

106TH CONGRESS  
1ST SESSION

# S. 1291

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.

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IN THE SENATE OF THE UNITED STATES

JUNE 28, 1999

Mr. DEWINE 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 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

as a single employer under subsection (b), (c), (m), or (o) of section 414 shall be treated as a single employer.

“(2) QUALIFIED TRAINING YEAR.—

“(A) IN GENERAL.—The term ‘qualified training year’ means each year during the training period in which the employee received at least 2,000 hours of training (including on-the-job training) from the taxpayer (or any predecessor) as an apprentice in any highly skilled trade.

“(B) HIGHLY SKILLED TRADES.—For purposes of subparagraph (A), the term ‘highly skilled trades’ means—

“(i) precision machinists,

“(ii) die makers,

“(iii) mold makers,

“(iv) tool and die designers,

“(v) heating, ventilating, air conditioning, refrigeration, plumbing, pipefitting, and roofing contractors,

“(vi) the trade of masonry, and

“(vii) other highly skilled trades specified in regulations prescribed by the Secretary.

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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