

105TH CONGRESS  
2D SESSION

# S. 2409

To amend the Internal Revenue Code of 1986 to allow a tax credit for  
business-provided student education and training.

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## IN THE SENATE OF THE UNITED STATES

JULY 31, 1998

Mr. DODD (for himself and Mr. BENNETT) introduced the following bill; which  
was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to allow a  
tax credit for business-provided student education and  
training.

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 “Businesses Educating  
5       Students in Technology (BEST) Act”.

6       **SEC. 2. FINDINGS.**

7       Congress finds the following:

8               (1) Technological progress is the single most  
9       important determining factor in sustaining growth in  
10       the Nation’s economy. It is estimated that techno-

1       logical innovation has accounted for as much as half  
2       the Nation's long-term economic growth over the  
3       past 50 years and will account for an even higher  
4       percentage in the next 50 years.

5           (2) The number of jobs requiring technological  
6       expertise is growing rapidly. For example, it is esti-  
7       mated that 1,300,000 new computer engineers, pro-  
8       grammers, and systems analysts will be needed over  
9       the next decade in the United States economy. Yet,  
10      our Nation's computer science programs are only  
11      graduating 25,000 students with bachelor's degrees  
12      yearly.

13          (3) There are more than 350,000 information  
14      technology positions currently unfilled throughout  
15      the United States, and the number of students grad-  
16      uating from colleges with computer science degrees  
17      has declined dramatically.

18          (4) In order to help alleviate the shortage of  
19      graduates with technology-based education and  
20      skills, businesses in a number of States have formed  
21      partnerships with colleges, universities, community-  
22      technical schools, and other institutions of higher  
23      learning to give lectures, donate equipment, plan  
24      curricula, and perform other activities designed to

1 help students acquire the skills and knowledge need-  
 2 ed to fill jobs in technology-based industries.

3 (5) Congress should encourage these partner-  
 4 ships by providing a tax credit to businesses that  
 5 enter into them. Such a tax credit will help students  
 6 obtain the knowledge and skills they need to obtain  
 7 jobs in technology-based industries which are among  
 8 the best paying jobs being created in the economy.  
 9 The credit will also assist businesses in their efforts  
 10 to develop a more highly-skilled, better trained work-  
 11 force that can fill the technology jobs such busi-  
 12 nesses are creating.

13 **SEC. 3. ALLOWANCE OF CREDIT FOR BUSINESS-PROVIDED**  
 14 **STUDENT EDUCATION AND TRAINING.**

15 (a) IN GENERAL.—Subpart D of part IV of sub-  
 16 chapter A of chapter 1 of the Internal Revenue Code of  
 17 1986 (relating to business related credits) is amended by  
 18 adding at the end the following:

19 **“SEC. 45D. BUSINESS-PROVIDED STUDENT EDUCATION AND**  
 20 **TRAINING.**

21 “(a) ALLOWANCE OF CREDIT.—For purposes of sec-  
 22 tion 38, the business-provided student education and  
 23 training credit determined under this section for the tax-  
 24 able year is an amount equal to 40 percent of the qualified

1 student education and training expenditures of the tax-  
 2 payer for such taxable year.

3 “(b) DOLLAR LIMITATION.—The credit allowable  
 4 under subsection (a) for any taxable year shall not exceed  
 5 \$100,000.

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

7 “(1) QUALIFIED STUDENT EDUCATION AND  
 8 TRAINING EXPENDITURE.—

9 “(A) IN GENERAL.—The term ‘qualified  
 10 student education and training expenditure’  
 11 means—

12 “(i) any amount paid or incurred by  
 13 the taxpayer for the qualified student edu-  
 14 cation and training services provided by  
 15 any employee of the taxpayer, and

16 “(ii) the basis of the taxpayer in any  
 17 tangible personal property contributed by  
 18 the taxpayer and used in connection with  
 19 the provision of such services.

20 “(B) EXCLUSION FOR AMOUNTS FUNDED  
 21 BY GRANTS, ETC.—The term ‘qualified student  
 22 education and training expenditure’ shall not  
 23 include any amount to the extent such amount  
 24 is funded by any grant, contract, or otherwise  
 25 by another person (or any governmental entity).

1           “(2) QUALIFIED STUDENT EDUCATION AND  
2 TRAINING SERVICES.—

3           “(A) IN GENERAL.—The term ‘qualified  
4 student education and training services’ means  
5 technology-based education and training of stu-  
6 dents in any eligible educational institution in  
7 employment skills related to the trade or busi-  
8 ness of the taxpayer.

9           “(B) ELIGIBLE EDUCATIONAL INSTITU-  
10 TION.—The term ‘eligible educational institu-  
11 tion’ has the meaning given such term by sec-  
12 tion 529(e)(5).

13       “(d) SPECIAL RULES.—For purposes of this sec-  
14 tion—

15           “(1) AGGREGATION RULES.—All persons which  
16 are treated as a single employer under subsections  
17 (a) and (b) of section 52 shall be treated as a single  
18 taxpayer.

19           “(2) PASS-THRU IN THE CASE OF ESTATES AND  
20 TRUSTS.—Under regulations prescribed by the Sec-  
21 retary, rules similar to the rules of subsection (d) of  
22 section 52 shall apply.

23           “(3) ALLOCATION IN THE CASE OF PARTNER-  
24 SHIPS.—In the case of partnerships, the credit shall

1 be allocated among partners under regulations pre-  
 2 scribed by the Secretary.

3 “(e) NO DOUBLE BENEFIT.—No deduction or credit  
 4 shall be allowed under any other provision of this chapter  
 5 with respect to any expenditure taken into account in com-  
 6 puting the amount of the credit determined under this sec-  
 7 tion.”

8 (b) CONFORMING AMENDMENTS.—

9 (1) Section 38(b) of the Internal Revenue Code  
 10 of 1986 is amended—

11 (A) by striking out “plus” at the end of  
 12 paragraph (11),

13 (B) by striking out the period at the end  
 14 of paragraph (12), and inserting a comma and  
 15 “plus”, and

16 (C) by adding at the end the following:

17 “(13) the business-provided student education  
 18 and training credit determined under section 45D.”

19 (2) The table of sections for subpart D of part  
 20 IV of subchapter A of chapter 1 of such Code is  
 21 amended by adding at the end the following:

“Sec. 45D. Business-provided student education and training  
 credit.”

1       (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 1998.

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