

117TH CONGRESS  
1ST SESSION

# H. R. 885

To amend the Internal Revenue Code of 1986 to provide tax credits for personal protective equipment to small businesses, non-profits, independent contractors, veterans' organizations, and farmers, among other entities, in any year in which the President declares a national emergency relating to COVID–19.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 5, 2021

Mrs. LAWRENCE (for herself, Mr. BALDERSON, Mr. QUIGLEY, and Mr. JOYCE of Pennsylvania) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to provide tax credits for personal protective equipment to small businesses, non-profits, independent contractors, veterans' organizations, and farmers, among other entities, in any year in which the President declares a national emergency relating to COVID–19.

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 “Small Business PPE  
5       Tax Credit Act”.

1 **SEC. 2. FINDINGS.**

2 Congress finds the following:

3 (1) On January 21, 2020, the United States  
4 confirmed the Nation’s first case of the 2019 novel  
5 coronavirus, which presents as the disease COVID–  
6 19.

7 (2) On March 11, 2020, the World Health Or-  
8 ganization upgraded the COVID–19 outbreak from  
9 global health emergency status to a pandemic.

10 (3) On March 15, 2020, the Centers for Dis-  
11 ease Control and Prevention recommended a restric-  
12 tion on gatherings of 50 or more people in the  
13 United States.

14 (4) Beginning in mid-March, the administration  
15 issued new guidelines on the pandemic and called for  
16 nationwide social distancing, among other pre-  
17 cautions, to slow the spread of COVID–19.

18 (5) On March 17, 2020, Dr. Anthony Fauci, in  
19 his capacity as Director of the National Institute of  
20 Allergy and Infectious Diseases, explained that “so-  
21 cial distancing is really physical separation of people,  
22 wherein circumstances where there are crowds, you  
23 remove yourself from very close contact.”

24 (6) Most Governors executed orders in States  
25 across the country to close or restrict operations of  
26 business across various industries on a temporary

1 basis, in an effort to promote social distancing, sty-  
2 mie the rapid spread of the coronavirus, and flatten  
3 the curve so as not to overwhelm the Nation's health  
4 care system's capacity.

5 (7) Those closures or operating limitations have  
6 caused significant strain on America's small busi-  
7 nesses in the interest of public health.

8 (8) Small businesses are the engine of the  
9 United States economy, comprising 99 percent of all  
10 business ventures in the United States and account-  
11 ing for half of the United States economy.

12 (9) In order to safely resume full operations,  
13 these small businesses need access to personal pro-  
14 tective equipment; in some cases, States are requir-  
15 ing employers and employees use this personal pro-  
16 tective equipment in order to allow public entry.

17 (10) Due to the fiscal strain of pandemic-re-  
18 lated losses on these small businesses, they cannot  
19 and should not bear the financial burden of acquir-  
20 ing personal protective equipment without relief.

21 (11) Providing relief through a tax credit for  
22 the purchase and use of personal protective equip-  
23 ment will directly support small businesses returning  
24 to and exceeding pre-COVID-19 pandemic produc-  
25 tion levels.

1           (12) At a Small Business Committee forum on  
 2           May 28, 2020, Mr. Charles “Tee” Rowe, President  
 3           and Chief Executive Officer of America’s SBDC,  
 4           testified to the potential value of such credits.

5           (13) Personal protective equipment tax credits  
 6           will be instrumental in safely and responsibly re-  
 7           starting the engine of the United States economy.

8   **SEC. 3. PERSONAL PROTECTIVE EQUIPMENT TAX CREDIT.**

9           (a) IN GENERAL.—Subpart D of part IV of sub-  
 10          chapter A of chapter 1 of the Internal Revenue Code of  
 11          1986 is amended by adding at the end the following new  
 12          section:

13   **“SEC. 45U. PERSONAL PROTECTIVE EQUIPMENT CREDIT.**

14          “(a) ALLOWANCE OF CREDIT.—For purposes of sec-  
 15          tion 38, the personal protective equipment credit deter-  
 16          mined under this section for the taxable year is an amount  
 17          equal to the amount paid by an eligible taxpayer in car-  
 18          rying on any trade or business for qualified personal pro-  
 19          tective equipment expenses during such year.

20          “(b) MAXIMUM CREDIT.—The credit determined  
 21          under this section with respect to any eligible taxpayer for  
 22          any taxable year shall not exceed \$25,000.

23          “(c) DEFINITION AND SPECIAL RULES.—For pur-  
 24          poses of this section—

25                 “(1) ELIGIBLE TAXPAYER.—

1           “(A) IN GENERAL.—The term ‘eligible tax-  
2           payer’ means—

3                   “(i) a small business concern,

4                   “(ii) any business concern (including  
5                   an enterprise that is engaged in the busi-  
6                   ness of production of food and fiber,  
7                   ranching and raising of livestock, aqua-  
8                   culture, and all other farming and agricul-  
9                   tural related industries), or Tribal business  
10                  concern that employs not more than the  
11                  greater of—

12                   “(I) 500 employees, or

13                   “(II) if applicable, the size stand-  
14                   ard in number of employees estab-  
15                   lished by the Small Business Adminis-  
16                   tration for the industry in which such  
17                   business concern, veterans organiza-  
18                   tion, or Tribal business concern oper-  
19                   ates, or

20                   “(iii) an individual who operates  
21                   under a sole proprietorship, as an inde-  
22                   pendent contractor, or as a self-employed  
23                   individual.

24           “(B) SMALL BUSINESS CONCERN.—The  
25           term ‘small business concern’ has the meaning

1 given such term under section 3 of the Small  
2 Business Act (15 U.S.C. 632), and also in-  
3 cludes—

4 “(i) any business concern that em-  
5 ploys not more than 500 employees per  
6 physical location of such business concern  
7 and that is assigned a North American In-  
8 dustry Classification System code begin-  
9 ning with 72,

10 “(ii) any business concern operating  
11 as a franchise that is assigned a franchise  
12 identifier code by the Small Business Ad-  
13 ministration, and

14 “(iii) any business concern that re-  
15 ceives financial assistance from a company  
16 licensed under section 301 of the Small  
17 Business Investment Act of 1958 (15  
18 U.S.C. 681).

19 “(C) DOCUMENTATION REQUIREMENTS.—

20 The Secretary may establish such documenta-  
21 tion requirements as are necessary to determine  
22 eligibility for a credit under this section.

23 “(2) QUALIFIED PERSONAL PROTECTIVE EQUIP-  
24 MENT EXPENSES.—The term ‘qualified personal pro-

1        tective equipment expenses’ includes amounts paid  
2        or incurred—

3                “(A) for the purpose of reducing the risk  
4                of Coronavirus Disease 2019 (COVID–19)  
5                transmission between people on the premises of  
6                the business of the taxpayer, including—

7                        “(i) gloves, medical masks, N–95 res-  
8                        pirators, eye protection, gowns and aprons,  
9                        boots or closed-toe work shoes, cleaning de-  
10                      tergents, hand sanitizers, cleaning products  
11                      and tools,

12                      “(ii) retrofitting or installation of  
13                      equipment, and

14                      “(iii) any other relevant expense the  
15                      Secretary, in consultation with the Sec-  
16                      retary of Health and Human Services, de-  
17                      termines necessary, and

18                “(B) at any time during a year in which,  
19        with respect to COVID–19—

20                      “(i) the President declares a national  
21                      emergency under the National Emer-  
22                      gencies Act (50 U.S.C. 1601 et seq.), or

23                      “(ii) an emergency involving Federal  
24                      primary responsibility is determined to  
25                      exist by the President under the section

1                   501(b) of the Robert T. Stafford Disaster  
2                   Relief and Emergency Assistance Act (42  
3                   U.S.C. 5191(b)).

4           “(d) DENIAL OF DOUBLE BENEFIT.—No deduction  
5 shall be allowed under this chapter for any amount taken  
6 into account in determining the credit under this section.

7           “(e) DENIAL OF CREDIT FOR COUNTERFEIT  
8 ITEMS.—No credit shall be allowed under this section with  
9 respect to any item if the Secretary determines such item  
10 to be counterfeit or sold or distributed in bad faith.”.

11          (b) CREDIT MADE PART OF GENERAL BUSINESS  
12 CREDIT.—Subsection (b) of section 38 of such Code is  
13 amended by striking “plus” at the end of paragraph (32),  
14 by striking the period at the end of paragraph (33) and  
15 inserting “, plus”, and by adding at the end the following  
16 new paragraph:

17               “(34) the personal protective equipment credit  
18               determined under section 45U.”.

19          (c) CLERICAL AMENDMENT.—The table of sections  
20 for subpart D of part IV of subchapter A of chapter 1  
21 is amended by adding at the end the following new item:

          “Sec. 45U. Personal Protective Equipment Credit.”.

22          (d) EFFECTIVE DATE.—The amendments made by  
23 this section shall apply to expenses made or incurred after



- 1 December 31, 2020, in taxable years ending after such
- 2 date.

