

106TH CONGRESS
1ST SESSION

H. R. 1824

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

MAY 14, 1999

Mr. TALENT (for himself, Mr. WOLF, Mr. MASCARA, Mrs. JOHNSON of Connecticut, Mr. LATOURETTE, Mr. ENGLISH, Mr. PETERSON of Pennsylvania, Mr. MOORE, Mr. PAUL, Mr. EHLERS, Mr. KLINK, Mr. MURTHA, Mr. WYNN, Mr. HALL of Ohio, Mrs. EMERSON, Mr. MANZULLO, and Mr. KOLBE) 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 1999”.

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. 45D. 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 2,000 hours of training (including on-
9 the-job training) from the taxpayer (or any
10 predecessor) as an apprentice in any highly
11 skilled trade.

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

15 “(i) precision machinists,

16 “(ii) die makers,

17 “(iii) mold makers,

18 “(iv) tool and die designers,

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

22 “(vi) the trade of masonry, and

23 “(vii) other highly skilled trades speci-
24 fied in regulations prescribed by the Sec-
25 retary.

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

4 “(3) TRAINING PERIOD.—The term ‘training
5 period’ means, with respect to an employee, the
6 period—

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

10 “(B) ending on the earlier of—

11 “(i) the date that such apprenticeship
12 with the employer ends, or

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

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

20 (b) CREDIT MADE PART OF GENERAL BUSINESS
21 CREDIT.—Subsection (b) of section 38 of such Code is
22 amended by striking “plus” at the end of paragraph (11),
23 by striking the period at the end of paragraph (12) and
24 inserting “, plus”, and by adding at the end the following
25 new paragraph:

1 “(13) in the case of a small business employer
2 (as defined in section 45D(b)), the highly skilled
3 trades training credit determined under section
4 45D(a).”.

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

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

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

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

18 (e) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to expenses paid or incurred in
20 the taxable years ending after the date of the enactment
21 of this Act.

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