

AMENDMENT TO RULES COMMITTEE PRINT 115-

39

OFFERED BY MR. BROWN OF MARYLAND

Add at the end the following:

1 **TITLE VI—WORKFORCE**
2 **DEVELOPMENT**

3 **SEC. 6001. EMPLOYER-PROVIDED WORKER TRAINING**
4 **CREDIT.**

5 (a) IN GENERAL.—

6 (1) DETERMINATION OF CREDIT.—Subpart D
7 of part IV of subchapter A of chapter 1 of the Inter-
8 nal Revenue Code of 1986 is amended by adding at
9 the end the following new section:

10 **“SEC. 45S. EMPLOYER-PROVIDED WORKER TRAINING**
11 **CREDIT.**

12 “(a) IN GENERAL.—For purposes of section 38, the
13 employer-provided worker training credit under this sec-
14 tion for the taxable year is an amount equal to 20 percent
15 of the excess (if any) of—

16 “(1) the qualified training expenditures for the
17 taxable year, over

18 “(2) the average of the adjusted qualified train-
19 ing expenditures for the 3 taxable years preceding

1 the taxable year for which the credit is being deter-
2 mined.

3 “(b) QUALIFIED TRAINING EXPENDITURES.—For
4 purposes of this section—

5 “(1) IN GENERAL.—The term ‘qualified train-
6 ing expenditures’ means any expenditures for the
7 qualified training of any non-highly compensated
8 employee. Such term shall not include any amounts
9 paid for meals, lodging, transportation, or other
10 services incidental to amounts described in para-
11 graph (1).

12 “(2) QUALIFIED TRAINING.—

13 “(A) IN GENERAL.—For purposes of para-
14 graph (1), the term ‘qualified training’ means
15 any of the following:

16 “(i) An apprenticeship program reg-
17 istered under section 1 of the Act of Au-
18 gust 16, 1937 (commonly known as the
19 ‘National Apprenticeship Act’; 50 Stat.
20 664, chapter 663; 29 U.S.C. 50 et seq.).

21 “(ii) A program licensed, registered,
22 or certified by the workforce investment
23 board or apprenticeship agency or council
24 of a State, or administered in compliance
25 with apprenticeship laws of a State.

1 “(iii) A program conducted by a voca-
2 tional or technical education school, com-
3 munity college, industrial or trade training
4 organization, or labor organization.

5 “(iv) A program which conforms to
6 apprentice training programs developed or
7 administered by an employer trade group
8 or committee.

9 “(v) An industry sponsored or admin-
10 istered program which is clearly identified
11 and commonly recognized.

12 “(B) RELATED DEFINITIONS.—In sub-
13 paragraph (A):

14 “(i) AREA CAREER AND TECHNICAL
15 EDUCATION SCHOOL.—The term ‘area ca-
16 reer and technical education school’ means
17 such a school, as defined in section 3 of
18 the Carl D. Perkins Career and Technical
19 Education Act of 2006 (20 U.S.C. 2302),
20 which participates in a program under that
21 Act (20 U.S.C. 2301 et seq.).

22 “(ii) COMMUNITY COLLEGE.—The
23 term ‘community college’ means an institu-
24 tion which—

1 “(I) is a junior or community col-
2 lege as defined in section 312(f) of the
3 Higher Education Act of 1965 (20
4 U.S.C. 1058(f)), except that the insti-
5 tution need not meet the requirements
6 of paragraph (1) of that section; and

7 “(II) participates in a program
8 under title IV of that Act (20 U.S.C.
9 1070 et seq.).

10 “(iii) INDUSTRY OR SECTOR PARTNER-
11 SHIP.—The term ‘industry or sector part-
12 nership’ has the meaning given such term
13 under section 3 of the Workforce Innova-
14 tion and Opportunity Act (29 U.S.C.
15 3102)

16 “(iv) INDUSTRY TRADE ASSOCIA-
17 TION.—The term ‘industry trade associa-
18 tion’ means an organization which—

19 “(I) is described in paragraph (3)
20 or (6) of section 501(c) of the Inter-
21 nal Revenue Code of 1986 and exempt
22 from taxation under section 501(a) of
23 such Code; and

24 “(II) is representing an industry.

1 “(v) LABOR ORGANIZATION.—The
2 term ‘labor organization’ means a labor or-
3 ganization, within the meaning of the term
4 in section 501(c)(5) of the Internal Rev-
5 enue Code of 1986.

6 “(vi) RECOGNIZED POSTSECONDARY
7 CREDENTIAL.—The term ‘recognized post-
8 secondary credential’ means a credential
9 consisting of an industry-recognized certifi-
10 cate or certification, a certificate of com-
11 pletion of an apprenticeship, a license rec-
12 ognized by the State involved or Federal
13 Government, or an associate or bacca-
14 laureate degree.

15 “(3) NON-HIGHLY COMPENSATED EMPLOYEE.—
16 For purposes of paragraph (1), the term ‘non-highly
17 compensated employee’ means an employee of the
18 taxpayer whose remuneration for the taxable year
19 for services provided to the taxpayer does not exceed
20 \$82,000 and who while participating in the job skills
21 training program is employed on average at least 40
22 hours of service per week.

23 “(c) ADJUSTED QUALIFIED TRAINING EXPENDI-
24 TURES.—For purposes of this section, the term ‘adjusted

1 qualified training expenses' means, with respect to any
2 taxable year—

3 “(1) the qualified training expenses for such
4 taxable year, multiplied by

5 “(2) the cost-of-living adjustment determined
6 under section 1(f)(3) for the calendar year in which
7 the taxable year for which the credit is being deter-
8 mined begins, except that section 1(f)(3)(B) shall be
9 applied by using the CPI for the calendar year in
10 which the taxable year in which qualified training
11 expenses were paid or incurred begins in lieu of the
12 CPI for calendar year 1982.

13 “(d) SPECIAL RULES.—For purposes of this sec-
14 tion—

15 “(1) SPECIAL RULE IN CASE OF NO QUALIFIED
16 TRAINING EXPENDITURES IN ANY OF 3 PRECEDING
17 TAXABLE YEARS.—

18 “(A) TAXPAYERS TO WHICH PARAGRAPH
19 APPLIES.—The credit under this section shall
20 be determined under this paragraph if the tax-
21 payer has no qualified training expenditures in
22 any one of the 3 taxable years preceding the
23 taxable year for which the credit is being deter-
24 mined.

1 “(B) CREDIT RATE.—The credit deter-
2 mined under this paragraph shall be equal to
3 10 percent of the adjusted qualified training ex-
4 penditures for the taxable year.

5 “(2) AGGREGATION AND ALLOCATION OF EX-
6 PENDITURES, ETC.—Rules similar to the rules of
7 paragraphs (1), (2), (3), (4), and (5) of section
8 41(f) shall apply.

9 “(e) ELECTION TO APPLY CREDIT AGAINST PAY-
10 ROLL TAXES.—

11 “(1) IN GENERAL.—At the election of a quali-
12 fied small business or a qualified tax-exempt organi-
13 zation (as defined in section 3111(e)(5)(A)) for any
14 taxable year, section 3111(g) shall apply to the pay-
15 roll tax credit portion of the credit otherwise deter-
16 mined under subsection (a) for the taxable year and
17 such portion shall not be treated (other than for
18 purposes of section 280C) as a credit determined
19 under subsection (a).

20 “(2) PAYROLL TAX CREDIT PORTION.—For
21 purposes of this subsection, the payroll tax credit
22 portion of the credit determined under subsection
23 (a) with respect to any qualified small business or
24 qualified tax-exempt organization for any taxable
25 year is the least of—

1 “(A) the amount specified in the election
2 made under this subsection,

3 “(B) the credit determined under sub-
4 section (a) for the taxable year (determined be-
5 fore the application of this subsection), or

6 “(C) in the case of a qualified small busi-
7 ness other than a partnership or S corporation,
8 the amount of the business credit carryforward
9 under section 39 carried from the taxable year
10 (determined before the application of this sub-
11 section to the taxable year).

12 “(3) QUALIFIED SMALL BUSINESS.—For pur-
13 poses of this subsection—

14 “(A) IN GENERAL.—The term ‘qualified
15 small business’ means, with respect to any tax-
16 able year—

17 “(i) a corporation or partnership, if—

18 “(I) the gross receipts (as deter-
19 mined under the rules of section
20 448(c)(3), without regard to subpara-
21 graph (A) thereof) of such entity for
22 the taxable year is less than
23 \$5,000,000, and

24 “(II) such entity did not have
25 gross receipts (as so determined) for

1 any taxable year preceding the 5-tax-
2 able-year period ending with such tax-
3 able year, and

4 “(ii) any person (other than a cor-
5 poration or partnership) who meets the re-
6 quirements of subclauses (I) and (II) of
7 clause (i), determined—

8 “(I) by substituting ‘person’ for
9 ‘entity’ each place it appears, and

10 “(II) by only taking into account
11 the aggregate gross receipts received
12 by such person in carrying on all
13 trades or businesses of such person.

14 “(B) LIMITATION.—Such term shall not
15 include an organization which is exempt from
16 taxation under section 501.

17 “(4) ELECTION.—

18 “(A) IN GENERAL.—Any election under
19 this subsection for any taxable year—

20 “(i) shall specify the amount of the
21 credit to which such election applies,

22 “(ii) shall be made on or before the
23 due date (including extensions) of—

1 “(I) in the case of a partnership,
2 the return required to be filed under
3 section 6031,

4 “(II) in the case of an S corpora-
5 tion, the return required to be filed
6 under section 6037, and

7 “(III) in the case of any other
8 qualified small business or qualified
9 tax-exempt organization, the return of
10 tax for the taxable year, and

11 “(iii) may be revoked only with the
12 consent of the Secretary.

13 “(B) LIMITATIONS.—

14 “(i) AMOUNT.—The amount specified
15 in any election made under this subsection
16 shall not exceed \$250,000.

17 “(ii) NUMBER OF TAXABLE YEARS.—
18 A person may not make an election under
19 this subsection if such person (or any other
20 person treated as a single taxpayer with
21 such person under paragraph (5)(A)) has
22 made an election under this subsection for
23 five or more preceding taxable years.

24 “(C) SPECIAL RULE FOR PARTNERSHIPS
25 AND S CORPORATIONS.—In the case of a part-

1 nership or S corporation, the election made
2 under this subsection shall be made at the enti-
3 ty level.

4 “(5) AGGREGATION RULES.—

5 “(A) IN GENERAL.—Except as provided in
6 subparagraph (B)—

7 “(i) all members of the same con-
8 trolled group of corporations shall be treat-
9 ed as a single taxpayer, and

10 “(ii) all trades or businesses (whether
11 or not incorporated) which are under com-
12 mon control shall be treated as a single
13 taxpayer.

14 “(B) SPECIAL RULES.—For purposes of
15 this subsection and section 3111(g)—

16 “(i) each of the persons treated as a
17 single taxpayer under subparagraph (A)
18 may separately make the election under
19 paragraph (1) for any taxable year, and

20 “(ii) the \$250,000 amount under
21 paragraph (3)(B)(i) shall be allocated
22 among all persons treated as a single tax-
23 payer under subparagraph (A) in the man-
24 ner provided by the Secretary which is

1 similar to the manner provided under sec-
2 tion 41(f)(1).

3 “(6) REGULATIONS.—The Secretary shall pre-
4 scribe such regulations as may be necessary to carry
5 out the purposes of this subsection, including—

6 “(A) regulations to prevent the avoidance
7 of the purposes of the limitations and aggrega-
8 tion rules under this subsection,

9 “(B) regulations to minimize compliance
10 and recordkeeping burdens under this sub-
11 section, and

12 “(C) regulations for recapturing the ben-
13 efit of credits determined under section 3111(g)
14 in cases where there is a recapture or a subse-
15 quent adjustment to the payroll tax credit por-
16 tion of the credit determined under subsection
17 (a), including requiring amended income tax re-
18 turns in the cases where there is such an ad-
19 justment.”.

20 (2) CREDIT PART OF GENERAL BUSINESS
21 CREDIT.—Section 38(b) of the Internal Revenue
22 Code of 1986 is amended by striking “plus” at the
23 end of paragraph (35), by striking the period at the
24 end of paragraph (36) and inserting “, plus”, and
25 by adding at the end the following new paragraph:

1 “(37) the employer-provided worker training
2 credit determined under section 45S(a).”.

3 (3) COORDINATION WITH DEDUCTIONS.—Sec-
4 tion 280C of the Internal Revenue Code of 1986 is
5 amended by adding at the end the following new
6 subsection:

7 “(j) EMPLOYER-PROVIDED WORKER TRAINING
8 CREDIT.—No deduction shall be allowed for that portion
9 of the expenses otherwise allowable as a deduction taken
10 into account in determining the credit under section 45S
11 for the taxable year which is equal to the amount of the
12 credit determined for such taxable year under section
13 45S(a).”.

14 (4) CLERICAL AMENDMENT.—The table of sec-
15 tions for subpart D of part IV of subchapter A of
16 chapter 1 of the Internal Revenue Code of 1986 is
17 amended by adding at the end the following new
18 item:

 “Sec. 45S. Employer-provided worker training credit.”.

19 (b) CREDIT ALLOWED AGAINST ALTERNATIVE MIN-
20 IMUM TAX.—Subparagraph (B) of section 38(c)(4) of the
21 Internal Revenue Code of 1986 is amended—

22 (1) by redesignating clauses (ix), (x), and (xi)
23 as clauses (x), (xi), and (xii), respectively, and

24 (2) by inserting after clause (viii) the following
25 new clause:

1 “(ix) the credit determined under sec-
2 tion 45S with respect to an eligible small
3 business (as defined in paragraph (5)(C),
4 after application of rules similar to the
5 rules of paragraph (5)(D)),”.

6 (c) PAYROLL TAX CREDIT.—Section 3111 of the In-
7 ternal Revenue Code of 1986 is amended by adding at the
8 end the following new subsection:

9 “(g) CREDIT FOR WORKER TRAINING EXPENSES.—

10 “(1) IN GENERAL.—In the case of a taxpayer
11 who has made an election under section 45S(e) for
12 a taxable year, there shall be allowed as a credit
13 against the tax imposed by subsection (a) for the
14 first calendar quarter which begins after the date on
15 which the taxpayer files the return specified in sec-
16 tion 45S(e)(4)(A)(ii) an amount equal to the payroll
17 tax credit portion determined under section
18 45S(e)(2).

19 “(2) LIMITATION.—The credit allowed by para-
20 graph (1) shall not exceed the tax imposed by sub-
21 section (a) for any calendar quarter on the wages
22 paid with respect to the employment of all individ-
23 uals in the employ of the employer.

24 “(3) CARRYOVER OF UNUSED CREDIT.—If the
25 amount of the credit under paragraph (1) exceeds

1 the limitation of paragraph (2) for any calendar
2 quarter, such excess shall be carried to the suc-
3 ceeding calendar quarter and allowed as a credit
4 under paragraph (1) for such quarter.

5 “(4) DEDUCTION ALLOWED FOR CREDITED
6 AMOUNTS.—The credit allowed under paragraph (1)
7 shall not be taken into account for purposes of de-
8 termining the amount of any deduction allowed
9 under chapter 1 for taxes imposed under subsection
10 (a).”.

11 (d) SIMPLIFIED FILING FOR CERTAIN SMALL BUSI-
12 NESSES.—The Secretary of the Treasury shall provide for
13 a method of filing returns of tax and information returns
14 required under the Internal Revenue Code of 1986 in a
15 simplified format, to the extent possible, for employers
16 with less than \$5,000,000 in annual gross receipts (as de-
17 termined under guidance provided by the Secretary).

18 (e) REGULATIONS RELATING TO POSTSECONDARY
19 CREDENTIALS.—Not later than 1 year after the date of
20 the enactment of this Act, the Secretary of Labor, in con-
21 sultation with the Secretary of the Treasury, shall issue
22 regulations or other guidance applying the definition of
23 the term “recognized postsecondary credential” as pro-
24 vided in section 3 of the Workforce Innovation and Oppor-
25 tunity Act (29 U.S.C. 3102).

1 (f) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 the date of the enactment of this Act.

