

113<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 4831

To establish a Federal tax credit approximation matching program for State new manufacturing jobs training tax credits, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 10, 2014

Mr. KILDEE introduced the following bill; which was referred to the Committee on Education and the Workforce, and in addition to the Committee on Ways and Means, 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 establish a Federal tax credit approximation matching program for State new manufacturing jobs training tax credits, 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 “Twenty-First Century  
5        Manufacturing Skills and Jobs Act of 2014”.

1 **SEC. 2. FEDERAL MATCHING PAYMENTS FOR STATE NEW**  
2 **MANUFACTURING JOBS TRAINING TAX CRED-**  
3 **ITS.**

4 (a) **AUTHORITY TO MAKE PAYMENTS.**—Subject to  
5 subsection (h), the Secretary of the Treasury shall, on a  
6 quarterly basis, make a payment to each eligible commu-  
7 nity college in an amount equal to the aggregate new man-  
8 ufacturing job withholding matches for all eligible trainees  
9 with respect to such eligible community college for such  
10 quarter.

11 (b) **NEW MANUFACTURING JOB TAX WITHHOLDING**  
12 **MATCH.**—In the case of any quarter, the new manufac-  
13 turing job withholding match with respect to any eligible  
14 trainee is an amount equal to the amounts remitted as  
15 described in subsection (d)(1)(A) during such quarter with  
16 respect to such trainee by a participating eligible manufac-  
17 turing employer.

18 (c) **ELIGIBLE COMMUNITY COLLEGE.**—For purposes  
19 of this section, the term “eligible community college”  
20 means a public institution of higher education, as defined  
21 in section 101 of the Higher Education Act of 1965 (20  
22 U.S.C. 1001)—

23 (1) at which the majority of degrees awarded,  
24 for any academic year, are 2-year associate’s degrees  
25 that are acceptable for full credit toward a baccalaureate  
26 degree,

1           (2) that is located in a State that has a State  
2           new manufacturing jobs training tax credit program  
3           in effect, and

4           (3) that participates in such program by having  
5           in effect a contract that meets the requirements of  
6           subsection (d)(2).

7           (d) STATE NEW MANUFACTURING JOBS TRAINING  
8           TAX CREDIT PROGRAM.—

9           (1) PROGRAMS DESCRIBED.—For purposes of  
10          this section, the term “State new manufacturing  
11          jobs training tax credit program” means a program  
12          established by a State government that provides  
13          that, if an eligible community college and an eligible  
14          manufacturing employer sign a contract that meets  
15          the requirements of paragraph (2) with respect to an  
16          eligible trainee—

17                 (A) the State income taxes withheld by the  
18                 employer on behalf of the eligible trainee, once  
19                 employed by the employer, to the extent they do  
20                 not exceed the cost of qualified training speci-  
21                 fied in such contract, will not be remitted to the  
22                 State in payment of income taxes, but will be  
23                 remitted to the eligible community college,

24                 (B) the amounts so remitted will be treat-  
25                 ed in the hands of the eligible community col-

1           lege as payment for education provided by such  
2           community college, and

3           (C) for purposes of determining the State  
4           income tax liability of the eligible trainee, the  
5           amounts so remitted will be treated as if they  
6           had been remitted to the State in payment of  
7           income taxes owed by the eligible trainee.

8           (2) QUALIFIED CONTRACT.—A contract meets  
9           the requirements of this paragraph if—

10           (A) the contract is between an eligible  
11           community college located in the State that has  
12           the program described in paragraph (1) and an  
13           eligible manufacturing employer with at least 1  
14           job site located in such State,

15           (B) the contract meets all applicable re-  
16           quirements under such State program,

17           (C) the contract provides that—

18           (i) the eligible community college will  
19           directly provide qualified training to indi-  
20           viduals designated by the employer or will  
21           contract with a provider of qualified train-  
22           ing to provide such training to such indi-  
23           viduals,

1 (ii) the eligible community college will  
2 not charge tuition or fees to such individ-  
3 uals,

4 (iii) the employer will hire such indi-  
5 viduals for full-time employment at a job  
6 site located within the State,

7 (iv) such individuals will be paid by  
8 the employer a wage that is not less than  
9 the greater of—

10 (I) 175 percent of the Federal  
11 minimum wage, or

12 (II) the amount specified under  
13 the State program, and

14 (v) as provided under the State pro-  
15 gram, the employer will remit the State in-  
16 come taxes withheld by the employer on  
17 behalf of the individual to the community  
18 college in payment for the training, to the  
19 extent such taxes do not exceed the cost  
20 described in subparagraph (D),

21 (D) the contract specifies the entire cost of  
22 the qualified training (including all costs for  
23 equipment or instructional materials) that will  
24 be provided to each individual, and

1           (E) the cost and terms specified under  
2           subparagraph (D) are reasonable by market  
3           standards.

4           (3) QUALIFIED TRAINING.—For purposes of  
5           this section, the term “qualified training” means  
6           education or training which, if completed, will pro-  
7           vide the individual with—

8                   (A) education or skills necessary to per-  
9                   form the job for which such individual will be  
10                  employed,

11                  (B) education or skills necessary to obtain  
12                  a license required under Federal, State, or local  
13                  governmental regulation for the employment of  
14                  the individual in the job for which such indi-  
15                  vidual will be employed,

16                  (C) a certificate or credential which is re-  
17                  quired under Federal, State, or local govern-  
18                  mental regulation for the employment of the in-  
19                  dividual in the job for which such individual will  
20                  be employed, or

21                  (D) a certificate or credential aligned with  
22                  national or regionally recognized industry  
23                  standards determined appropriate by the State.

24           (4) JOB MUST BE NEW JOB.—

1           (A) IN GENERAL.—A State program will  
2 not be treated as a State new manufacturing  
3 jobs training tax credit program for purposes of  
4 this subsection unless the program provides  
5 that, in order to be eligible to participate, the  
6 employer must show with respect to each eligi-  
7 ble trainee that such eligible trainee is hired for  
8 a job that—

9           (i) is a new job (which, for purposes  
10 of this paragraph, may include a new posi-  
11 tion within an existing job category), and  
12 not a job of a recalled worker, a replace-  
13 ment job, or any other job that existed in  
14 the employer’s business within the 1-year  
15 period preceding the date of hire,

16           (ii) is not a job that existed in a busi-  
17 ness operation or substantially similar  
18 business operation of the employer for-  
19 merly located in another location which  
20 was closed or substantially reduced by the  
21 employer, and

22           (iii) results in a net increase in em-  
23 ployment for the employer.

24           (B) ONLY U.S. EMPLOYEES TAKEN INTO  
25 ACCOUNT.—For purposes of subparagraph (A),

1           only employees at job sites located in the  
2           United States (including the possessions of the  
3           United States) shall be taken into account.

4           (5) AGGREGATION RULES.—All persons treated  
5           as a single employer under subsection (a) or (b) of  
6           section 52, or subsection (m) or (o) of section 414  
7           of the Internal Revenue Code of 1986, shall be  
8           treated as a single employer for purposes of this sec-  
9           tion.

10           (6) COOPERATION WITH LOCAL WORKFORCE IN-  
11           VESTMENT BOARDS.—An employer or eligible com-  
12           munity college participating in a State new manufac-  
13           turing jobs training tax credit program may work  
14           with local workforce investment boards established  
15           under section 117 of the Workforce Investment Act  
16           of 1998 (29 U.S.C. 2832) in searching for individ-  
17           uals to hire and train through such program.

18           (e) ELIGIBLE TRAINEE.—For purposes of this sec-  
19           tion, the term “eligible trainee” means an individual—

20           (1) who received qualified training through an  
21           eligible community college pursuant to a contract  
22           that meets the requirements of subsection (d)(2),  
23           under a State new manufacturing jobs training tax  
24           credit program, and



1           (2) who is employed on a full-time basis, during  
2           the quarter for which payment is made under sub-  
3           section (a), by the employer who was a party to such  
4           contract—

5                   (A) at a job site located in the same State  
6                   as the eligible community college,

7                   (B) at a wage that meets the requirements  
8                   of subsection (d)(2)(iii),

9                   (C) in a job that meets the new job re-  
10                  quirement of subsection (d)(4), and

11                  (D) in a job for which such qualified train-  
12                  ing is required, either by law or regulation or  
13                  by the inherent requirements of the job.

14           (f) ELIGIBLE MANUFACTURING EMPLOYER.—For  
15           purposes of this section, the term “eligible manufacturing  
16           employer” means any person—

17                   (1) which employs individuals in the trade or  
18                   business of manufacturing,

19                   (2) the manufacturing facilities of which are lo-  
20                   cated in the United States, and

21                   (3) the primary business of which is classified  
22                   in sector 31, 32, or 33 of the North American In-  
23                   dustrial Classification System.

24           (g) APPROPRIATION.—Out of any sums in the Treas-  
25           ury not otherwise appropriated, there are appropriated on

1 an ongoing basis such sums as are necessary to carry out  
2 this section.

3 (h) REMISSION OF STATE INCOME TAX  
4 WITHHOLDINGS NOT TREATED AS PAYMENTS FOR  
5 TRAINING OR EDUCATION.—In the case of an eligible  
6 manufacturing employer, the amount of withheld State in-  
7 come tax which is remitted by the employer to an eligible  
8 community college as described in subsection (d)(1)(A)  
9 shall not be treated as an amount paid or incurred by the  
10 employer for purposes of any credit or deduction available  
11 under the Internal Revenue Code of 1986 to such em-  
12 ployer, but shall be treated as if such amount had been  
13 remitted to the State in payment of income taxes owed  
14 by the employee.

15 (i) TAX TREATMENT OF PAYMENTS WITH RESPECT  
16 TO ELIGIBLE TRAINEE.—In the case of an eligible trainee,  
17 neither—

18 (1) the amount of any withheld State income  
19 tax which is remitted by an employer to an eligible  
20 community college as described in subsection  
21 (d)(1)(A), nor

22 (2) the amount of any payment made under  
23 subsection (a),

24 shall be treated for purposes of the Internal Revenue Code  
25 of 1986 as income of the eligible trainee. For purposes

1 of determining the deduction under section 164(a)(3) of  
2 such Code, amounts described in paragraph (1) shall be  
3 treated as amounts paid for State income taxes by the eli-  
4 gible trainee.

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