

115TH CONGRESS  
1ST SESSION

# H. R. 2865

To amend the Internal Revenue Code of 1986 to provide a credit for employer-provided job training, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 8, 2017

Mr. SIRES introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend the Internal Revenue Code of 1986 to provide a credit for employer-provided job training, 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 “Better Education and  
5 Skills Training for America’s Workforce Act”.

6       **SEC. 2. JOB TRAINING TAX CREDIT.**

7       (a) IN GENERAL.—Subpart D of part IV of sub-  
8 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. 45S. JOB TRAINING CREDIT.**

4 “(a) IN GENERAL.—For the purposes of section 38,  
5 the job training credit determined under this section for  
6 the taxable year is an amount equal to 100 percent of the  
7 qualified training expenses paid by the qualifying taxpayer  
8 during the taxable year.

9 “(b) LIMITATION.—The credit allowed under sub-  
10 section (a) with respect to any eligible trainee of the quali-  
11 fying taxpayer shall not exceed the excess (if any) of  
12 \$4,000 over the aggregate credit allowed to such taxpayer  
13 under this section with respect to such eligible trainee for  
14 all prior taxable years.

15 “(c) DEFINITIONS.—For purposes of this section—

16 “(1) QUALIFIED TRAINING EXPENSES.—

17 “(A) IN GENERAL.—The term ‘qualified  
18 training expenses’ means, with respect to any  
19 eligible trainee of the qualifying taxpayer, ex-  
20 penses paid or incurred by such taxpayer for  
21 qualified tuition costs of such eligible trainee.

22 “(B) QUALIFIED TUITION COSTS.—The  
23 term ‘qualified tuition costs’ means costs for  
24 books and enrollment in a training program at  
25 a qualified educational organization, the out-

1           come of which, if completed, will provide the eli-  
2           gible trainee a certificate or credential recog-  
3           nized by a State accrediting body, Federal Ap-  
4           prenticeship Agency, or any other national ac-  
5           crediting body recognized by the Department of  
6           Education as an independent, third-party ac-  
7           crediting body. Such training program—

8                   “(i) may include a single course, mul-  
9                   tiple courses, or a combination of work  
10                  training and study, and

11                  “(ii) must be reasonably necessary for  
12                  employment with the qualifying taxpayer.

13                  “(C) QUALIFIED EDUCATIONAL ORGANIZA-  
14                  TION.—The term ‘qualified educational organi-  
15                  zation’ means any educational organization de-  
16                  scribed in section 101 of the Higher Education  
17                  Act of 1965.

18                  “(2) QUALIFYING TAXPAYER.—The term ‘quali-  
19                  fying taxpayer’ means any taxpayer who—

20                   “(A) with respect to any eligible trainee, is  
21                   training and hiring individuals for positions  
22                   based in the United States, and

23                   “(B) provides, with respect to any eligible  
24                   trainee, such documentation as required by the  
25                   Secretary regarding qualified training expenses

1 and proof of unemployment status as described  
2 in paragraph (3)(A).

3 “(3) ELIGIBLE TRAINEE.—The term ‘eligible  
4 trainee’ means any individual who—

5 “(A) has been unemployed for at least 90  
6 days before the date of enrollment in a training  
7 program described in paragraph (1)(B), and

8 “(B) had not been employed by the quali-  
9 fying taxpayer at any time during the 2-year  
10 period preceding the date on which such trainee  
11 was hired.

12 “(d) SPECIAL RULES.—

13 “(1) DENIAL OF DOUBLE BENEFIT.—No credit  
14 shall be allowed under subsection (a) for any quali-  
15 fied training expense for which a deduction or other  
16 credit is allowed to the taxpayer under any other  
17 provision of this chapter.

18 “(2) AGGREGATION.—For purposes of this sec-  
19 tion, all persons treated as a single employer under  
20 subsection (a) or (b) or section 52, or subsection (m)  
21 or (o) of section 414, shall be treated as one person.

22 “(e) ELECTION TO HAVE CREDIT NOT APPLY.—A  
23 taxpayer may elect (at such time and in such manner as  
24 the Secretary may by regulations prescribe) to have this  
25 section not apply for any taxable year.

1       “(f) TERMINATION.—This section shall not apply to  
2 expenses paid after December 31, 2028.”.

3       (b) CREDIT TO BE PART OF GENERAL BUSINESS  
4 CREDIT.—Subsection (b) of section 38 of the Internal  
5 Revenue Code of 1986 is amended by striking “plus” at  
6 the end of paragraph (35), by striking the period at the  
7 end of paragraph (36) and inserting “, plus”, and by add-  
8 ing at the end the following new paragraph:

9               “(37) the job training credit determined under  
10 section 45S(a).”.

11       (c) CREDIT ALLOWED AGAINST ALTERNATIVE MIN-  
12 IMUM TAX.—Section 38(c)(4)(B) of the Internal Revenue  
13 Code of 1986 is amended by redesignating clauses (ix),  
14 (x), and (xi) as clauses (x), (xi), and (xii), respectively,  
15 and by inserting after clause (viii) the following new  
16 clause:

17               “(ix) the credit determined under sec-  
18 tion 45S.”.

19       (d) TECHNICAL AMENDMENT.—Section 6501(m) of  
20 the Internal Revenue Code of 1986 is amended by insert-  
21 ing “45S(e),” after “45H(g),”.

22       (e) CLERICAL AMENDMENT.—The table of sections  
23 for subpart D of part IV of subchapter A of chapter 1  
24 of such Code is amended by adding at the end the fol-  
25 lowing new item:

“Sec. 45S. Job training credit.”.

1 (f) REPORT.—Not later than January 1, 2027, the  
2 Secretary of the Treasury (or the Secretary’s delegate)  
3 shall report to the Committee on Ways and Means of the  
4 House of Representatives and the Committee on Finance  
5 of the Senate on the economic impact of the job training  
6 credit under section 45S of the Internal Revenue Code of  
7 1986 (as added under subsection (a)).

8 (g) EFFECTIVE DATES.—

9 (1) IN GENERAL.—The amendments made by  
10 this section shall apply to expenses paid or incurred  
11 after the date of the enactment of this Act, in tax-  
12 able years ending after such date.

13 (2) MINIMUM TAX.—The amendments made by  
14 subsection (c) shall apply to credits determined  
15 under section 45S of the Internal Revenue Code of  
16 1986 in taxable years ending after the date of the  
17 enactment of this Act, and to carrybacks of such  
18 credits.

19 **SEC. 3. QUALIFIED JOB TRAINING PARTNERSHIP CREDIT.**

20 (a) IN GENERAL.—Subpart E of part IV of sub-  
21 chapter A of chapter 1 of the Internal Revenue Code of  
22 1986 is amended by inserting after section 48D the fol-  
23 lowing new section:

1 **“SEC. 48E. QUALIFIED JOB TRAINING PARTNERSHIP CRED-**  
2 **IT.**

3 “(a) IN GENERAL.—For purposes of section 46, the  
4 Qualified Job Training Partnership credit for any taxable  
5 year is an amount equal to the percentage determined by  
6 the Secretary (not to exceed 100 percent) of the qualified  
7 investment for such taxable year with respect to any  
8 Qualified Job Training Partnership.

9 “(b) QUALIFIED INVESTMENT.—

10 “(1) IN GENERAL.—For purposes of subsection  
11 (a), the qualified investment for any taxable year is  
12 the aggregate amount of the costs paid or incurred  
13 in such taxable year for expenses necessary for and  
14 directly related to the conduct of a Qualified Job  
15 Training Partnership in the form of contributions of  
16 cash, cash equivalent, equipment, or any combina-  
17 tion of the three where 100 percent of the invest-  
18 ment is used for the planning, implementation, or  
19 operation of a Qualified Job Training Partnership  
20 and the training financed through the investment  
21 must result in a type of certificate or credential rec-  
22 ognized by a State accrediting body, Federal Ap-  
23 prenticeship Agency, or any other national accred-  
24 iting body recognized by the Department of Edu-  
25 cation as an independent, third-party accrediting  
26 body.

1           “(2) LIMITATION.—The amount which is treat-  
2           ed as qualified investment for all taxable years with  
3           respect to any Qualified Job Training Partnership  
4           shall not exceed the amount certified by the Sec-  
5           retary as eligible for the credit under this section.

6           “(3) EXCLUSIONS.—The qualified investment  
7           for any taxable year with respect to any Qualified  
8           Job Training Partnership shall not take into account  
9           any cost for student tuition or for any other expense  
10          as determined by the Secretary as appropriate to  
11          carry out the purposes of this section.

12          “(4) CERTAIN PROGRESS EXPENDITURE RULES  
13          MADE APPLICABLE.—In the case of costs described  
14          in paragraph (1) that are paid for property of a  
15          character subject to an allowance for depreciation,  
16          rules similar to the rules of subsections (c)(4) and  
17          (d) of section 46 (as in effect on the day before the  
18          date of the enactment of the Revenue Reconciliation  
19          Act of 1990) shall apply for purposes of this section.

20          “(c) QUALIFIED JOB TRAINING PARTNERSHIP.—

21                 “(1) IN GENERAL.—The term ‘Qualified Job  
22                 Training Partnership’ means a formal or informal  
23                 partnership between at least 1 eligible private busi-  
24                 ness employer and—

25                         “(A) 1 qualified educational institution, or

1           “(B) 1 labor organization (as defined in  
2           section 2(5) of the National Labor Relations  
3           Act),

4           where the stated goal of the partnership is to train  
5           students in job-ready skills.

6           “(2) ELIGIBLE PRIVATE BUSINESS EM-  
7           PLOYER.—The term ‘eligible private business em-  
8           ployer’ means—

9           “(A) a business entity at least 50 percent  
10           of the gross income of which is derived from  
11           qualified production activities (within the mean-  
12           ing of section 199(c)), or

13           “(B) any type of domestic business entity  
14           the average number of employees of which for  
15           any taxable year is not more than 500 employ-  
16           ees.

17           “(3) QUALIFIED EDUCATIONAL ORGANIZA-  
18           TION.—The term ‘qualified educational organization’  
19           means any educational organization described in sec-  
20           tion 101 of the Higher Education Act of 1965 which  
21           provides a 2-year program that culminates in an as-  
22           sociate degree.

23           “(d) QUALIFIED JOB TRAINING PARTNERSHIP PRO-  
24           GRAM.—

25           “(1) ESTABLISHMENT.—

1           “(A) IN GENERAL.—Not later than 60  
2 days after the date of the enactment of this sec-  
3 tion, the Secretary, in consultation with the  
4 Secretary of Labor, shall establish a Qualified  
5 Job Training Partnership program to consider  
6 and award certifications for qualified invest-  
7 ments eligible for credits under this section to  
8 Qualified Job Training Partnerships.

9           “(B) LIMITATION.—The total amount of  
10 credits that may be allocated under the pro-  
11 gram shall not exceed \$1,000,000,000.

12           “(2) CERTIFICATION.—

13           “(A) APPLICATION PERIOD.—Each appli-  
14 cant for certification under this paragraph shall  
15 submit an application containing such informa-  
16 tion as the Secretary may require during the  
17 period beginning on the date the Secretary es-  
18 tablishes the program under paragraph (1).

19           “(B) TIME FOR REVIEW OF APPLICA-  
20 TIONS.—The Secretary shall take action to ap-  
21 prove or deny any application under subpara-  
22 graph (A) within 30 days of the submission of  
23 such application.

24           “(C) MULTI-YEAR APPLICATIONS.—An ap-  
25 plication for certification under subparagraph

1 (A) may include a request for an allocation of  
2 credits for more than 1 year.

3 “(3) SELECTION CRITERIA.—In determining  
4 the Qualified Job Training Partnerships with re-  
5 spect to which qualified investments may be certified  
6 under this section, the Secretary—

7 “(A) shall give priority to those applica-  
8 tions which demonstrate—

9 “(i) the greatest probability that those  
10 who complete the program will secure em-  
11 ployment;

12 “(ii) the greatest potential for pro-  
13 viding workers who complete the program  
14 with skills that can provide long-term job  
15 and income security;

16 “(iii) the strongest market demand  
17 for the type of training offered;

18 “(iv) the greatest probability that the  
19 program would create a net increase in job  
20 training opportunities;

21 “(v) a strong need in the community  
22 for skills training;

23 “(vi) the ability to allow nontradi-  
24 tional learners to complete the training;  
25 and

1           “(vii) the ability and capacity to im-  
2           plement the program in a reasonable pe-  
3           riod of time; and

4           “(B) shall take into additional consider-  
5           ation which applications show—

6           “(i) the ability to leverage additional  
7           sources of capital; and

8           “(ii) the greatest ability to offer train-  
9           ing programs that result in a certificate or  
10          credential (within the meaning of sub-  
11          section (b)(1)) that is stackable or portable  
12          or both.

13          “(4) REVIEW AND ADDITIONAL ALLOCATION.—

14          “(A) REVIEW.—Not later than 1 year after  
15          the date of enactment of this section, the Sec-  
16          retary shall review the credits allocated under  
17          this section as of such date.

18          “(B) ADDITIONAL ALLOCATION.—If the  
19          Secretary determines at the time of the review  
20          that credits under this section are available for  
21          allocation pursuant to the requirements set  
22          forth in paragraph (2), the Secretary is author-  
23          ized to allocate such available credits through  
24          the conduct of an additional program or pro-  
25          grams for applications for certification.

1           “(5) DISCLOSURE OF ALLOCATIONS.—The Sec-  
2           retary shall, upon making a certification under this  
3           subsection, publicly disclose the identity of the appli-  
4           cant and the amount of the credit with respect to  
5           such applicant.

6           “(e) SPECIAL RULES.—

7           “(1) BASIS ADJUSTMENT.—For purposes of  
8           this subtitle, if a credit is allowed under this section  
9           for an expenditure related to property of a character  
10          subject to an allowance for depreciation, the basis of  
11          such property shall be reduced by the amount of  
12          such credit.

13          “(2) DENIAL OF DOUBLE BENEFIT.—

14                 “(A) BONUS DEPRECIATION.—A credit  
15                 shall not be allowed under this section for any  
16                 investment for which bonus depreciation is al-  
17                 lowed under section 168(k), 1400L(b)(1), or  
18                 1400N(d)(1).

19                 “(B) DEDUCTIONS.—No deduction under  
20                 this subtitle shall be allowed for the portion of  
21                 the expenses otherwise allowable as a deduction  
22                 taken into account in determining the credit  
23                 under this section for the taxable year which is  
24                 equal to the amount of the credit determined  
25                 for such taxable year under subsection (a) at-

1           tributable to such portion. This subparagraph  
2           shall not apply to expenses related to property  
3           of a character subject to an allowance for de-  
4           preciation the basis of which is reduced under  
5           paragraph (1), or which are described in section  
6           280C(g).”.

7           (b) INCLUSION AS PART OF INVESTMENT CREDIT.—  
8           Section 46 of the Internal Revenue Code of 1986 is  
9           amended—

10           (1) by striking “and” at the end of paragraph  
11           (5);

12           (2) by striking the period at the end of para-  
13           graph (6) and inserting “, and”; and

14           (3) by adding at the end the following new  
15           paragraph:

16           “(7) the Qualified Job Training Partnership  
17           credit.”.

18           (c) CONFORMING AMENDMENTS.—

19           (1) Section 49(a)(1)(C) of the Internal Revenue  
20           Code of 1986 is amended—

21           (A) by striking “and” at the end of clause  
22           (v);

23           (B) by striking the period at the end of  
24           clause (vi) and inserting “, and”; and

1 (C) by adding at the end the following new  
2 clause:

3 “(vii) the basis of any property to  
4 which paragraph (1) of section 48E(e) ap-  
5 plies which is part of a Qualified Job  
6 Training Partnership under such section  
7 48E.”.

8 (2) Section 280C of such Code is amended by  
9 adding at the end the following new subsection:

10 “(j) QUALIFIED JOB TRAINING PARTNERSHIP CRED-  
11 IT.—

12 “(1) IN GENERAL.—No deduction shall be al-  
13 lowed for that portion of the qualified investment (as  
14 defined in section 48E(b)) otherwise allowable as a  
15 deduction for the taxable year which is equal to the  
16 amount of the credit determined for such taxable  
17 year under section 48E(a), reduced by—

18 “(A) the amount disallowed as a deduction  
19 by reason of section 48E(e)(2)(B), and

20 “(B) the amount of any basis reduction  
21 under section 48E(e)(1).

22 “(2) SIMILAR RULE WHERE TAXPAYER CAP-  
23 ITALIZES RATHER THAN DEDUCTS EXPENSES.—In  
24 the case of expenses described in paragraph (1)(A)

1 taken into account in determining the credit under  
2 section 48E for the taxable year, if—

3 “(A) the amount of the portion of the  
4 credit determined under such section with re-  
5 spect to such expenses, exceeds

6 “(B) the amount allowable as a deduction  
7 for such taxable year for such expenses (deter-  
8 mined without regard to paragraph (1)),  
9 the amount chargeable to capital account for the  
10 taxable year for such expenses shall be reduced by  
11 the amount of such excess.

12 “(3) CONTROLLED GROUPS.—Paragraph (3) of  
13 subsection (b) shall apply for purposes of this sub-  
14 section.”.

15 (d) CLERICAL AMENDMENT.—The table of sections  
16 for subpart E of part IV of subchapter A of chapter 1  
17 of the Internal Revenue Code of 1986 is amended by in-  
18 serting after the item relating to section 48D the following  
19 new item:

“Sec. 48E. Qualified Job Training Partnership credit.”.

20 (e) GRANTS FOR QUALIFIED INVESTMENTS IN  
21 QUALIFIED JOB TRAINING PARTNERSHIPS IN LIEU OF  
22 TAX CREDITS.—

23 (1) IN GENERAL.—Upon application, the Sec-  
24 retary of the Treasury shall, subject to the require-  
25 ments of this subsection, provide a grant to each

1 person who makes a qualified investment in a Quali-  
2 fied Job Training Partnership in an amount not to  
3 exceed 100 percent of such investment.

4 (2) APPLICATION.—

5 (A) IN GENERAL.—At the stated election  
6 of the applicant, an application for certification  
7 under section 48E(d)(2) of the Internal Rev-  
8 enue Code of 1986 for a credit under such sec-  
9 tion for any taxable year shall be considered to  
10 be an application for a grant under paragraph  
11 (1) for such taxable year.

12 (B) SUBMISSION DATE.—An application  
13 for a grant under paragraph (1) for any taxable  
14 year shall be submitted—

15 (i) not earlier than the day after the  
16 last day of such taxable year; and

17 (ii) not later than the due date (in-  
18 cluding extensions) for filing the return of  
19 tax for such taxable year.

20 (C) INFORMATION TO BE SUBMITTED.—An  
21 application for a grant under paragraph (1)  
22 shall include such information and be in such  
23 form as the Secretary of the Treasury may re-  
24 quire to state the amount of the credit allow-  
25 able (but for the receipt of a grant under this

1 subsection) under section 48E for the taxable  
2 year for the qualified investment with respect to  
3 which such application is made.

4 (3) TIME FOR PAYMENT OF GRANT.—

5 (A) IN GENERAL.—The Secretary of the  
6 Treasury shall make payment of the amount of  
7 any grant under paragraph (1) during the 30-  
8 day period beginning on the later of—

9 (i) the date of the application for such  
10 grant, or

11 (ii) the date the qualified investment  
12 for which the grant is being made is made.

13 (B) REGULATIONS.—In the case of invest-  
14 ments of an ongoing nature, the Secretary of  
15 the Treasury shall issue regulations to deter-  
16 mine the date on which a qualified investment  
17 shall be deemed to have been made for purposes  
18 of this paragraph.

19 (4) QUALIFIED INVESTMENT.—For purposes of  
20 this subsection, the term “qualified investment”  
21 means a qualified investment that is certified under  
22 section 48E(d) of the Internal Revenue Code of  
23 1986 for purposes of the credit under such section  
24 48E.

25 (5) APPLICATION OF CERTAIN RULES.—

1 (A) IN GENERAL.—In making grants  
2 under this subsection, the Secretary of the  
3 Treasury shall apply rules similar to the rules  
4 of section 50 of the Internal Revenue Code of  
5 1986. In applying such rules, any increase in  
6 tax under chapter 1 of such Code by reason of  
7 an investment ceasing to be a qualified invest-  
8 ment shall be imposed on the person to whom  
9 the grant was made.

10 (B) SPECIAL RULES.—

11 (i) RECAPTURE OF EXCESSIVE GRANT  
12 AMOUNTS.—If the amount of a grant made  
13 under this subsection exceeds the amount  
14 allowable as a grant under this subsection,  
15 such excess shall be recaptured under sub-  
16 paragraph (A) as if the investment to  
17 which such excess portion of the grant re-  
18 lates had ceased to be a qualified invest-  
19 ment immediately after such grant was  
20 made.

21 (ii) GRANT INFORMATION NOT TREAT-  
22 ED AS RETURN INFORMATION.—In no  
23 event shall the amount of a grant made  
24 under paragraph (1), the identity of the  
25 person to whom such grant was made, or

1 a description of the investment with re-  
2 spect to which such grant was made be  
3 treated as return information for purposes  
4 of section 6103 of the Internal Revenue  
5 Code of 1986.

6 (6) SECRETARY.—Any reference in this sub-  
7 section to the Secretary of the Treasury shall be  
8 treated as including the Secretary's delegate.

9 (7) OTHER TERMS.—Any term used in this sub-  
10 section which is also used in section 48E of the In-  
11 ternal Revenue Code of 1986 shall have the same  
12 meaning for purposes of this subsection as when  
13 used in such section.

14 (8) DENIAL OF DOUBLE BENEFIT.—No credit  
15 shall be allowed under section 46(7) of the Internal  
16 Revenue Code of 1986 by reason of section 48E of  
17 such Code for any investment for which a grant is  
18 awarded under this subsection.

19 (9) APPROPRIATIONS.—There is hereby appro-  
20 priated to the Secretary of the Treasury such sums  
21 as may be necessary to carry out this subsection.

22 (f) EFFECTIVE DATE.—The amendments made by  
23 subsections (a) through (d) of this section shall apply to

1 amounts paid or incurred after the date of the enactment  
2 of this Act, in taxable years beginning after such date.

○