

109TH CONGRESS
1ST SESSION

H. R. 2801

To amend the Internal Revenue Code of 1986 to allow employers a credit against income tax for the costs of providing technical training for employees.

IN THE HOUSE OF REPRESENTATIVES

JUNE 8, 2005

Mr. DAVIS of Florida (for himself, Mr. LARSEN of Washington, Mrs. DAVIS of California, Ms. HOOLEY, Mr. FORD, Mr. SNYDER, Mr. SMITH of Washington, Mr. PAUL, and Mrs. MCCARTHY) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to allow employers a credit against income tax for the costs of providing technical training for employees.

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 “Up-Skilling Tax Credit
5 Act of 2005”.

6 **SEC. 2. CREDIT TO EMPLOYERS FOR COST OF TECHNICAL**
7 **TRAINING FOR EMPLOYEES.**

8 (a) IN GENERAL.—Subpart D of part IV of sub-
9 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 (relating to business-related credits) is amended by
2 adding at the end the following new section:

3 **“SEC. 45J. EXPENSES FOR TECHNICAL TRAINING OF EM-**
4 **PLOYEES.**

5 “(a) GENERAL RULE.—For purposes of section 38,
6 the employee technical training credit determined under
7 this section for the taxable year is an amount equal to
8 20 percent of the amount paid or incurred by the taxpayer
9 for technical training for employees performing services in
10 a trade or business of the taxpayer.

11 “(b) LIMITATIONS.—

12 “(1) ONLY JANUARY 1, 2005 EMPLOYEES.—The
13 credit determined under this section shall apply only
14 to training for individuals who were employees of the
15 taxpayer on January 1, 2005.

16 “(2) PER EMPLOYEE LIMIT.—The credit deter-
17 mined under this section with respect to each em-
18 ployee for the taxable year shall not exceed \$1,000,
19 reduced by the credit determined under this section
20 with respect to such employee for all prior taxable
21 years.

22 “(3) TRAINING MUST LEAD TO RECOGNIZED
23 CERTIFICATE.—Only costs for training leading to an
24 industry-recognized license or certificate may be
25 taken into account under this section.

1 “(c) CERTAIN RULES TO APPLY.—Rules similar to
 2 the rules of sections 51(i)(1) and 52 shall apply for pur-
 3 poses of this section.

4 “(d) TERMINATION.—This section shall not apply to
 5 taxable years beginning after December 31, 2009.”.

6 (b) CREDIT MADE PART OF GENERAL BUSINESS
 7 CREDIT.—Subsection (b) of section 38 of such Code is
 8 amended by striking “plus” at the end of paragraph (18),
 9 by striking the period at the end of paragraph (19) and
 10 inserting “, plus”, and by adding at the end the following
 11 new paragraph:

12 “(20) the employee technical training credit de-
 13 termined under section 45J(a).”.

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

17 “(e) EMPLOYEE TECHNICAL TRAINING CREDIT.—No
 18 deduction shall be allowed for that portion of the expenses
 19 otherwise allowable as a deduction for the taxable year
 20 which is equal to the amount of the credit determined for
 21 the taxable year under section 45J(a).”.

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

“Sec. 45J. Expenses for technical training of employees.”.

1 (e) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to expenses paid or incurred in
3 the taxable years ending after the date of the enactment
4 of this Act.

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