

119TH CONGRESS  
1ST SESSION

# S. 3265

To amend the Internal Revenue Code of 1986 to improve and enhance the work opportunity tax credit, to encourage longer-service employment, and to modernize the credit to make it more effective as a hiring incentive for targeted workers, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

NOVEMBER 20, 2025

Mr. CASSIDY (for himself, Ms. HASSAN, Mr. BOOZMAN, Mr. KAINE, Mr. MARSHALL, Mr. WELCH, Mr. MORAN, Mr. JUSTICE, and Ms. CORTEZ MASTO) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to improve and enhance the work opportunity tax credit, to encourage longer-service employment, and to modernize the credit to make it more effective as a hiring incentive for targeted workers, 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 “Improve and Enhance  
5 the Work Opportunity Tax Credit Act”.

1 **SEC. 2. IMPROVING AND ENHANCING WORK OPPORTUNITY**

2 **TAX CREDIT.**

3 (a) **EXTENSION.**—Section 51(c)(4) of the Internal  
4 Revenue Code of 1986 is amended by striking “December  
5 31, 2025” and inserting “December 31, 2030”.

6 (b) **ENHANCEMENT OF CREDIT.**—

7 (1) **IN GENERAL.**—Section 51(a) of the Internal  
8 Revenue Code of 1986 is amended—

9 (A) by striking “shall be equal to 40 per-  
10 cent” and all that follows and inserting the fol-  
11 lowing: “shall be equal to the sum of—

12 “(1) 50 percent of so much of the qualified  
13 first-year wages with respect to each individual for  
14 such year as does not exceed \$6,000, plus

15 “(2) in the case of individuals who have per-  
16 formed at least 400 hours of service for the em-  
17 ployer, 50 percent of so much of the qualified first-  
18 year wages with respect to each such individual for  
19 such year as exceeds the dollar amount in effect  
20 under paragraph (1) and does not exceed twice such  
21 dollar amount.”.

22 (2) **INFLATION ADJUSTMENTS.**—Section 51 of  
23 such Code is amended by adding at the end the fol-  
24 lowing new subsection:

25 “(1) **INFLATION ADJUSTMENT.**—

1           “(1) IN GENERAL.—In the case of any taxable  
2 year beginning after 2025, the \$6,000 amount in  
3 subsections (a)(1) and each of the \$10,000 amount  
4 in subsection (e)(1) shall be increased by an amount  
5 equal to—

6                   “(A) such dollar amount, multiplied by

7                   “(B) the cost-of-living adjustment deter-  
8 mined under section 1(f)(3) for the calendar  
9 year in which the taxable year begins, deter-  
10 mined by substituting ‘calendar year 2024’ for  
11 ‘calendar year 2016’ in subparagraph (A)(ii)  
12 thereof.

13           “(2) ROUNDING.—Any increase determined  
14 under paragraph (1) shall be rounded to the next  
15 nearest multiple of \$100.”.

16           (3) CONFORMING AMENDMENTS.—

17                   (A) LIMITATION ON WAGES TAKEN INTO  
18 ACCOUNT FOR CERTAIN VETERANS.—Section  
19 51(b)(3) of such Code is amended to read as  
20 follows:

21                   “(3) INCREASED LIMITATION ON WAGES TAKEN  
22 INTO ACCOUNT FOR CERTAIN VETERANS.—

23                   “(A) IN GENERAL.—In the case of any  
24 qualified veteran described in subparagraph

1 (B), subsection (a) shall be applied by sub-  
 2 stituting ‘the applicable amount’ for ‘\$6,000’.

3 “(B) APPLICABLE AMOUNT.—For purposes  
 4 of this paragraph, the applicable amount is—

5 “(i) in the case of any individual who  
 6 is a qualified veteran by reason of sub-  
 7 section (d)(3)(A)(ii)(I), 200 percent of the  
 8 dollar amount in effect under subsection  
 9 (a)(1),

10 “(ii) in the case of any individual who  
 11 is a qualified veteran by reason of sub-  
 12 section (d)(3)(A)(iv), 250 percent of the  
 13 dollar amount in effect under subsection  
 14 (a)(1), and

15 “(iii) in the case of any individual who  
 16 is a qualified veteran by reason of sub-  
 17 section (d)(3)(A)(ii)(II), 400 percent of the  
 18 dollar amount in effect under subsection  
 19 (a)(1).”.

20 (B) LONG-TERM FAMILY ASSISTANCE RE-  
 21 CIPIENTS.—

22 (i) IN GENERAL.—Section 51(e)(1) of  
 23 such Code is amended by striking “family  
 24 assistance recipient—” and all that follows  
 25 and inserting the following: “family assist-

1           ance recipient, in lieu of subsection (a), the  
2           amount of the work opportunity credit de-  
3           termined under this section for the taxable  
4           year shall be equal to—

5           “(1) 40 percent of so much of the qualified  
6           first-year wages with respect to such individual for  
7           such year as does not exceed \$10,000, and

8           “(2) 50 percent of so much of the qualified sec-  
9           ond-year wages with respect to such individual for  
10          such year as does not exceed \$10,000.”.

11                   (ii) CLERICAL AMENDMENT.—The  
12           heading for section 51(e) of such Code is  
13           amended by striking “CREDIT FOR SEC-  
14           OND-YEAR WAGES” and inserting “SPE-  
15           CIAL RULES FOR DETERMINING CREDIT”.

16           (C) SUMMER YOUTH EMPLOYEES.—Section  
17          51(d)(7)(B) of such Code is amended—

18                   (i) by striking clause (ii),

19                   (ii) by striking “, and” at the end of  
20           clause (i) and inserting a period,

21                   (iii) by redesignating clause (i) (as so  
22           amended) as clause (v), and

23                   (iv) by inserting before such clause (v)  
24           (as so redesignated) the following new  
25           clauses:

1 “(i) in lieu of the amount determined  
 2 under subsection (a), the amount of the  
 3 work opportunity credit determined under  
 4 this section for the taxable year shall be  
 5 equal to 40 percent of the qualified first-  
 6 year wages for such year,

7 “(ii) in the case of an individual de-  
 8 scribed in subsection (i)(3)(A), clause (i)  
 9 shall be applied by substituting ‘25 per-  
 10 cent’ for ‘40 percent’,

11 “(iii) in the case of an individual de-  
 12 scribed in subsection (i)(3)(B), no wages  
 13 shall be taken into account under clause  
 14 (i),

15 “(iv) the amount of qualified first-  
 16 year wages which may be taken into ac-  
 17 count with respect to such individual shall  
 18 not exceed 50 percent of the dollar amount  
 19 in effect under subsection (a)(1), and”.

20 (D) AGRICULTURAL AND RAILWAY

21 LABOR.—

22 (i) IN GENERAL.—Section 51(h)(1) of  
 23 such Code is amended—

24 (I) in subparagraph (A), by strik-  
 25 ing “\$6,000” and inserting “the dol-

1 lar amount in effect under subsection  
2 (a)(1)”, and

3 (II) in subparagraph (B), by  
4 striking “\$500 per month” and in-  
5 sserting “one-twelfth of the dollar  
6 amount in effect under subsection  
7 (a)(1) per month”.

8 (ii) RELATED CONFORMING AMEND-  
9 MENTS.—Section 51(e)(3) of such Code is  
10 amended by striking subparagraphs (A)  
11 and (B) and inserting the following:

12 “(A) such subparagraph (A) shall be ap-  
13 plied by substituting ‘the dollar amount in ef-  
14 fect under subsection (e)(1)’ for ‘the dollar  
15 amount in effect under subsection (a)(1)’, and

16 “(B) such subparagraph (B) shall be ap-  
17 plied by substituting ‘one-twelfth of the dollar  
18 amount in effect under subsection(e)(1)’ for  
19 ‘one-twelfth of the dollar amount in effect  
20 under subsection (a)(1)’.”.

21 (E) INDIVIDUALS NOT MEETING MINIMUM  
22 EMPLOYMENT PERIODS.—

23 (i) Subparagraphs (A) and (B) of sec-  
24 tion 51(i)(3) of such Code are each amend-

1 ed by striking “subsection (a)” and insert-  
2 ing “subsection (a)(1)”.

3 (ii) Section 51(i)(3)(A) of such Code  
4 is amended by striking “40 percent” and  
5 inserting “50 percent”.

6 (c) REMOVAL OF AGE LIMIT FOR QUALIFIED SUP-  
7 PLEMENTAL NUTRITION ASSISTANCE PROGRAM BENE-  
8 FITS RECIPIENT.—Section 51(d)(8)(A)(i) of such Code is  
9 amended by striking “but not age 40”.

10 (d) EFFECTIVE DATE.—The amendments made by  
11 this section shall apply to individuals who begin work for  
12 the employer after December 31, 2025.

13 **SEC. 3. ELIGIBILITY OF SPOUSES OF MILITARY PERSONNEL**  
14 **FOR THE WORK OPPORTUNITY CREDIT.**

15 (a) IN GENERAL.—Paragraph (1) of section 51(d) of  
16 the Internal Revenue Code of 1986 is amended by striking  
17 “or” at the end of subparagraph (I), by striking the period  
18 at the end of subparagraph (J) and inserting “, or”, and  
19 by adding at the end the following new subparagraph:

20 “(K) a qualified military spouse.”.

21 (b) QUALIFIED MILITARY SPOUSE.—Subsection (d)  
22 of section 51 of such Code is amended by adding at the  
23 end the following new paragraph:

24 “(16) QUALIFIED MILITARY SPOUSE.—The  
25 term ‘qualified military spouse’ means any individual

1 who is certified by the designated local agency as  
2 being (as of the hiring date) a spouse of a member  
3 of the Armed Forces of the United States.”.

4 (c) EFFECTIVE DATE.—The amendments made by  
5 this section shall apply to amounts paid or incurred after  
6 the date of the enactment of this Act to individuals who  
7 begin work for the employer after such date.

8 **SEC. 4. PROMOTION OF TARGETED GROUP MEMBER HIR-**  
9 **ING TO CERTAIN INDUSTRIES.**

10 The Secretary of the Treasury, the Secretary of Com-  
11 merce, the Secretary of Labor, and the Administrator of  
12 the Small Business Administration (or their respective del-  
13 egates), in consultation with each other and consistent  
14 with applicable law, shall promote the hiring of members  
15 of a targeted group (as defined in section 51(d) of the  
16 Internal Revenue Code of 1986) to business leaders across  
17 critical industry sectors, including manufacturing, infra-  
18 structure, energy, health care, and construction.

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