

107TH CONGRESS
1ST SESSION

H. R. 877

To amend the Internal Revenue Code of 1986 to allow small business employers a credit against income tax for certain expenses for long-term training of employees in highly skilled small business trades.

IN THE HOUSE OF REPRESENTATIVES

MARCH 6, 2001

Mr. FOLEY (for himself, Ms. VELÁZQUEZ, Mr. MANZULLO, Mr. LATOURETTE, Mr. JONES of North Carolina, Mr. KOLBE, Mr. LATHAM, Mr. ISAKSON, Mr. MOORE, Mr. TOWNS, Mr. PETERSON of Pennsylvania, Mr. BONILLA, Mr. SAXTON, Mr. GREENWOOD, Ms. HART, Mr. WYNN, Mr. PENCE, Mrs. JONES of Ohio, Mr. ARMEY, Mr. BOEHLERT, Mr. CLEMENT, Mr. HALL of Ohio, Mrs. CHRISTENSEN, Mr. RUSH, Mr. HASTINGS of Washington, Mr. EHLERS, Mr. HEFLEY, Mrs. NORTHUP, and Mr. GARY MILLER of California) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to allow small business employers a credit against income tax for certain expenses for long-term training of employees in highly skilled small business trades.

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 “Skilled Workforce En-
5 hancement Act of 2001”.

1 **SEC. 2. CREDIT FOR EXPENSES FOR LONG-TERM TRAINING**
2 **OF EMPLOYEES IN HIGHLY SKILLED SMALL**
3 **BUSINESS TRADES.**

4 (a) IN GENERAL.—Subpart D of part IV of sub-
5 chapter A of chapter 1 of the Internal Revenue Code of
6 1986 (relating to business-related credits) is amended by
7 adding at the end the following new section:

8 **“SEC. 45E. EXPENSES FOR LONG-TERM TRAINING OF EM-**
9 **PLOYEES IN HIGHLY SKILLED SMALL BUSI-**
10 **NESS TRADES.**

11 “(a) GENERAL RULE.—For purposes of section 38,
12 in the case of a small business employer, the highly skilled
13 trades training credit determined under this section for
14 the taxable year is \$15,000 for each employee having a
15 qualified training year ending with or within such taxable
16 year (whether or not such employee is an employee of the
17 taxpayer as of the close of such taxable year).

18 “(b) DEFINITIONS.—For purposes of this section—

19 “(1) SMALL BUSINESS EMPLOYER.—

20 “(A) IN GENERAL.—The term ‘small busi-
21 ness employer’ means, with respect to any tax-
22 able year, any employer who employed an aver-
23 age of 250 or fewer employees on business days
24 during such taxable year.

25 “(B) CONTROLLED GROUPS.—For pur-
26 poses of subparagraph (A), all persons treated

1 as a single employer under subsection (b), (c),
2 (m), or (o) of section 414 shall be treated as a
3 single employer.

4 “(2) QUALIFIED TRAINING YEAR.—

5 “(A) IN GENERAL.—The term ‘qualified
6 training year’ means each year during the
7 training period in which the employee received
8 at least 1,500 hours of training (including on-
9 the-job training and training at multi-employer
10 training facilities) from the taxpayer (or any
11 predecessor) under a qualified training program
12 as an apprentice in any highly skilled trade.

13 “(B) HIGHLY SKILLED TRADES.—For pur-
14 poses of subparagraph (A), the term ‘highly
15 skilled trades’ means—

16 “(i) precision machinists,

17 “(ii) die makers,

18 “(iii) mold makers,

19 “(iv) tool and die designers,

20 “(v) heating, ventilating, air condi-
21 tioning, refrigeration, and roofing contrac-
22 tors,

23 “(vi) the trade of masonry,

24 “(vii) plumbers,

25 “(viii) pipefitters,

1 “(ix) patternmakers,
2 “(x) foundry technicians,
3 “(xi) electricians,
4 “(xii) recreational marine production
5 and design workers,
6 “(xiii) 2-way radio technicians,
7 “(xiv) welders,
8 “(xv) shipfitters,
9 “(xvi) propellor machinists,
10 “(xvii) electronic instrumentation spe-
11 cialists, and
12 “(xviii) other highly skilled trades
13 specified in regulations prescribed by the
14 Secretary.

15 Such term shall not include any trade if the
16 customary apprenticeship period for such trade
17 is less than 2 years.

18 “(C) QUALIFIED TRAINING PROGRAM.—

19 “(i) IN GENERAL.—The term ‘quali-
20 fied training program’ means a written
21 plan of study and training for individuals
22 in, or entering into, highly skilled trades.

23 “(ii) DESCRIPTION OF PROGRAMS.—A
24 plan under clause (i) must be a program

1 described in one of the following sub-
2 clauses:

3 “(I) An apprenticeship program
4 registered and certified with the Sec-
5 retary of Labor under section 1 of the
6 National Apprenticeship Act (29
7 U.S.C. 50).

8 “(II) A program licensed, reg-
9 istered, or certified by the workforce
10 investment board or apprenticeship
11 agency or council of a State or admin-
12 istered in compliance with apprentice-
13 ship laws of a State.

14 “(III) A program conducted by a
15 vocational or technical education
16 school, community college, or indus-
17 trial or trade training organization.

18 “(IV) A program which conforms
19 to apprentice training programs devel-
20 oped or administered by an employer
21 trade group or committee.

22 “(V) An industry sponsored or
23 administered program which is clearly
24 identified and commonly recognized

1 within an industry and which meets
2 the requirements of clause (iii).

3 “(iii) REQUIREMENTS.—A program
4 meets the requirements of this clause if
5 such program—

6 “(I) is accessible to individuals
7 without discrimination on the basis of
8 race, sex, color, religion, or national
9 origin,

10 “(II) provides an overview of the
11 trade, including the history and mod-
12 ern developments in such trade,

13 “(III) provides related instruc-
14 tion of the fundamental, intermediate,
15 and advanced skills, techniques, and
16 materials of the trade,

17 “(IV) provides training in math,
18 measurement, and blueprint reading
19 skills, if such skills are required in the
20 trade,

21 “(V) provides training on trade
22 specific tools and equipment,

23 “(VI) provides on-the-job train-
24 ing which allows performance of work

1 under close supervision of an instruc-
2 tor or skilled worker, and

3 “(VII) provides periodic review
4 and evaluation of participants to dem-
5 onstrate proficiency in skills, including
6 the use of tests and assessment of in-
7 dividual and group projects.

8 “(3) TRAINING PERIOD.—The term ‘training
9 period’ means, with respect to an employee, the
10 period—

11 “(A) beginning on the date that the em-
12 ployee begins employment with the taxpayer as
13 an apprentice in the highly skilled trade, and

14 “(B) ending on the earlier of—

15 “(i) the date that such apprenticeship
16 with the employer ends, or

17 “(ii) the date which is 4 years after
18 the date referred to in subparagraph (A).

19 “(c) COORDINATION WITH OTHER CREDITS.—The
20 amount of credit otherwise allowable under sections 51(a)
21 and 1396(a) with respect to any employee shall be reduced
22 by the credit allowed by this section with respect to such
23 employee.”.

24 (b) CREDIT MADE PART OF GENERAL BUSINESS
25 CREDIT.—Subsection (b) of section 38 of such Code is

1 amended by striking “plus” at the end of paragraph (12),
2 by striking the period at the end of paragraph (13) and
3 inserting “, plus”, and by adding at the end the following
4 new paragraph:

5 “(14) in the case of a small business employer
6 (as defined in section 45E(b)), the highly skilled
7 trades training credit determined under section
8 45E(a).”.

9 (c) DENIAL OF DOUBLE BENEFIT.—Section 280C of
10 such Code is amended by adding at the end the following
11 new subsection:

12 “(d) CREDIT FOR TRAINING EXPENSES FOR EM-
13 PLOYEES IN HIGHLY SKILLED SMALL BUSINESS
14 TRADES.—No deduction shall be allowed for that portion
15 of the expenses otherwise allowable as a deduction for the
16 taxable year which is equal to the amount of the credit
17 determined for the taxable year under section 45E(a).”.

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

 “Sec. 45E. Expenses for long-term training of employees in highly
 skilled small business trades.”.

22 (e) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to expenses paid or incurred in

- 1 the taxable years ending after the date of the enactment
- 2 of this Act.

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