

119TH CONGRESS
2D SESSION

S. 4463

To amend the Internal Revenue Code of 1986 to provide a credit against employer payroll taxes for wages and other expenses paid or incurred for apprenticeship programs.

IN THE SENATE OF THE UNITED STATES

APRIL 30, 2026

Mr. YOUNG introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide a credit against employer payroll taxes for wages and other expenses paid or incurred for apprenticeship programs.

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 “Workforce Apprentice-
5 ship Growth and Education Support Act” or the
6 “WAGES Act of 2026”.

7 **SEC. 2. FINDINGS.**

8 Congress finds the following:

1 (1) Apprenticeships strengthen the American
2 economy by addressing persistent workforce short-
3 ages, particularly in high-demand and essential in-
4 dustries, including construction, advanced manufac-
5 turing, health care, early childhood education and
6 care, information technology, transportation and lo-
7 gistics, automotive repair and maintenance, hospi-
8 tality, energy, agriculture, and the skilled trades.

9 (2) A skilled and resilient workforce is essential
10 to maintaining the economic competitiveness of the
11 United States in an increasingly competitive global
12 economy, particularly as other nations expand in-
13 vestments in workforce training, technical education,
14 and industrial capacity.

15 (3) Registered apprenticeship programs are a
16 proven workforce development model that combines
17 paid on-the-job learning with related instruction, en-
18 abling workers to earn wages while gaining industry-
19 recognized credentials and skills aligned with em-
20 ployer needs.

21 (4) Employers that invest in registered appren-
22 ticeship programs benefit from improved produc-
23 tivity, reduced turnover, and a more skilled work-
24 force, but often face costs associated with program

1 development, training, supervision, and related in-
 2 struction that may limit broader adoption.

3 (5) The Act of August 16, 1937 (commonly
 4 known as the “National Apprenticeship Act”; 50
 5 Stat. 664, chapter 663; 29 U.S.C. 50 et seq.) and
 6 regulations issued thereunder establish a rigorous
 7 framework for registered apprenticeship programs,
 8 ensuring high-quality training standards, worker
 9 protections, and nationally recognized credentials.

10 (6) Expanding employer participation in reg-
 11 istered apprenticeship programs is critical to pro-
 12 moting upward economic mobility, including for indi-
 13 viduals without a four-year college degree, by pro-
 14 viding pathways to higher earnings and stable, well-
 15 paying careers.

16 **SEC. 3. APPRENTICESHIP CREDIT.**

17 (a) IN GENERAL.—Subchapter D of chapter 21 of the
 18 Internal Revenue Code of 1986 is amended by adding at
 19 the end the following new section:

20 **“SEC. 3135. APPRENTICESHIP CREDIT.**

21 “(a) IN GENERAL.—In the case of an eligible em-
 22 ployer, there shall be allowed as a credit against applicable
 23 employment taxes for each calendar quarter an amount
 24 equal to 50 percent of the sum of—

1 “(1) the qualified wages with respect to each
 2 qualified apprentice of such employer for such cal-
 3 endar quarter, and

4 “(2) the registered apprenticeship program ex-
 5 penses paid or incurred by the employer during the
 6 calendar quarter.

7 “(b) LIMITATIONS AND REFUNDABILITY.—

8 “(1) WAGES TAKEN INTO ACCOUNT.—The
 9 amount of qualified wages with respect to any quali-
 10 fied apprentice which may be taken into account
 11 under subsection (a) by the eligible employer for any
 12 calendar quarter shall not exceed \$5,000.

13 “(2) REGISTERED APPRENTICESHIP PROGRAM
 14 EXPENSES TAKEN INTO ACCOUNT.—The amount of
 15 registered apprenticeship program expenses taken
 16 into account by the eligible employer with respect to
 17 any calendar quarter shall not exceed the greater
 18 of—

19 “(A) \$5,000, or

20 “(B) the lesser of—

21 “(i) \$2,500 for each qualified appren-
 22 tice which is an employee of the eligible
 23 employer during such calendar quarter, or

24 “(ii) \$50,000.

1 “(3) CREDIT LIMITED TO EMPLOYMENT
 2 TAXES.—The credit allowed by subsection (a) with
 3 respect to any calendar quarter shall not exceed the
 4 applicable employment taxes (reduced by any credits
 5 allowed under section 3111) on the wages paid with
 6 respect to the employment of all the employees of
 7 the eligible employer for such calendar quarter.

8 “(4) REFUNDABILITY OF EXCESS CREDIT.—If
 9 the amount of the credit under subsection (a) ex-
 10 ceeds the limitation of paragraph (3) for any cal-
 11 endar quarter, such excess shall be treated as an
 12 overpayment that shall be refunded under sections
 13 6402(a) and 6413(b).

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

15 “(1) APPLICABLE EMPLOYMENT TAXES.—The
 16 term ‘applicable employment taxes’ means the fol-
 17 lowing:

18 “(A) The taxes imposed under section
 19 3111(b).

20 “(B) So much of the taxes imposed under
 21 section 3221(a) as are attributable to the rate
 22 in effect under section 3111(b).

23 “(2) ELIGIBLE EMPLOYER.—The term ‘eligible
 24 employer’ means any employer which, during the
 25 calendar quarter—

1 “(A) either—

2 “(i) maintains a registered apprentice-
3 ship program, or

4 “(ii) has entered into a written agree-
5 ment (including a collective bargaining
6 agreement) under which the employer
7 agrees to adhere to the apprenticeship
8 standards formulated and registered by a
9 registered apprenticeship program sponsor
10 with respect to qualified apprentices par-
11 ticipating in the registered apprenticeship
12 program of such sponsor, and

13 “(B) employs a qualified apprentice.

14 “(3) QUALIFIED WAGES.—

15 “(A) IN GENERAL.—The term ‘qualified
16 wages’ means, with respect to any qualified ap-
17 prentice, wages paid for service rendered while
18 such qualified apprentice is participating in a
19 registered apprenticeship program.

20 “(B) LIMITATIONS.—Such term shall not
21 include any wages paid for service rendered
22 after the date that is 2 years after the date the
23 qualified apprentice begins participation in a
24 registered apprenticeship program.

25 “(4) WAGES.—

1 “(A) IN GENERAL.—The term ‘wages’
2 means wages (as defined in section 3121(a))
3 and compensation (as defined in section
4 3231(e)).

5 “(B) ALLOWANCE FOR CERTAIN HEALTH
6 PLAN EXPENSES.—

7 “(i) IN GENERAL.—Such term shall
8 include amounts paid by the eligible em-
9 ployer to provide and maintain a group
10 health plan (as defined in section
11 5000(b)(1)), but only to the extent that
12 such amounts are excluded from the gross
13 income of employees by reason of section
14 106(a).

15 “(ii) ALLOCATION RULES.—For pur-
16 poses of this section, amounts treated as
17 wages under clause (i) shall be treated as
18 paid with respect to any employee (and
19 with respect to any period) to the extent
20 that such amounts are properly allocable to
21 such employee (and to such period) in such
22 manner as the Secretary may prescribe.
23 Except as otherwise provided by the Sec-
24 retary, such allocation shall be treated as

1 properly made if made on the basis of
 2 being pro rata among periods of coverage.

3 “(5) QUALIFIED APPRENTICE.—

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

6 “(i) is an employee of an eligible em-
 7 ployer, and

8 “(ii) participates in a registered ap-
 9 prenticeship program pursuant to a written
 10 apprenticeship agreement with the reg-
 11 istered apprenticeship program sponsor en-
 12 tered into after the date of the enactment
 13 of this section.

14 “(B) EXCEPTION.—Such term shall not in-
 15 clude—

16 “(i) any individual described in sub-
 17 paragraph (A), (B), or (C) of section
 18 51(i)(1), or

19 “(ii) any 5-percent owner (as defined
 20 in section 416(i)(1)(B)).

21 “(C) PARTICIPATION IN A REGISTERED AP-
 22 PRENTICESHIP PROGRAM.—For purposes of
 23 subparagraph (A)(ii), an individual participates
 24 in a registered apprenticeship program if—

1 “(i) the individual has entered into an
2 apprenticeship agreement that has been
3 registered with the Office of Apprenticeship of the Department of Labor or a recognized State apprenticeship agency during
4 the first 90 days of probationary employment with an eligible employer under a
5 registered apprenticeship program, and

9 “(ii) the individual has been certified
10 by such Office of Apprenticeship or a recognized State apprenticeship agency as eligible for probationary employment as an
11 apprentice (as defined in section 29.2 of
12 title 29, Code of Federal Regulations (as
13 in effect on the date of the enactment of
14 this subparagraph)).

17 “(6) REGISTERED APPRENTICESHIP PROGRAM.—The term ‘registered apprenticeship program’ means an apprenticeship registered under the
18 Act of August 16, 1937 (commonly known as the
19 ‘National Apprenticeship Act’; 50 Stat. 664, chapter
20 663; 29 U.S.C. 50 et seq.) that meets the standards
21 of parts 29 and 30 of title 29, Code of Federal Regulations (as in effect on the date of the enactment
22 of this paragraph).

1 “(7) REGISTERED APPRENTICESHIP PROGRAM
2 EXPENSES.—

3 “(A) IN GENERAL.—The term ‘registered
4 apprenticeship program expenses’ means ex-
5 penses (other than qualified wages) paid or in-
6 curred in connection with a registered appren-
7 ticeship program, including—

8 “(i) related instruction expenses,

9 “(ii) on-the-job learning expenses,

10 “(iii) mentor wages,

11 “(iv) expenses directly associated with
12 the development, registration, or mainte-
13 nance of a registered apprenticeship pro-
14 gram, and

15 “(v) amounts paid or incurred by an
16 eligible employer to a registered appren-
17 ticeship program sponsor pursuant to a
18 collective bargaining agreement (or similar
19 binding agreement) for the purpose of sup-
20 porting or funding such program.

21 “(B) RELATED INSTRUCTION EX-
22 PENSES.—The term ‘related instruction ex-
23 penses’ means the costs of organized instruc-
24 tion—

1 “(i) in technical subjects related to
2 the occupation, and

3 “(ii) that may be provided in a class-
4 room, through distance learning, or other
5 means of instruction, consistent with the
6 requirements for such instruction under
7 section 29.5(b)(4) of title 29, Code of Fed-
8 eral Regulations (as in effect on the date
9 of the enactment of this paragraph).

10 “(C) ON-THE-JOB LEARNING EXPENSES.—

11 The term ‘on-the-job learning expenses’—

12 “(i) means the costs of training
13 that—

14 “(I) is provided to a qualified ap-
15 prentice while engaged in productive
16 work in a job, and

17 “(II) provides knowledge or skills
18 essential to the full and adequate per-
19 formance of the job,

20 “(ii) includes reimbursement or sup-
21 port for the costs of such training and of
22 supervision provided during such training,
23 and

1 “(iii) does not include the costs of any
2 wages provided to the qualified apprentice
3 during the training.

4 “(D) MENTOR WAGES.—

5 “(i) IN GENERAL.—The term ‘mentor
6 wages’ means wages which—

7 “(I) are paid by an eligible em-
8 ployer to an employee who is a
9 journeyworker (within the meaning of
10 section 29.2 of title 29, Code of Fed-
11 eral Regulations (as in effect on the
12 date of the enactment of this subpara-
13 graph)), and

14 “(II) are in excess of the base
15 rate of pay of such employee for pay
16 periods in which such employee is pro-
17 viding mentorship or supervisory serv-
18 ices to a qualified apprentice of such
19 eligible employer.

20 “(ii) BASE RATE OF PAY.—

21 “(I) IN GENERAL.—The term
22 ‘base rate of pay’ means, with respect
23 to any pay period for any employee
24 providing mentorship or supervisory
25 services, the average wages paid for

1 pay periods occurring over the 12-
2 month period ending with the pay pe-
3 riod before the date on which such in-
4 dividual began providing such
5 mentorship or supervisory services.

6 “(II) SPECIAL RULES.—If the
7 employee was not employed for the
8 entire 12-month period referred to in
9 subclause (I), such subclause shall be
10 applied on the basis of the period dur-
11 ing which such employee was so em-
12 ployed. The Secretary may provide
13 rules for the application of this clause
14 in cases where the employee was not
15 employed for any period before pro-
16 viding mentorship or supervisory serv-
17 ices.

18 “(iii) LIMITATION ON MENTOR
19 WAGES.—The amount of mentor wages
20 which may be taken into account during a
21 calendar quarter with respect to any em-
22 ployee providing mentorship or supervisory
23 services shall not exceed \$10,000.

24 “(8) REGISTERED APPRENTICESHIP PROGRAM
25 SPONSOR.—The term ‘registered apprenticeship pro-

1 gram sponsor’ means any person, association, com-
 2 mittee, or organization operating a registered ap-
 3 prenticeship program and in whose name such pro-
 4 gram is registered or approved.

5 “(d) OTHER RULES.—For purposes of this section—

6 “(1) AGGREGATION RULES.—All persons which
 7 are treated as a single employer under subsections
 8 (a) and (b) of section 52 or subsection (m) or (o)
 9 of section 414 shall be treated as a single taxpayer.

10 “(2) CERTAIN GOVERNMENTAL EMPLOYERS.—

11 “(A) IN GENERAL.—This credit shall not
 12 apply to the Government of the United States,
 13 the government of any State or political sub-
 14 division thereof, or any agency or instrumen-
 15 tality of any of the foregoing.

16 “(B) EXCEPTION.—Paragraph (1) shall
 17 not apply to—

18 “(i) any organization described in sec-
 19 tion 501(c)(1) and exempt from tax under
 20 section 501(a), or

21 “(ii) any entity described in para-
 22 graph (1) if—

23 “(I) such entity is a college or
 24 university, or

1 “(II) the principal purpose or
2 function of such entity is providing
3 medical or hospital care.

4 “(3) DENIAL OF DOUBLE BENEFIT.—

5 “(A) CREDITS.—Any wages or expenses
6 taken into account in determining the credit al-
7 lowed under this section shall not be taken into
8 account for purposes of determining any credit
9 allowed against the tax imposed by chapter 1.

10 “(B) DEDUCTIONS.—

11 “(i) WAGES.—For purposes of this
12 section, rules similar to the rules of section
13 280C(a) shall apply.

14 “(ii) OTHER EXPENSES.—No deduc-
15 tion shall be allowed under chapter 1 with
16 respect to that portion of the registered
17 apprenticeship program expenses (other
18 than wages) taken into account under this
19 section.

20 “(4) COORDINATION WITH OTHER FEDERAL
21 PAYMENTS.—This section shall not apply to any
22 qualified wages or registered apprenticeship program
23 expenses paid or incurred by an eligible employer if
24 such eligible employer received payments for such
25 qualified wages or registered apprenticeship program

1 expenses under the Workforce Innovation and Op-
2 portunity Act or any other federally funded pro-
3 gram.

4 “(5) ELECTION TO HAVE APPRENTICESHIP
5 CREDIT NOT APPLY.—This section shall not apply to
6 so much of the qualified wages and registered ap-
7 prenticeship program expenses paid or incurred by
8 an eligible employer as such employer elects (at such
9 time and in such manner as the Secretary may pre-
10 scribe) to not take into account for purposes of this
11 section.

12 “(6) THIRD PARTY PAYORS.—Any credit al-
13 lowed under this section shall be treated as a credit
14 described in section 3511(d)(2).

15 “(7) EXTENSION OF LIMITATION ON ASSESS-
16 MENT.—

17 “(A) IN GENERAL.—Notwithstanding sec-
18 tion 6501, the limitation on the time period for
19 the assessment of any amount attributable to a
20 credit claimed under this section shall not ex-
21 pire before the date that is 6 years after the
22 latest of—

23 “(i) the date on which the original re-
24 turn which includes the calendar quarter

with respect to which such credit is determined is filed,

“(ii) the date on which such return is treated as filed under section 6501(b)(2), or

“(iii) the date on which the claim for credit or refund with respect to such credit is made.

“(B) DEDUCTION FOR WAGES AND EXPENSES TAKEN INTO ACCOUNT IN DETERMINING IMPROPERLY CLAIMED CREDIT.—

“(i) IN GENERAL.—Notwithstanding section 6511, in the case of an assessment attributable to a credit claimed under this section, the limitation on the time period for credit or refund of any amount attributable to a deduction for improperly claimed apprenticeship wages and expenses shall not expire before the time period for such assessment expires under paragraph (1).

“(ii) IMPROPERLY CLAIMED APPRENTICESHIP WAGES AND EXPENSES.—For purposes of this paragraph, the term ‘improperly claimed apprenticeship wages and

1 expenses’ means, with respect to an assess-
2 ment attributable to a credit claimed under
3 this section, the wages and expenses with
4 respect to which a deduction would not
5 have been allowed if the portion of the
6 credit to which such assessment relates
7 had been properly claimed.

8 “(e) TREATMENT OF DEPOSITS.—The Secretary
9 shall waive any penalty under section 6656 for any failure
10 to make a deposit of any applicable employment taxes if
11 the Secretary determines that such failure was due to the
12 reasonable anticipation of the credit allowed under this
13 section.

14 “(f) REGULATIONS AND GUIDANCE.—The Secretary,
15 in consultation with the Secretary of Labor, shall issue
16 such forms, instructions, regulations, and guidance—

17 “(1) with respect to the application of the cred-
18 it under subsection (a) to third party payors (includ-
19 ing professional employer organizations, certified
20 professional employer organizations, or agents under
21 section 3504), including regulations or guidance al-
22 lowing such payors to submit documentation nec-
23 essary to substantiate the registered apprenticeship
24 program expenses of employers that use such
25 payors, and

1 “(2) to prevent the avoidance of the purposes of
2 the limitations under this section.

3 Any forms, instructions, regulations, or other guidance de-
4 scribed in paragraph (1) shall require the customer to be
5 responsible for the accounting of the credit and for any
6 liability for improperly claimed credits and shall require
7 the certified professional employer organization or other
8 third party payor to accurately report such tax credits
9 based on the information provided by the customer.”.

10 (b) NOTICE OF AVAILABILITY OF CREDIT.—The Sec-
11 retary of Labor, in consultation with the Secretary of the
12 Treasury (or the Secretary’s delegate), shall take such
13 steps as may be necessary or appropriate to keep employ-
14 ers apprised of the availability of the credit allowed under
15 section 3135 of the Internal Revenue Code of 1986, as
16 added by this section.

17 (c) CLERICAL AMENDMENT.—The table of sections
18 for subchapter D of chapter 21 of the Internal Revenue
19 Code of 1986 is amended by adding at the end the fol-
20 lowing new item:

“Sec. 3135. Apprenticeship credit.”.

21 (d) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to wages paid, and expenses paid
23 or incurred, for calendar quarters beginning after the date
24 of enactment of this Act.

1 **SEC. 4. TAX TREATMENT OF APPRENTICESHIP AWARDS.**

2 (a) APPRENTICESHIP AWARDS TREATED AS EM-
3 PLOYEE ACHIEVEMENT AWARDS.—

4 (1) IN GENERAL.—Section 274(j)(3)(A)(i)(I) of
5 the Internal Revenue Code of 1986 is amended by
6 striking subclauses (I), (II), and (III) and inserting
7 the following:

8 “(I)(aa) transferred by an em-
9 ployer to an employee for length of
10 service achievement or safety achieve-
11 ment and awarded as part of a mean-
12 ingful ceremony, or

13 “(bb) transferred by an employer
14 to an employee participating in a reg-
15 istered apprenticeship program in con-
16 nection with the training and cur-
17 riculum of such program, and

18 “(II) awarded under conditions
19 and circumstances that do not create
20 a significant likelihood of the payment
21 disguised as compensation.”.

22 (2) DEFINITIONS.—Section 274(j)(4) of such
23 Code is amended by adding at the end the following
24 new subparagraphs:

25 “(D) APPRENTICESHIP AWARDS.—An item
26 shall not be treated as having been provided in

1 connection with the training and curriculum of
 2 a registered apprenticeship program if such
 3 item is received during the recipient's first 90
 4 days of participating in the registered appen-
 5 ticeship program.

6 “(E) REGISTERED APPRENTICESHIP PRO-
 7 GRAM.—The term ‘registered apprenticeship
 8 program’ has the meaning given such term
 9 under section 3135(c)(6).”.

10 (b) INCREASED LIMITATION.—Paragraph (2) of sec-
 11 tion 274(j) of the Internal Revenue Code of 1986 is
 12 amended—

13 (1) by inserting “(\$1,500 in the case of an em-
 14 ployee achievement award described in paragraph
 15 (3)(A)(i)(I)(bb))” after “\$400” in paragraph (A),
 16 and

17 (2) by inserting “(\$5,000 in the case of a quali-
 18 fied plan award which is an employee achievement
 19 award described in paragraph (3)(A)(i)(I)(bb))” at
 20 the end of paragraph (B).

21 (c) EFFECTIVE DATE.—The amendments made by
 22 this section shall apply to awards transferred after the
 23 date of enactment of this Act.

