

107TH CONGRESS  
1ST SESSION

# H. R. 877

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 HOUSE OF REPRESENTATIVES

MARCH 6, 2001

Mr. FOLEY (for himself, Ms. VELÁZQUEZ, Mr. MANZULLO, Mr. LATOURETTE, Mr. JONES of North Carolina, Mr. KOLBE, Mr. LATHAM, Mr. ISAKSON, Mr. MOORE, Mr. TOWNS, Mr. PETERSON of Pennsylvania, Mr. BONILLA, Mr. SAXTON, Mr. GREENWOOD, Ms. HART, Mr. WYNN, Mr. PENCE, Mrs. JONES of Ohio, Mr. ARMEY, Mr. BOEHLERT, Mr. CLEMENT, Mr. HALL of Ohio, Mrs. CHRISTENSEN, Mr. RUSH, Mr. HASTINGS of Washington, Mr. EHLERS, Mr. HEFLEY, Mrs. NORTHUP, and Mr. GARY MILLER of California) introduced the following bill; which was referred to the Committee on Ways and Means

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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 2001”.

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. 45E. 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 1,500 hours of training (including on-the-job training and training at multi-employer training facilities) from the taxpayer (or any predecessor) under a qualified training program 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, and roofing contractors,

“(vi) the trade of masonry,

“(vii) plumbers,

“(viii) pipefitters,

1 “(ix) patternmakers,  
2 “(x) foundry technicians,  
3 “(xi) electricians,  
4 “(xii) recreational marine production  
5 and design workers,  
6 “(xiii) 2-way radio technicians,  
7 “(xiv) welders,  
8 “(xv) shipfitters,  
9 “(xvi) propellor machinists,  
10 “(xvii) electronic instrumentation spe-  
11 cialists, and  
12 “(xviii) other highly skilled trades  
13 specified in regulations prescribed by the  
14 Secretary.

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

18 “(C) QUALIFIED TRAINING PROGRAM.—

19 “(i) IN GENERAL.—The term ‘quali-  
20 fied training program’ means a written  
21 plan of study and training for individuals  
22 in, or entering into, highly skilled trades.

23 “(ii) DESCRIPTION OF PROGRAMS.—A  
24 plan under clause (i) must be a program

described in one of the following sub-clauses:

“(I) An apprenticeship program registered and certified with the Secretary of Labor under section 1 of the National Apprenticeship Act (29 U.S.C. 50).

“(II) A program licensed, registered, or certified by the workforce investment board or apprenticeship agency or council of a State or administered in compliance with apprenticeship laws of a State.

“(III) A program conducted by a vocational or technical education school, community college, or industrial or trade training organization.

“(IV) A program which conforms to apprentice training programs developed or administered by an employer trade group or committee.

“(V) An industry sponsored or administered program which is clearly identified and commonly recognized

1 within an industry and which meets  
2 the requirements of clause (iii).

3 “(iii) REQUIREMENTS.—A program  
4 meets the requirements of this clause if  
5 such program—

6 “(I) is accessible to individuals  
7 without discrimination on the basis of  
8 race, sex, color, religion, or national  
9 origin,

10 “(II) provides an overview of the  
11 trade, including the history and mod-  
12 ern developments in such trade,

13 “(III) provides related instruc-  
14 tion of the fundamental, intermediate,  
15 and advanced skills, techniques, and  
16 materials of the trade,

17 “(IV) provides training in math,  
18 measurement, and blueprint reading  
19 skills, if such skills are required in the  
20 trade,

21 “(V) provides training on trade  
22 specific tools and equipment,

23 “(VI) provides on-the-job train-  
24 ing which allows performance of work

1 under close supervision of an instruc-  
 2 tor or skilled worker, and

3 “(VII) provides periodic review  
 4 and evaluation of participants to dem-  
 5 onstrate proficiency in skills, including  
 6 the use of tests and assessment of in-  
 7 dividual and group projects.

8 “(3) TRAINING PERIOD.—The term ‘training  
 9 period’ means, with respect to an employee, the  
 10 period—

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

14 “(B) ending on the earlier of—

15 “(i) the date that such apprenticeship  
 16 with the employer ends, or

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

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

24 (b) CREDIT MADE PART OF GENERAL BUSINESS  
 25 CREDIT.—Subsection (b) of section 38 of such Code is

1 amended by striking “plus” at the end of paragraph (12),  
 2 by striking the period at the end of paragraph (13) and  
 3 inserting “, plus”, and by adding at the end the following  
 4 new paragraph:

5 “(14) in the case of a small business employer  
 6 (as defined in section 45E(b)), the highly skilled  
 7 trades training credit determined under section  
 8 45E(a).”.

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

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

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

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

22 (e) EFFECTIVE DATE.—The amendments made by  
 23 this section shall apply to expenses paid or incurred in



- 1 the taxable years ending after the date of the enactment
- 2 of this Act.

