

108TH CONGRESS  
2D SESSION

# H. R. 4392

To amend the Internal Revenue Code of 1986 to allow a credit against income for certain education and training expenses, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 19, 2004

Mr. WELLER (for himself, Mrs. BIGGERT, Mr. TOM DAVIS of Virginia, Mr. HONDA, Mrs. JOHNSON of Connecticut, and Mr. MANZULLO) 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 a credit against income for certain education and training expenses, and for other purposes.

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 “Technology Retraining  
5       And Investment Now Act of 2004” or the “TRAIN Act  
6       of 2004”.

7       **SEC. 2. FINDINGS AND PURPOSE.**

8       (a) FINDINGS.—The Congress hereby finds:

1           (1) The value added by workers in the United  
2 States and in other countries is increasingly a func-  
3 tion of the aggregate knowledge acquired by workers  
4 through the aggregate educational and training in-  
5 vestments of both governments and businesses.

6           (2) The aggregate investment by governments  
7 of many of the United States's trading partners in  
8 the education and training of knowledge workers in  
9 those countries has exceeded the aggregate per-  
10 worker investment by Federal, State, and local gov-  
11 ernments in the United States.

12          (3) The disparity is evidenced by the declining  
13 educational performance of students in the United  
14 States compared to their counterparts in other coun-  
15 tries.

16          (4) In an increasingly global and competitive  
17 marketplace it is becoming increasingly difficult for  
18 United States-based businesses to fund worker edu-  
19 cation and training that is provided at no cost for  
20 similar workers in other countries by their govern-  
21 ments.

22          (5) The current global workforce environment  
23 creates increasing competitive pressures on domestic  
24 companies to utilize highly educated knowledge  
25 workers in other countries.

1           (6) It is in the interest of the United States  
2           government, national security, the preservation of a  
3           strong middle class, and the welfare of our Nation's  
4           workers to reverse this trend in a fashion that is  
5           consistent with trade obligations and the ability of  
6           domestic companies to compete globally.

7           (b) PURPOSE.—It is the purpose of this Act to en-  
8           courage businesses and individuals to support the edu-  
9           cational development of knowledge workers in the United  
10          States by providing incentives for information and commu-  
11          nications technology education and training investments,  
12          for workers requiring the use of those skills in professions  
13          such as information or communications technology, engi-  
14          neering, manufacturing and other fields, and for other  
15          purposes.

16   **SEC. 3. CREDIT FOR INFORMATION AND COMMUNICATIONS**  
17                   **TECHNOLOGY EDUCATION AND TRAINING**  
18                   **PROGRAM EXPENSES.**

19          (a) IN GENERAL.—Subpart B of part IV of sub-  
20          chapter A of chapter 1 of the Internal Revenue Code of  
21          1986 is amended by adding at the end the following:

22   **“SEC. 30B. INFORMATION AND COMMUNICATIONS TECH-**  
23                   **NOLOGY EDUCATION AND TRAINING PRO-**  
24                   **GRAM EXPENSES.**

25          “(a) ALLOWANCE OF CREDIT.—

1           “(1) IN GENERAL.—There shall be allowed as a  
2           credit against the tax imposed by this chapter for  
3           the taxable year an amount equal to 50 percent of  
4           information and communications technology edu-  
5           cation and training program expenses paid or in-  
6           curred by the taxpayer for the benefit of—

7                   “(A) in the case of a taxpayer engaged in  
8                   a trade or business, an employee of the tax-  
9                   payer, or

10                   “(B) in the case of a taxpayer who is an  
11                   individual not so engaged, such individual.

12           “(2) COORDINATION OF CREDITS.—Credit shall  
13           be allowable to the employer with respect to an em-  
14           ployee only to the extent that the employee assigns  
15           some or all of the limitation applicable to such em-  
16           ployee under subsection (b) to such employer.

17           “(b) LIMITATIONS.—

18                   “(1) IN GENERAL.—The amount of expenses  
19                   with respect to any individual which may be taken  
20                   into account under subsection (a) for the taxable  
21                   year shall not exceed \$8,000.

22                   “(2) INCREASE IN CREDIT AMOUNT FOR PAR-  
23                   TICIPATION IN CERTAIN PROGRAMS AND FOR CER-  
24                   TAIN INDIVIDUALS.—Paragraph (1) shall be applied

1 by substituting ‘\$10,000’ for ‘\$8,000’ in the case of  
2 expenses—

3 “(A) with respect to a program operated—

4 “(i) in an empowerment zone or en-  
5 terprise community designated under part  
6 I of subchapter U or a renewal community  
7 designated under part I of subchapter X,

8 “(ii) in a school district in which at  
9 least 50 percent of the students attending  
10 schools in such district are eligible for free  
11 or reduced-cost lunches under the school  
12 lunch program established under the Na-  
13 tional School Lunch Act,

14 “(iii) in an area designated as a dis-  
15 aster area by the Secretary of Agriculture  
16 or by the President under the Disaster Re-  
17 lief and Emergency Assistance Act in the  
18 taxable year or the 4 preceding taxable  
19 years,

20 “(iv) in a rural enterprise community  
21 designated under section 766 of the Agri-  
22 culture, Rural Development, Food and  
23 Drug Administration, and Related Agen-  
24 cies Appropriations Act, 1999,

1 “(v) in an area designated by the Sec-  
2 retary of Agriculture as a Rural Economic  
3 Area Partnership Zone,

4 “(vi) in an area over which an Indian  
5 tribal government (as defined in section  
6 7701(a)(40)) has jurisdiction, or

7 “(vii) by an employer who has 200 or  
8 fewer employees for each business day in  
9 each of 20 or more calendar weeks in the  
10 current or preceding calendar year, or

11 “(B) in the case of an individual with a  
12 disability.

13 “(c) INFORMATION TECHNOLOGY EDUCATION AND  
14 TRAINING PROGRAM EXPENSES.—For purposes of this  
15 section—

16 “(1) IN GENERAL.—The term ‘information  
17 technology education and training program expenses’  
18 means expenses paid or incurred by reason of the  
19 participation of the taxpayer (or any employee of the  
20 taxpayer) in any information and communications  
21 technology education and training program. Such ex-  
22 penses shall include expenses paid in connection  
23 with—

24 “(A) course work,

25 “(B) certification testing,

1           “(C) programs carried out under the Act  
2           of August 16, 1937 (50 Stat. 664, chapter 663;  
3           29 U.S.C. 50 et seq) which are registered by  
4           the Department of Labor, and

5           “(D) other expenses that are essential to  
6           assessing skill acquisition.

7           “(2) INFORMATION TECHNOLOGY EDUCATION  
8           AND TRAINING PROGRAM.—The term ‘information  
9           technology education and training program’ means a  
10          training program in information and communica-  
11          tions technology workplace disciplines or other skill  
12          sets which is provided in the United States by an ac-  
13          credited college, university, private career school,  
14          postsecondary educational institution, a commercial  
15          information technology provider, or an employer-  
16          owned information technology training organization.

17          “(3) COMMERCIAL INFORMATION TECHNOLOGY  
18          TRAINING PROVIDER.—The term ‘commercial infor-  
19          mation technology training provider’ means a private  
20          sector organization providing an information and  
21          communications technology education and training  
22          program.

23          “(4) EMPLOYER-OWNED INFORMATION TECH-  
24          NOLOGY TRAINING ORGANIZATION.—The term ‘em-  
25          ployer-owned information technology training organi-

1 zation’ means a private sector organization that pro-  
2 vides information technology training to its employ-  
3 ees using internal training development and delivery  
4 personnel. The training programs must use industry-  
5 recognized training disciplines and evaluation meth-  
6 ods, comparable to institutional and commercial  
7 training providers.

8 “(d) DENIAL OF DOUBLE BENEFIT.—

9 “(1) DISALLOWANCE OF OTHER CREDITS AND  
10 DEDUCTIONS.—No deduction or credit shall be al-  
11 lowed under any other provision of this chapter for  
12 expenses taken into account in determining the cred-  
13 it under this section.

14 “(2) REDUCTION FOR HOPE AND LIFETIME  
15 LEARNING CREDITS.—The amount taken into ac-  
16 count under subsection (a) shall be reduced by the  
17 information technology education and training pro-  
18 gram expenses taken into account in determining the  
19 credits under section 25A.

20 “(e) CERTAIN RULES MADE APPLICABLE.—For pur-  
21 poses of this section, rules similar to the rules of section  
22 45A(e)(2) and subsections (c), (d), and (e) of section 52  
23 shall apply.



1       “(f) APPLICATION WITH OTHER CREDITS.—The  
2 credit allowed by subsection (a) for any taxable year shall  
3 not exceed the excess (if any) of—

4           (1) the regular tax for the taxable year reduced  
5 by the sum of the credits allowable under the sub-  
6 part A and the previous sections of this subpart,  
7 over

8           (2) the tentative minimum tax for the taxable  
9 year.”

10       (b) CLERICAL AMENDMENT.—The table of sections  
11 for subpart B of part IV of subchapter A of chapter 1  
12 of the Internal Revenue Code of 1986 is amended by add-  
13 ing at the end the following:

“Sec. 30B. Information and communications technology education  
and training program expenses.”

14       (c) EFFECTIVE DATE.—The amendments made by  
15 this section shall apply to amounts paid or incurred in tax-  
16 able years beginning after December 31, 2004.

17 **SEC. 4. ELIGIBLE EDUCATIONAL INSTITUTION.**

18       (a) IN GENERAL.—Section 25A(f)(2) of the Internal  
19 Revenue Code of 1986 (relating to eligible educational in-  
20 stitution) is amended to read as follows:

21           “(2) ELIGIBLE EDUCATIONAL INSTITUTION.—  
22 The term ‘eligible educational institution’ means—  
23           “(A) an institution—

1 “(i) which is described in section  
2 101(b) or 102(a) of the Higher Education  
3 Act of 1965, and

4 “(ii) which is eligible to participate in  
5 a program under title IV of such Act, or

6 “(B) a commercial information and com-  
7 munications technology training provider (as  
8 defined in section 30B(c)(3)).”

9 (b) CONFORMING AMENDMENT.—The second sen-  
10 tence of section 221(e)(2) of the Internal Revenue Code  
11 of 1986 is amended by striking “section 25A(f)(2)” and  
12 inserting “section 25A(f)(2)(A)”.

13 (c) EFFECTIVE DATE.—The amendments made by  
14 this section shall apply to taxable years beginning after  
15 December 31, 2003.

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