

119TH CONGRESS
1ST SESSION

H. R. 3871

To amend the Internal Revenue Code of 1986 to allow a credit to employers who hire individuals through an apprenticeship program.

IN THE HOUSE OF REPRESENTATIVES

JUNE 10, 2025

Mr. ELLZEY 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 a credit to employers who hire individuals through an apprenticeship program.

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 “Apprenticeship Infra-
5 structure Tax Credit Act of 2025”.

6 **SEC. 2. APPRENTICESHIP INFRASTRUCTURE TAX CREDIT**
7 **FOR EMPLOYERS.**

8 (a) IN GENERAL.—Subpart D of part IV of sub-
9 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. 45BB. APPRENTICESHIP INFRASTRUCTURE TAX**
4 **CREDIT FOR EMPLOYERS.**

5 “(a) IN GENERAL.—For purposes of section 38, the
6 apprenticeship infrastructure tax credit determined under
7 this section for the taxable year is an amount equal to
8 the sum of the applicable credit amounts determined dur-
9 ing the apprenticeship credit period with respect to each
10 apprenticeship employee of the employer.

11 “(b) APPLICABLE CREDIT AMOUNT.—For purposes
12 of this section, the applicable credit amount with respect
13 to an apprenticeship employee shall be an amount equal
14 to—

15 “(1) in the case of an apprenticeship employee
16 not described in paragraph (2), \$3,000, and

17 “(2) in the case of a recently separated veteran,
18 a member of the National Guard or reserve compo-
19 nent of the Armed Forces, or a military spouse,
20 \$6,000.

21 The applicable credit amount with respect to an appren-
22 ticeship employee for taxable years beginning after the end
23 of the apprenticeship credit period (determined without re-
24 gard to subsection (c)(2)) shall be zero.

1 “(c) APPRENTICESHIP CREDIT PERIOD.—For pur-
2 poses of this section—

3 “(1) IN GENERAL.—The apprenticeship credit
4 period with respect to an apprenticeship employee
5 shall be—

6 “(A) the taxable year during which such
7 employee first enrolls in the employer’s quali-
8 fied registered apprenticeship program, and

9 “(B) the succeeding taxable year if the
10 qualified registered apprenticeship program in
11 which such employee is enrolled is—

12 “(i) is a time-based or hybrid program
13 that requires 3,000 or more on-the-job
14 learning hours, or

15 “(ii) is a competency-based program
16 with 3,000 or more on-the-job learning
17 hours.

18 “(2) CARRYFORWARD YEAR.—The apprentice-
19 ship credit period with respect to an apprenticeship
20 employee shall include the taxable year succeeding
21 the taxable year described in subparagraph (A) or
22 (B), as the case may be, in the case a credit
23 carryforward to such succeeding taxable year with
24 respect to an apprentice employee under subsection
25 (d)(7).

1 “(d) DEFINITIONS AND SPECIAL RULES.—For pur-
2 poses of this section—

3 “(1) APPRENTICESHIP EMPLOYEE.—

4 “(A) IN GENERAL.—The term ‘apprentice-
5 ship employee’ means an individual who—

6 “(i) is a new hire employed by an ap-
7 prenticeship employer, and

8 “(ii) enrolled under a written agree-
9 ment in a qualified registered apprentice-
10 ship program with respect to an infrastruc-
11 ture-related occupation.

12 “(B) INFRASTRUCTURE-RELATED OCCUPA-
13 TION.—

14 “(i) IN GENERAL.—The term ‘infra-
15 structure-related occupation’ means an oc-
16 cupation identified by the Secretary of
17 Labor as eligible for the credit determined
18 under this section.

19 “(ii) INITIAL LIST APPLICABLE TO
20 2026.—For taxable years beginning in
21 2026, such term shall include occupations
22 within the following major groups as de-
23 fined in the Occupational Information Net-
24 work (ONET):

1 “(I) 47–0000 Construction and
2 Extraction Occupations.

3 “(II) 49–0000 Installation, Main-
4 tenance, and Repair Occupations.

5 “(III) 51–0000 Production Occu-
6 pations.

7 “(IV) 15–1200 Computer, Infor-
8 mation Technology, and Security Oc-
9 cupations.

10 “(iii) SUBSEQUENT YEARS.—Occupations shall be identified under this sub-
11 paragraph by utilizing standardized and
12 occupation specific descriptors listed in the
13 Occupational Network (ONET), and such
14 occupations shall be updated annually con-
15 sistent with customary tax document dead-
16 lines.

17
18 “(C) EXCEPTIONS.—The term ‘apprentice-
19 ship employee’ shall not include any appren-
20 tice—

21 “(i) hired more than 90 days prior to
22 enrollment into the qualified registered ap-
23 prenticeship program, or

1 “(ii) reported via a 1099 contractor
2 rather than Form W-2, based on Internal
3 Revenue Service standards.

4 “(2) APPRENTICESHIP EMPLOYER.—

5 “(A) IN GENERAL.—The term ‘apprentice-
6 ship employer’ means an employer that has en-
7 tered into an agreement with a qualified reg-
8 istered apprenticeship program for the place-
9 ment of apprenticeship employees.

10 “(B) EXCEPTIONS.—Such term shall not
11 include an employer—

12 “(i) which is exempt from income tax
13 under this chapter, or

14 “(ii) which is the sponsor of the reg-
15 istered apprenticeship program, or is re-
16 lated to the sponsor for which the appren-
17 ticeship employee is enrolled.

18 “(3) QUALIFIED REGISTERED APPRENTICESHIP
19 PROGRAM.—The term ‘qualified registered appren-
20 ticeship program’ means an apprenticeship reg-
21 istered under the Act of August 16, 1937 (commonly
22 known as the ‘National Apprenticeship Act’; 50
23 Stat. 664, chapter 663; 29 U.S.C. 50 et seq.) that
24 meets the standards of subpart A of part 29 and
25 part 30 of title 29, Code of Federal Regulations.

1 “(4) RECENTLY SEPARATED VETERAN.—The
2 term ‘recently separated veteran’ means any veteran
3 who is enrolled into the qualified registered appren-
4 ticeship program to which the credit relates not
5 more than 4 years after having been discharged or
6 released from active duty in the Armed Forces of
7 the United States.

8 “(5) MEMBER OF NATIONAL GUARD OR RE-
9 SERVE COMPONENT OF ARMED FORCES.—The term
10 member of the National Guard or reserve component
11 of the Armed Forces means any member of a reserve
12 component of the Armed Forces (as defined in sec-
13 tion 10101 of title 10, United States Code).

14 “(6) MILITARY SPOUSE.—The term ‘military
15 spouse’ means an individual who is legally married
16 to—

17 “(A) a member of the Armed Forces on
18 active duty,

19 “(B) a member of the National Guard or
20 reserve component, or

21 “(C) a veteran who was discharged or re-
22 leased from active duty in the Armed Forces of
23 the United States not before the 4-year period
24 ending on the date the individual enrolls in the

1 qualified registered apprenticeship program to
2 which the credit relates.

3 “(7) NEW HIRE.—The term ‘new hire’ means
4 an individual who first begins work as an employee
5 for the employer not more than 90 days before such
6 individual’s enrollment in qualified registered ap-
7 prenticeship program to which the credit determined
8 under this section with respect to the employee re-
9 lates.

10 “(8) REDUCED CREDIT WHERE APPRENTICE
11 EMPLOYED FOR FEWER THAN 180 DAYS.—

12 “(A) IN GENERAL.—In the case of a tax-
13 able year during which the apprenticeship em-
14 ployee is employed under a qualified apprentice-
15 ship program of the employer for at least 90
16 days, but fewer than 180 days, the applicable
17 credit amount with respect to such employee for
18 such taxable year shall be reduced to the
19 amount which bears the same ratio to the appli-
20 cable credit amount with respect to such em-
21 ployee (determined without regard to this sub-
22 paragraph) as—

23 “(i) the number of calendar days dur-
24 ing the taxable year that the apprentice-
25 ship employee is so employed, bears to

“(ii) 180.

“(B) FEWER THAN 90 DAYS.—In the case of a taxable year during which the apprenticeship employee is employed under a qualified apprenticeship program of the employer for fewer than 90 days, the applicable credit amount with respect to such employee for such taxable year shall be zero.

“(C) CARRYFORWARD.—The amount by which the credit amount is reduced under subparagraph (A) or (B) with respect to an apprenticeship employee for any taxable year may be carried forward to increase the applicable credit amount otherwise determined with respect to the employee under this section for the succeeding taxable year (determined without regard to this subparagraph and subsection (c)(2)). Any amount carried forward under the preceding sentence shall be subject to any reduction applicable with respect to the employee under subparagraphs (A) and (B).

“(9) COORDINATION WITH OTHER CREDITS.—The amount of credit otherwise allowable under this chapter with respect to compensation paid to any apprenticeship employee shall be reduced by the

1 credit determined under this section with respect to
2 such employee.

3 “(10) NO CREDIT ALLOWED IN CASE LAID-OFF
4 APPRENTICE.—No credit shall be allowed under this
5 section with respect to an apprenticeship employee if
6 during the taxable year such employee is involuntary
7 terminated by reason of a reduction in workforce or
8 job elimination, business closure, downsizing, or re-
9 structuring, or any other non disciplinary termi-
10 nation initiated by the employer.

11 “(11) NO CREDIT ALLOWED IN CASE OF REMU-
12 NERATION FROM APPRENTICESHIP EMPLOYEE.—

13 “(A) IN GENERAL.—No credit shall be al-
14 lowed under this section with respect to an ap-
15 prenticeship employee if such apprenticeship
16 employee provides any remuneration (including
17 tuition, application fees, or other payments) to
18 either the apprenticeship employer or the spon-
19 sor of the qualified registered apprenticeship
20 program in connection with the apprenticeship
21 employee’s participation in such program.

22 “(B) EXCEPTION FOR PUBLIC OR NON-
23 PROFIT FUNDING.—Subparagraph (A) shall not
24 apply to remuneration provided by the appren-
25 ticeship employee if such remuneration is

1 sourced from public funding or private non-
2 profit or foundational organizations intended to
3 serve or support apprenticeship employees, in-
4 cluding funding from the Workforce Innovation
5 and Opportunity Act, Pell Grants, the Supple-
6 mental Nutrition Assistance Program, Tem-
7 porary Assistance for Needy Families, or other
8 similar public or private non-profit or
9 foundational organizations.

10 “(e) APPRENTICESHIP TAX CREDIT ELIGIBILITY
11 CERTIFICATE.—

12 “(1) IN GENERAL.—No credit shall be allowed
13 to an employer under this section with respect to an
14 apprenticeship employee under an apprenticeship
15 program, unless the employer has received an ap-
16 prenticeship tax credit eligibility certificate with re-
17 spect to such apprenticeship employee.

18 “(2) ISSUANCE.—The Secretary of Labor shall
19 use data from the Registered Apprenticeship Part-
20 ners Information Database System (hereinafter in
21 this subsection referred to as ‘RAPIDS’) to issue an
22 apprenticeship tax credit eligibility certificates to ap-
23 prenticeship employers not later than 31 days after
24 the end of each calendar quarter. Such certificate
25 shall include the following:

1 “(A) Information identifying to the spon-
2 sor of the qualified registered apprenticeship
3 program, including—

4 “(i) the name of the sponsor,

5 “(ii) the registration agency respon-
6 sible for monitoring the sponsor,

7 “(iii) the registration number of the
8 registered apprenticeship program,

9 “(iv) the O–Net Code for occupation
10 of training, and

11 “(v) the RAPIDS Code for the
12 apprenticeable occupation approved by the
13 Department of Labor Office of Apprentice-
14 ship.

15 “(B) Information identifying the appren-
16 ticeship employer, including—

17 “(i) the full legal name of the appren-
18 ticeship employer,

19 “(ii) the mailing address of the ap-
20 prenticeship employer,

21 “(iii) the employer registration num-
22 ber assigned in RAPIDS, and

23 “(iv) the apprenticeship employer’s
24 Federal Employer Identification Number.

1 “(C) Information identifying the appren-
2 ticeship employee, including—

3 “(i) the full legal name of such em-
4 ployee,

5 “(ii) the social security number or
6 taxpayer identification number of such em-
7 ployee,

8 “(iii) the dates of apprenticeship, in-
9 cluding the enrollment date, expected com-
10 pletion date, the actual completion date (if
11 applicable), the date hired by the appren-
12 ticeship employer, the termination date (if
13 any), and the reason for exit if such em-
14 ployee is not employed on the last day of
15 the period to which such certificate relates,
16 and

17 “(iv) confirmation that the apprentice-
18 ship employee is a new hire with respect to
19 the employer and is reported via Form W-
20 2.

21 “(3) UPDATING APPRENTICE STATUS RULES.—

22 “(A) REPORTING REQUIREMENTS.—The
23 Secretary of Labor shall update the reporting
24 requirements set forth in part 29 of title 29,
25 Code of Federal Regulations, which otherwise

1 require a sponsor to update the status of an ap-
2 prentice within 45 days of any change in such
3 status, to further require that the sponsor en-
4 sure all employment status updates are com-
5 pleted within 30 days after the close of a cal-
6 endar quarter in order to facilitate the issuance
7 of the apprenticeship tax credit eligibility cer-
8 tificate not later than 31 days after the end of
9 the calendar quarter. The Secretary of Labor
10 may prescribe regulations to ensure compliance
11 with this reporting requirement.

12 “(B) APPRENTICESHIP AGREEMENTS.—

13 The Secretary of Labor shall update apprentice-
14 ship agreement forms to include the following:

15 “(i) The date the apprenticeship em-
16 ployee was hired by the apprenticeship em-
17 ployer.

18 “(ii) The apprenticeship employer
19 confirmation that the apprenticeship em-
20 ployee is reported via Form W-2.

21 “(iii) The assigned registration num-
22 ber of the apprenticeship employer
23 verifying the apprenticeship employer has a
24 formal agreement with the sponsor of the

1 qualified registered apprenticeship pro-
2 gram.

3 “(f) TERMINATION OF CREDIT BASED ON VOLUME
4 CAP.—

5 “(1) IN GENERAL.—This section shall not apply
6 for any taxable year beginning after the date on
7 which the Secretary (in consultation with the Sec-
8 retary of Labor) certifies that the amount of credit
9 determined under this section has reached an
10 amount equal to \$5,000,000,000.

11 “(2) TRACKING AND REPORTING.—

12 “(A) SECRETARY OF TREASURY.—

13 “(i) IN GENERAL.—The Secretary
14 shall for purposes of paragraph (1) mon-
15 itor and regularly calculate the amount of
16 credit determined under this section and
17 publicly certify when the limitation under
18 paragraph (1) has been reached.

19 “(ii) ANNUAL REPORTING.—The Sec-
20 retary shall not later than March 31,
21 2027, and annually thereafter, publish an
22 report that details the total amount of
23 credits determined under this section for
24 taxable years ending in the preceding cal-
25 endar year, the amount of any under-allo-

1 cated credits identified under paragraph
2 (4)(A), the take-up rate of certificates
3 issued under this section for the preceding
4 calendar year, and the total number of cer-
5 tificates issued under this section for the
6 preceding calendar year.

7 “(iii) TAKE-UP RATE.—For purposes
8 of clause (ii), the term ‘take-up rate’
9 means the percentage of apprenticeship tax
10 credit eligibility certificates issued under
11 subsection (e) that result in credits deter-
12 mined under this section, as determined by
13 the Secretary.

14 “(B) SECRETARY OF LABOR.—

15 “(i) IN GENERAL.—The Secretary of
16 Labor, in consultation with the Secretary,
17 shall annually review the determinations
18 made by the Secretary under subparagraph
19 (A) and estimate the extent to which credit
20 limitation under paragraph (1) remains
21 available.

22 “(ii) COMMENSURATE ADJUSTMENT
23 OF QUALIFYING INFRASTRUCTURE-RE-
24 LATED OCCUPATIONS.—Based on such re-
25 view and estimates, the Secretary of Labor

1 may adjust the list of qualifying infrastruc-
2 ture-related occupations identified under
3 section subsection (e) to limit the issuance
4 of additional apprenticeship tax credit eli-
5 gibility certificates if necessary to ensure,
6 to the extent practicable, the limitation
7 under paragraph (1) is not exceeded before
8 December 31, 2035.

9 “(iii) ANNUAL REPORTING.—For tax-
10 able years beginning after December 31,
11 2026, any adjustments to the list of quali-
12 fying infrastructure-related occupations for
13 a year shall be published by the Secretary
14 not later than September 30 of the pre-
15 ceding year.

16 “(3) LIMITATION OR PRIORITIZATION WHEN
17 REMAINING BALANCE IS LOW.—

18 “(A) IN GENERAL.—When the remaining
19 balance of credits allowable under this section,
20 as determined by the Secretary under para-
21 graph (2)(A), is less than \$1,000,000,000, the
22 Secretary, in consultation with the Secretary of
23 Labor, may prescribe any of the following:

24 “(i) Limiting the qualifying infra-
25 structure-related occupations identified

1 under subsection (d)(1)(B) for which ap-
2 prenticeship tax credit eligibility certifi-
3 cates may be issued.

4 “(ii) Directing the issuance of such
5 certificates to focus on apprenticeship em-
6 ployees who are recently separated vet-
7 erans, members of the National Guard or
8 Reserve Component of the Armed Forces,
9 or military spouses.

10 “(B) DETERMINATION OF CERTIFICATES
11 ISSUED.—

12 “(i) USE OF TAKE-UP RATE.—If the
13 annual report under paragraph (2)(A)(ii)
14 has been issued for the preceding calendar
15 years, the number of certificates issued
16 under this paragraph shall be determined
17 by adjusting the proportional allocation
18 under paragraph (4)(C)(ii)(I) based on the
19 take-up rate reported under paragraph
20 (2)(A)(ii) for such year, to ensure that the
21 estimated credit amount resulting from
22 such issuance does not exceed the remain-
23 ing balance under this section.

24 “(4) REALLOCATION OF UNDER-ALLOCATED
25 CREDITS.—

1 “(A) IN GENERAL.—The Secretary may
2 identify, as part of the annual report required
3 under paragraph (2)(A), any under-allocated
4 portion of any apprenticeship infrastructure tax
5 credits or other ‘labor related’ tax credits for a
6 prior taxable year.

7 “(B) UNDER-ALLOCATED CREDITS.—For
8 purposes of this paragraph, the term ‘under-al-
9 located credits’ means the difference between
10 the estimated credit amounts associated with
11 credits determined under this section for the
12 preceding calendar year (as reported under
13 paragraph (2)(B)) and the actual amount of
14 credits claimed by any taxable entity (as re-
15 ported under paragraph (2)(A)), to the extent
16 such difference reflects credits that remain
17 available within the volume cap under para-
18 graph (1).

19 “(C) ADDITIONAL ALLOCATION BY SEC-
20 RETARY OF LABOR.—

21 “(i) IN GENERAL.—Upon notification
22 from the Secretary of under-allocated cred-
23 its identified under subparagraph (A), the
24 Secretary of Labor may provide for addi-
25 tional allocation of such credits by issuing

1 additional apprenticeship tax credit eligi-
2 bility certificates for the succeeding cal-
3 endar year, subject to the limitations of
4 clause (ii).

5 “(ii) LIMITATIONS.—The limitations
6 of this clause are as follows:

7 “(I) IN GENERAL.—If the annual
8 report under paragraph (2)(A)(ii) has
9 been issued for the preceding calendar
10 year, the number of certificates issued
11 under this paragraph shall be equal to
12 the total number of certificates issued
13 in the preceding calendar year, as re-
14 ported under paragraph (2)(A)(ii), ad-
15 justed by the take-up rate for such
16 year, to ensure that the estimated
17 credit amount resulting from such
18 issuance does not exceed the remain-
19 ing balance under this section.

20 “(II) NO ANNUAL REPORT.—If
21 the annual report under paragraph
22 (2)(A)(ii) has not been issued for the
23 preceding calendar year, the number
24 of certificates issued under this para-
25 graph shall be equal to the total num-

1 ber of certificates issued in the pre-
2 ceding calendar year increased by 30
3 percent.

4 “(III) LIMITATION.—The
5 issuance of additional certificates
6 under this paragraph shall not cause
7 the aggregate volume cap under para-
8 graph (1) to be exceeded.

9 “(D) REPORTING.—The Secretary of
10 Labor shall include in the annual report re-
11 quired under paragraph (2)(B) a summary of
12 any additional allocations made under this
13 paragraph, including the number of additional
14 certificates issued, the estimated amount of
15 credits associated with such certificates, the ac-
16 tual amount of credits determined under this
17 section for the preceding calendar year (as re-
18 ported by the Secretary under paragraph
19 (2)(A)), and the occupations targeted by the
20 additional allocations.

21 “(g) REGULATIONS.—The Secretary shall prescribe
22 such rules as may be necessary or appropriate to carry
23 out the purposes of this section, including guidance for
24 verifying the status of—

1 “(1) individuals as recently separated veterans,
 2 Members of the National Guard or Reserve Compo-
 3 nent of the Armed Forces, or military spouses,

4 “(2) qualified registered apprenticeship pro-
 5 grams,

6 “(3) apprenticeship employers and apprentice-
 7 ship employees, and

8 “(4) apprenticeship employees, including that
 9 such employees are reported via Form W-2, not a
 10 1099 contractor, based on Internal Revenue Service
 11 standards.”.

12 (b) DENIAL OF DOUBLE BENEFIT.—Section 280C(a)
 13 of such Code is amended by inserting “45BB(a),” after
 14 “45S(a),”.

15 (c) CREDIT MADE PART OF GENERAL BUSINESS
 16 CREDIT.—Section 38(b) of such Code is amended by strik-
 17 ing “plus” at the end of paragraph (40), by striking the
 18 period at the end of paragraph (41) and inserting “, plus”,
 19 and by adding at the end the following new paragraph:

20 “(42) the apprenticeship tax credit determined
 21 under section 45BB(a).”.

22 (d) 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. 45BB. Apprenticeship tax credit for employers.”.

1 (e) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2025.

○