

108TH CONGRESS  
1ST SESSION

# S. 1625

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

SEPTEMBER 17, 2003

Mr. ALLARD 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 “Apprenticeship, Train-  
5       ing, and Employment Act of 2003”.

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. 45G. 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 \$10,000 for each employee (not to ex-  
 15 ceed 3 employees) having a qualified training year ending  
 16 with or within such taxable year (whether or not such em-  
 17 ployee is an employee of the taxpayer as of the close of  
 18 such taxable year).

19 “(b) DEFINITIONS.—For purposes of this section—

20 “(1) SMALL BUSINESS EMPLOYER.—

21 “(A) IN GENERAL.—The term ‘small busi-  
 22 ness employer’ means, with respect to any tax-  
 23 able year, any employer who qualifies during  
 24 such taxable year as a specialty trade con-  
 25 tractor under subsector 238 of sector 23 con-  
 26 tained in the table under section 121.201 of

1 title 13, Code of Federal Regulations, as in ef-  
 2 fect on the date of the enactment of this sec-  
 3 tion.

4 “(B) CONTROLLED GROUPS.—For pur-  
 5 poses of subparagraph (A), all persons treated  
 6 as a single employer under subsection (b), (c),  
 7 (m), or (o) of section 414 shall be treated as a  
 8 single employer.

9 “(2) QUALIFIED TRAINING YEAR.—

10 “(A) IN GENERAL.—The term ‘qualified  
 11 training year’ means each year during the  
 12 training period in which the employee received  
 13 at least 1,500 hours of training (including on-  
 14 the-job training and training at multi-employer  
 15 training facilities) from the taxpayer (or any  
 16 predecessor) under a qualified training program  
 17 as an apprentice in any highly skilled trade.

18 “(B) HIGHLY SKILLED TRADES.—For pur-  
 19 poses of subparagraph (A), the term ‘highly  
 20 skilled trades’ means any specialty trade speci-  
 21 fied under subsector 238 of sector 23 contained  
 22 in the table under section 121.201 of title 13,  
 23 Code of Federal Regulations, as in effect on the  
 24 date of the enactment of this section. Such  
 25 term shall not include any trade if the cus-

1           tomary apprenticeship period for such trade is  
2           less than 2 years.

3           “(C) QUALIFIED TRAINING PROGRAM.—

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

8           “(ii) DESCRIPTION OF PROGRAMS.—A  
9           plan under clause (i) must be a program  
10          which meets the requirements of clause  
11          (iii) and is either—

12           “(I) an apprenticeship program  
13           registered and certified with the Sec-  
14           retary of Labor under section 1 of the  
15           National Apprenticeship Act (29  
16           U.S.C. 50), or

17           “(II) a program licensed, reg-  
18           istered, or certified by the workforce  
19           investment board or apprenticeship  
20           agency or council of a State or admin-  
21           istered in compliance with apprentice-  
22           ship laws of a State.

23           “(iii) REQUIREMENTS.—A program  
24           meets the requirements of this clause if  
25           such program—

1           “(I) is accessible to individuals  
2 without discrimination on the basis of  
3 race, sex, color, religion, or national  
4 origin,

5           “(II) provides an overview of the  
6 trade, including the history and mod-  
7 ern developments in such trade,

8           “(III) provides related instruc-  
9 tion of the fundamental, intermediate,  
10 and advanced skills, techniques, and  
11 materials of the trade,

12           “(IV) provides training in math,  
13 measurement, and blueprint reading  
14 skills, if such skills are required in the  
15 trade,

16           “(V) provides training on trade-  
17 specific tools and equipment,

18           “(VI) provides trade specific  
19 safety and health training,

20           “(VII) provides on-the-job train-  
21 ing which allows performance of work  
22 under close supervision of an instruc-  
23 tor or skilled worker, and

24           “(VIII) provides periodic review  
25 and evaluation of participants to dem-

1                   onstrate proficiency in skills, including  
 2                   the use of tests and assessment of in-  
 3                   dividual and group projects.

4                   “(3) TRAINING PERIOD.—The term ‘training  
 5           period’ means, with respect to an employee, the pe-  
 6           riod—

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 2 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 (14),  
 23           by striking the period at the end of paragraph (15) and  
 24           inserting “, plus”, and by adding at the end the following  
 25           new paragraph:

1           “(16) in the case of a small business employer  
 2           (as defined in section 45G(b)), the highly skilled  
 3           trades training credit determined under section  
 4           45G(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 45G(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. 45G. 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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