

104TH CONGRESS  
2D SESSION

# H. R. 2998

To amend the Internal Revenue Code of 1986 to allow a credit for increases in the worker retraining expenditures of employers.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 29, 1996

Mr. TORRICELLI 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 allow a credit for increases in the worker retraining expenditures of employers.

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 “Tax Credit for Worker  
5 Retraining Act of 1996”.

6 **SEC. 2. CREDIT FOR INCREASES IN WORKER RETRAINING**  
7 **EXPENDITURES.**

8 (a) IN GENERAL.—Subpart D of part IV of sub-  
9 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 is amended by adding at the end the following new  
2 section:

3 **“SEC. 45C. WORKER RETRAINING INCREASE CREDIT.**

4 “(a) IN GENERAL.—For purposes of section 38, the  
5 worker retraining increase credit determined under this  
6 section for the taxable year is, for any employer, the excess  
7 (if any) of—

8 “(1) the qualified worker retraining expenses  
9 paid or incurred by such employer in such taxable  
10 year, over

11 “(2) the average of the qualified worker retrain-  
12 ing expenses paid or incurred by such employer in  
13 each of the 3 preceding taxable years.

14 “(b) LIMITATION.—In no event shall the amount de-  
15 termined under subsection (a)(2) be treated as less than  
16 50 percent of the amount determined under subsection  
17 (a)(1).

18 “(c) QUALIFIED WORKER RETRAINING EXPENSES.—  
19 For purposes of this section—

20 “(1) IN GENERAL.—The term ‘qualified worker  
21 retraining expenses’ means expenses paid or in-  
22 curred by an employer for—

23 “(A) a program provided by such employer  
24 to train employees of such employer regarding

1 skills directly related to the specific jobs of such  
2 employees, or

3 “(B) courses provided by (or reimbursed  
4 by) such employer to provide or improve the  
5 skills necessary for employees of such employer  
6 to advance in a career.

7 “(2) LIMITATION.—Such term does not include,  
8 for any taxable year, any expenses paid or incurred  
9 with respect to any employee who is a member of the  
10 group consisting of the highest paid 5 percent of the  
11 employees of such employer for such taxable year.

12 “(d) SPECIAL RULES.—Rules similar to the rules of  
13 section 41(f) shall apply for purposes of this section.”

14 (b) CARRYFORWARD, CARRYBACK, AND DEDUCTION  
15 FOR UNUSED CREDITS.—

16 (1) CARRYFORWARD AND CARRYBACK.—Section  
17 38 of such Code (relating to general business credit)  
18 is amended by striking “plus” at the end of para-  
19 graph (10), by striking the period at the end of  
20 paragraph (11) and inserting “, plus”, and by add-  
21 ing at the end the following new paragraph:

22 “(12) the worker retraining increase credit de-  
23 termined under section 45C.”

24 (2) TRANSITIONAL RULE FOR CARRYBACKS.—  
25 Subsection (d) of section 39 of such Code (relating

1 to transitional rules) is amended by adding at the  
2 end the following new paragraph:

3 “(7) NO CARRYBACK OF SECTION 45C CREDIT  
4 ENACTMENT.—No portion of the unused business  
5 credit for any taxable year which is attributable to  
6 the worker retraining increase credit determined  
7 under section 45C may be carried back to a taxable  
8 year ending before the date of the enactment of sec-  
9 tion 45C.”

10 (3) DEDUCTION FOR UNUSED CREDITS.—Sub-  
11 section (c) of section 196 of such Code (relating to  
12 deduction for certain unused business credits) is  
13 amended by striking “and” at the end of paragraph  
14 (6), by striking the period at the end of paragraph  
15 (7) and inserting “, and”, and by adding at the end  
16 the following new paragraph:

17 “(8) the worker retraining increase credit deter-  
18 mined under section 45C.”

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

“Sec. 45C. Worker retraining increase credit.”

1       (d) 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.

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