in paragraph (1)(B), by inserting after the first sentence the following: “For purposes of determining the rate of payment under the program, any family and medical leave which is paid by a State or local government or required by State or local law, determined as a percentage of the wages normally paid to such employee for services performed for the employer, shall be taken into account.”, and

(2) in paragraph (4)—

(A) by striking “For purposes of this section, any” and inserting “Any”, and

(B) by striking “amount of paid family and medical leave provided by the employer”
and inserting “wages taken into account under subsection (a)”.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in section 13403 of Public Law 115-97.

SEC. 4. TECHNICAL CORRECTIONS.

(a) IN GENERAL.—Section 45S of the Internal Revenue Code of 1986 is amended—

(1) in subsection (b)(1), by striking “credit allowed” and inserting “wages taken into account”,

(2) in subsection (c), by striking paragraph (3) and inserting the following:

“(3) AGGREGATION RULE.—

“(A) IN GENERAL.—Except as provided in subparagraph (B), all persons which are treated as a single employer under subsections (b) and (c) of section 414 shall be treated as a single employer.

“(B) EXCEPTION.—

“(i) IN GENERAL.—Subparagraph (A) shall not apply to any person who establishes to the satisfaction of the Secretary that such person has a substantial and legitimate business reason for failing to pro-
vide a written policy described in para-

graph (1) or (2).

“(ii) **SUBSTANTIAL AND LEGITIMATE

BUSINESS REASON**.—For purposes of

clause (i), the term ‘substantial and legiti-

mate business reason’ shall not include the

operation of a separate line of business,

the rate of wages or category of jobs for

employees (or any similar basis), or the ap-

plication of State or local laws relating to

family and medical leave, but may include

the grouping of employees of a common

law employer.”, and

(3) in subsection (d)(2), by inserting “, as de-
determined on an annualized basis (pro-rata for part-
time employees),” after “compensation”.

(b) **EFFECTIVE DATE.**—The amendments made by

this section shall take effect as if included in section

13403 of Public Law 115-97.

**SEC. 5. GAO STUDY OF IMPACT OF TAX CREDIT TO Pro-

MOTe ACCESS TO PAID FAMILY AND MED-

ICAL LEAVE.**

(a) **STUDY.**—Not later than June 30, 2022, the

Comptroller General of the United States, in consultation
with the Secretary of the Treasury and the Secretary of Labor, shall—

(1) complete a study that—

(A) examines the effectiveness of the tax credit for paid family and medical leave authorized under section 45S of the Internal Revenue Code of 1986 in terms of—

(i) increasing access to paid family and medical leave among qualifying employees;

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

(iii) increasing the generosity of existing paid family and medical leave policies among eligible employers; and

(iv) incenting employee or employer behavior that might not otherwise have occurred in the absence of the credit;

(B) provides recommendations for ways to modify or enhance the tax credit to further promote access to paid family and medical leave for qualifying employees; and

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

(2) prepare and submit a report to the Com-
mittee on Finance of the Senate and the Committee
on Ways and Means of the House of Representatives
setting forth the conclusions of the study conducted
under paragraph (1) in such a manner that the rec-
ommendations included in the report can inform fu-
ture legislative action.

Such report shall also be made publicly available via the
website of the Government Accountability Office.

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