

105TH CONGRESS  
2D SESSION

# H. R. 3110

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

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 27, 1998

Mr. TALENT (for himself, Mr. LATOURETTE, and Mr. PAUL) 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 small employers a credit against income tax for certain expenses for long-term training of employees in highly skilled metalworking 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 1998”.

1 **SEC. 2. CREDIT FOR EXPENSES FOR TRAINING EMPLOYEES**  
 2 **IN HIGHLY SKILLED METALWORKING**  
 3 **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. 45D. EXPENSES FOR TRAINING EMPLOYEES IN HIGH-**  
 9 **LY SKILLED METALWORKING TRADES.**

10 “(a) GENERAL RULE.—For purposes of section 38,  
 11 the highly skilled metalworking trades training credit de-  
 12 termined under this section is an amount equal to 80 per-  
 13 cent of the training expenses paid or incurred by the tax-  
 14 payer during the training period with respect to each  
 15 qualified trained employee of the taxpayer. Twenty per-  
 16 cent of the credit determined under the preceding sentence  
 17 shall be taken into account under section 38 for each of  
 18 the first 5 taxable years after the taxable year in which  
 19 the training period ends.

20 “(b) LIMITATIONS.—

21 “(1) MAXIMUM CREDIT PER EMPLOYEE.—The  
 22 total amount of credit determined under this section  
 23 with respect to each qualified trained employee for  
 24 all taxable years shall not exceed \$100,000.

25 “(2) EMPLOYER MUST BE SMALL EMPLOYER.—  
 26 Training expenses may be taken into account under

1 subsection (a) only if the taxpayer is a small em-  
2 ployer for the taxable year in which such expenses  
3 are paid or incurred.

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

5 “(1) QUALIFIED TRAINED EMPLOYEE.—

6 “(A) IN GENERAL.—The term ‘qualified  
7 trained employee’ means any employee (or  
8 former employee) of the taxpayer if—

9 “(i) the employee received at least  
10 8,000 hours of training (including on-the-  
11 job training) from the taxpayer (or any  
12 predecessor) during the training period as  
13 an apprentice in any highly skilled metal-  
14 working trade, and

15 “(ii) the employee is employed by the  
16 taxpayer in a journeyman capacity in any  
17 highly skilled metalworking trade on a full-  
18 time basis throughout at least the 1-year  
19 period beginning at the end of such em-  
20 ployee’s training period.

21 “(B) HIGHLY SKILLED METALWORKING  
22 TRADES.—For purposes of subparagraph (A),  
23 the term ‘highly skilled metalworking trades’  
24 means the trades traditionally recognized as  
25 such, including precision machinists, die mak-

1           ers, mold makers, and tool and die designers in  
2           the tooling and machining industry.

3           “(2) TRAINING EXPENSES.—

4                 “(A) IN GENERAL.—The term ‘training ex-  
5           penses’ means wages paid or incurred to an em-  
6           ployee of the taxpayer for services performed in  
7           a highly skilled metalworking trade while the  
8           employee is an apprentice in such trade.

9                 “(B) WAGES.—The term ‘wages’ has the  
10          meaning given such term by section 3401(a).

11          “(3) TRAINING PERIOD.—The term ‘training  
12          period’ means the period of 4 years beginning on the  
13          date that the employee begins employment with the  
14          taxpayer as an apprentice in a highly skilled metal-  
15          working trade.

16          “(4) SMALL EMPLOYER.—

17                 “(A) IN GENERAL.—The term ‘small em-  
18           ployer’ means, with respect to any taxable year,  
19           any employer who employed an average of 500  
20           or fewer employees on business days during  
21           such taxable year.

22                 “(B) CONTROLLED GROUPS.—For pur-  
23           poses of subparagraph (A), all persons treated  
24           as a single employer under subsection (b), (c),

1 (m), or (o) of section 414 shall be treated as 1  
2 employer.

3 “(d) COORDINATION WITH OTHER CREDITS.—  
4 Wages taken into account under subsection (a) shall not  
5 be taken into account in determining the credits under  
6 sections 51(a) and 1396(a).”.

7 (b) CREDIT MADE PART OF GENERAL BUSINESS  
8 CREDIT.—Subsection (b) of section 38 of such Code is  
9 amended by striking “plus” at the end of paragraph (11),  
10 by striking the period at the end of paragraph (12) and  
11 inserting “, plus”, and by adding at the end the following  
12 new paragraph:

13 “(13) the highly skilled metalworking trades  
14 training credit determined under section 45D(a).”.

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

18 “(d) CREDIT FOR TRAINING EXPENSES FOR EM-  
19 PLOYEES IN HIGHLY SKILLED METALWORKING  
20 TRADES.—No deduction shall be allowed for that portion  
21 of the expenses otherwise allowable as a deduction for the  
22 taxable year which is equal to the amount of the credit  
23 determined for such taxable year under section 45D(a).”.

24 (d) CLERICAL AMENDMENT.—The table of sections  
25 for subpart D of part IV of subchapter A of chapter 1

1 of such Code is amended by adding at the end the follow-  
2 ing new item:

“Sec. 45D. Expenses for training employees in highly skilled metalworking trades.”.

3 (e) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to expenses paid or incurred after  
5 the date of the enactment of this Act in taxable years end-  
6 ing after such date.

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