Sec. 3404. Repeal of work opportunity tax credit.

Current law: Under current law, an employer may claim a credit equal to 40 percent of qualified first-year wages of employees belonging to certain targeted groups. Such qualified wages are subject to various limits between $6,000 and $24,000, varying by the specific targeted group.

Provision: Under the provision, the work opportunity tax credit would be repealed. The provision would be effective for wages paid or incurred to individuals who begin work after 2017.

JCT estimate: According to JCT, the provision would increase revenues by $3.6 billion over 2018-2027.

Sec. 3405. Repeal of deduction for certain unused business credits.

Current law: Under current law, a taxpayer may carry unused business credits back one year and forward 20 years. However, a taxpayer generally may not deduct unused credits after dying or, in the case of a business taxpayer, ceasing to exist.

Provision: Under the provision, the deduction for unused business credits would be repealed. The provision would be effective for tax years beginning after 2017.

JCT estimate: According to JCT, the provision would have a negligible effect on revenues over 2018-2027.

Sec. 3406. Termination of new markets tax credit.

Current law: Under current law, certain qualifying taxpayers may claim a 5-percent credit per year for the first three years of investments in, and a 6-percent credit per year for the next four years of investments in qualified community development entities, which generally intend to serve low-income communities and low-income individuals.

Provision: Under the provision, no additional new markets tax credits would be allocated after 2017; however, credits that would have already been allocated may be used over the course of up to seven years as contemplated by the credit’s multi-year timeline.

JCT estimate: According to JCT, the provision would increase revenues by $1.7 billion over 2018-2027.