

117TH CONGRESS  
2D SESSION

**S.** \_\_\_\_\_

To amend the Internal Revenue Code of 1986 to enhance the credit for small employer pension plan startup costs.

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IN THE SENATE OF THE UNITED STATES

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Mr. HICKENLOOPER introduced the following bill; which was read twice and referred to the Committee on \_\_\_\_\_

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**A BILL**

To amend the Internal Revenue Code of 1986 to enhance the credit for small employer pension plan startup costs.

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 “Incentivizing Small  
5 Business Retirement Savings Act”.

6 **SEC. 2. CREDITS FOR EMPLOYER CONTRIBUTIONS BY CER-**  
7 **TAIN ELIGIBLE EMPLOYERS.**

8 (a) IN GENERAL.—Section 45E of the Internal Rev-  
9 enue Code of 1986 is amended by adding at the end the  
10 following new subsection:

1       “(f) ADDITIONAL CREDIT FOR EMPLOYER CON-  
2       TRIBUTIONS BY CERTAIN ELIGIBLE EMPLOYERS.—

3               “(1) IN GENERAL.—In the case of an eligible  
4       employer, the credit allowed for the taxable year  
5       under subsection (a) (determined without regard to  
6       this subsection, and after the application of sub-  
7       section (b)) shall be increased by an amount equal  
8       to the applicable percentage of employer contribu-  
9       tions (other than any elective deferrals (as defined  
10      in section 402(g)(3))) made by the employer to an  
11      eligible employer plan (other than a defined benefit  
12      plan (as defined in section 414(j))) for the taxable  
13      year.

14              “(2) LIMITATIONS.—

15                      “(A) DOLLAR LIMITATION.—The amount  
16      determined under paragraph (1) (before the ap-  
17      plication of subparagraph (B)) with respect to  
18      any employee of the employer shall not exceed  
19      \$1,000.

20                      “(B) CREDIT PHASE-OUT.—With respect  
21      to any taxable year, the \$1,000 amount under  
22      subparagraph (A) shall be reduced by 2 percent  
23      for each employee by which the number of em-  
24      ployees of the employer for the preceding tax-  
25      able year exceeds 50.

1           “(C) ONLY NON-HIGHLY COMPENSATED  
2           EMPLOYEES TAKEN INTO ACCOUNT.—For pur-  
3           poses of paragraph (1), only contributions with  
4           respect to employees who are not highly com-  
5           pensated employee (as defined in section  
6           414(q)) shall be taken into account.

7           “(3) APPLICABLE PERCENTAGE.—For purposes  
8           of this subsection, the applicable percentage is—

9           “(A) for the first credit year with respect  
10          to the employer for purposes of subsection (b)  
11          and the taxable year immediately following such  
12          first credit year, 100 percent,

13          “(B) for the 2nd taxable year following  
14          such first credit year, 75 percent,

15          “(C) for the 3rd taxable year following  
16          such first credit year, 50 percent,

17          “(D) for the 4th taxable year following  
18          such first credit year, 25 percent, and

19          “(E) zero percent thereafter.”.

20          (b) DISALLOWANCE OF DEDUCTION.—Section  
21          45E(e)(2) of the Internal Revenue Code of 1986 is amend-  
22          ed to read as follows:

23          “(2) DISALLOWANCE OF DEDUCTION.—No de-  
24          duction shall be allowed—

1           “(A) for that portion of the qualified start-  
2 up costs paid or incurred for the taxable year  
3 which is equal to so much of the portion of the  
4 credit determined under subsection (a) as is  
5 properly allocable to such costs, or

6           “(B) for that portion of the employer con-  
7 tributions made by the employer for the taxable  
8 year which is equal to so much of the credit in-  
9 crease determined under subsection (f) as is  
10 properly allocable to such contributions.”.

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