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(Original Signature of Member)

119TH CONGRESS  
2D SESSION

**H. R.** \_\_\_\_\_

To amend the Internal Revenue Code of 1986 to provide for a microemployer pension plan startup credit, to permit the assignment of small business pension plan startup credits, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

Ms. TENNEY introduced the following bill; which was referred to the Committee on \_\_\_\_\_

\_\_\_\_\_  
**A BILL**

To amend the Internal Revenue Code of 1986 to provide for a microemployer pension plan startup credit, to permit the assignment of small business pension plan startup credits, 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 “Retirement Investment  
5 in Small Employers Act”.

1 **SEC. 2. MICROEMPLOYER PENSION PLAN STARTUP CRED-**  
2 **IT.**

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

6 “(g) **CREDIT FOR MICROEMPLOYERS.**—

7 “(1) **IN GENERAL.**—In the case of a qualified  
8 microemployer—

9 “(A) subsection (a) shall be applied by  
10 substituting ‘100 percent’ for ‘50 percent’, and

11 “(B) subsection (b)(1) shall be applied by  
12 substituting ‘\$2,500’ for ‘\$500’ in subpara-  
13 graph (A) thereof.

14 “(2) **QUALIFIED MICROEMPLOYER.**—For pur-  
15 poses of this subsection, the term ‘qualified micro-  
16 employer’ means an employer which would be an eli-  
17 gible employer if section 408(p)(2)(C)(i)(I) were ap-  
18 plied by substituting ‘10’ for ‘100’, but only if the  
19 eligible employer plan established or maintained by  
20 such employer, under the terms of the plan, accepts  
21 payment of the matching contribution under section  
22 6433.””.

23 (b) **EFFECTIVE DATE.**—The amendment made by  
24 this section shall apply to taxable years beginning after  
25 December 31, 2026.

1 **SEC. 3. ASSIGNMENT OF SMALL BUSINESS PENSION PLAN**  
2 **STARTUP CREDITS.**

3 (a) IN GENERAL.—Section 45E of the Internal Rev-  
4 enue Code of 1986, as amended by section 2, is amended  
5 by adding at the end the following new subsection:

6 “(h) CREDIT FOR ELIGIBLE SERVICE PROVIDERS.—

7 “(1) IN GENERAL.—In the case of an eligible  
8 entity that provides services with respect to an eligi-  
9 ble employer plan, there shall be allowed as a credit  
10 against the tax imposed by this chapter for the tax-  
11 able year an amount determined under paragraph  
12 (2) for each of the first 3 credit years with respect  
13 to such plan, provided that the requirements of this  
14 subsection are satisfied.

15 “(2) AMOUNT OF CREDIT.—

16 “(A) IN GENERAL.—The amount of the  
17 credit allowed under this subsection for any tax-  
18 able year shall be equal to the credit that would  
19 have been allowable to the eligible employer  
20 under subsection (a) for such taxable year (de-  
21 termined without regard to subsection (f)), sub-  
22 ject to the limitations of subsection (b).

23 “(B) DETERMINATION OF CREDIT  
24 YEARS.—For purposes of this subsection, the  
25 term “credit year” means, with respect to a  
26 plan, the taxable year of the eligible entity

1           which includes the date that the eligible em-  
2           ployer plan becomes effective with respect to  
3           the eligible employer and the two taxable years  
4           immediately following such taxable year.

5           “(3) ELIGIBLE ENTITY.—For purposes of this  
6           subsection, the term ‘eligible entity’ means, with re-  
7           spect to the plan for which the credit is allowed  
8           under subsection (a), an entity that—

9                   “(A) with respect to the plan, provides  
10                  services that generate qualified startup costs;

11                  “(B) reduces the amount of fees that  
12                  would otherwise be charged to the eligible em-  
13                  ployer for such services by an amount not less  
14                  than the credit determined under paragraph (2)  
15                  for the taxable year; and

16                  “(C) obtains the certification described in  
17                  paragraph (4) prior to claiming the credit.

18           “(4) EMPLOYER CERTIFICATION.—The certifi-  
19           cation described in this paragraph is a written cer-  
20           tification that—

21                   “(A) is made by the eligible employer not  
22                  later than the date on which the services gener-  
23                  ating the qualified startup costs for the plan for  
24                  which the credit is allowed under subsection (a)  
25                  are provided; and

1 “(B) includes—

2 “(i) the number of employees of the  
3 eligible employer who are not highly com-  
4 pensated employees (as defined in section  
5 414(q)) and who are eligible to participate  
6 in the eligible employer plan maintained by  
7 the eligible employer as of the date such  
8 plan is established;

9 “(ii) that neither the employer nor  
10 any predecessor established or maintained  
11 a qualified employer plan with respect to  
12 which contributions were made, or benefits  
13 were accrued, for substantially the same  
14 employees as are in the qualified employer  
15 plan during the 3-taxable year period im-  
16 mediately preceding the 1st taxable year  
17 for which the credit under this section is  
18 otherwise allowable for the qualified em-  
19 ployer plan;

20 “(iii) that the employer will not claim  
21 a tax credit for qualified start up costs  
22 with respect to the plan for any taxable  
23 year;

24 “(iv) that the employer has not pro-  
25 vided a certification to any other service

1 provider for purposes of claiming tax cred-  
2 its with respect to the plan; and

3 “(v) such other information as the  
4 Secretary may require in published regula-  
5 tions.

6 “(5) COORDINATION WITH CREDIT TO EM-  
7 PLOYER.—No credit shall be allowed under sub-  
8 section (a) to an eligible employer with respect to a  
9 plan for which a credit is allowed under this sub-  
10 section to an eligible entity with respect to such  
11 plan.

12 “(6) TAX TREATMENT OF PAYMENTS.—With  
13 respect to the reduction in fees described in para-  
14 graph (3)(B), such payment—

15 “(A) shall not be includible in the gross in-  
16 come of the employer, and

17 “(B) with respect to the eligible entity,  
18 shall not be deductible under this title.

19 “(7) CERTAIN OTHER REQUIREMENTS.—The  
20 tax credit allowed to an eligible entity under para-  
21 graph (1) will not be reduced in taxable years fol-  
22 lowing the first credit year due to a change in the  
23 number of employees of the eligible employer de-  
24 scribed in subparagraph (b)(1)(B)(i).

1           “(8) RECAPTURE.—If the amount received by  
2           an eligible entity with respect to a qualified plan is  
3           greater than the credit under subsection (a) that  
4           would otherwise (but for this subsection) be allow-  
5           able to such employer with respect to such qualified  
6           plan, for example because the employer is not an eli-  
7           gible employer or incorrectly certifies the number of  
8           employees under (4)(B)(i), the tax imposed on such  
9           eligible entity under this chapter for the taxable year  
10          in which the credit is received with respect to such  
11          qualified plan shall be increased by the amount by  
12          which the credit received exceeds the amount that  
13          would otherwise (but for this subsection) be allow-  
14          able to such employer.”.

15          (b) EFFECTIVE DATE.—The amendment made by  
16          this section shall apply to taxable years beginning after  
17          December 31, 2026.