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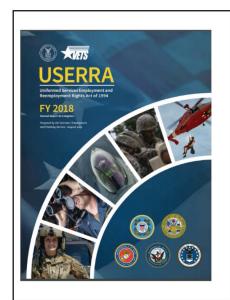


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Reserve Employers Comprehensive Relief and **Uniform Incentives on Taxes Act of 2021**

EANGUS urges the 117th Congress to support passage of the RECRUIT Act of 2021 which provides a tax credit to employers of National Guard and Reserve servicemembers to offset some of the cost when employees are called away on multiple deployments and to recognize their continued support.

National Guard and Reserve servicemembers continue to experience significant problems maintaining employment as a result of high operational demands in order to support domestic operations within the United States as well as supporting the Active Components in overseas contingency operations. In February 2017, the Department of Labor found Gulf War-Era II veterans continue to have higher unemployment rates than their civilian counterparts.



In the FY2018 annual report on the Uniformed Services Employment and Reemployment Rights Act of 1994, the Department of Labor reported they had reviewed 1,095 cases on USERRA, and "During FY 2018, ESGR received 17,568 contacts by telephone and email. Of those contacts, 1,655 resulted in actual USERRA cases which were reviewed by ESGR Ombudsmen."



In the 1st Session of the 116th Congress, H.R. 801, the Reserve Component Employer Incentive, Compensation, and Relief Act of 2019 was introduced in order to provide an employer tax credit to help ease the strain employers felt when temporarily losing employees who were called into Active Service for multiple deployments and activations.

The tax credit provides a scalable benefit for each employee based on the number of days missed for uniformed service. This proposed legislation would entitle employers to receive a tax credit for each Reserve Component servicemember employed. This tax credit would permit an employer to receive \$1,000 per qualified employee as well as an additional dollar amount depending on the total number of days served in uniform during the year, as follows:

- > 30-89 days of service à \$3,000
- 90-179 days of service à \$5,000
- ➤ 180+ days of service à \$10,000

During the 1st Session of the 117th Congress, Rep Ryan and Rep Palazzo have introduced the "Reserve Employers Comprehensive Relief and Uniform Incentives on Taxes Act of 2021", otherwise known as the "RECRUIT Act of 2021". This bill offers two changes from the bill introduced in the 116th Congress:

- 1) To calculate qualifying days of service, regularly scheduled weekend drills and annual training (39 days/year) were exempted.
- 2) Employer eligibility was limited to only small business concerns as defined by the Small Business Administration.

EANGUS strongly believes these two changes focus on the employers who desperately need relief from multiple activations and deployment.

While employers have tried to support national security, it would be naïve to think they are not encountering significant hardships during these times as a result of the temporary loss of their employees. Companies absorb the cost of replacing servicemembers with temporary employees or increasing overtime to fill the vacancy of mobilizations. Servicemembers have communicated to EANGUS that they are seeing fewer and fewer employers who are willing to hire National Guard and Reserve members because of the cost and disruption to companies. This is even more exacerbated in high-demand specialty positions and small businesses. Since the purpose of tax credits is to promote a specific behavior, EANGUS believes offering tax credits to companies will encourage them to hire National Guard and Reserve members.

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