

109TH CONGRESS  
1ST SESSION

# H. R. 4325

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

---

## IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 15, 2005

Mr. WELLER (for himself, Mr. HONDA, Mr. DOOLITTLE, and Mr. SWEENEY) 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 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 for the 21st Century”.

6 **SEC. 2. FINDINGS AND PURPOSES.**

7 (a) FINDINGS.—The Congress hereby finds the fol-  
8 lowing:

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 trading partners of the United States  
8 in the education and training of knowledge workers  
9 in 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           (7) Public-private partnerships work well in the  
8           United States to advance the needs of our citizens,  
9           businesses and communities. The research and de-  
10          velopment tax credit under section 41 of the Internal  
11          Revenue Code of 1986 is just one example of maxi-  
12          mizing the use of each sector's strength, reducing  
13          development risk and public capital investment, and  
14          improving cost effectiveness.

15          (8) Businesses are most adept at training our  
16          workforce because they train employees for available  
17          jobs, develop and utilize new training methods, and  
18          eliminate ineffective trainers and training programs.

19          (9) With a substantial number of baby boomers  
20          retiring over the next 20 years, the United States  
21          has to ensure that it is capable of training its work-  
22          force for the high paying information and commu-  
23          nications technology jobs, whose payroll contribu-  
24          tions will help support the benefit programs of these  
25          retirees, as well as providing incentives to help ma-

1       ture workers retrain for new jobs after they retire,  
2       if they desire.

3       (b) PURPOSES.—

4           (1) It is the purpose of this Act to encourage  
5       businesses and individuals to support the edu-  
6       cational development of knowledge workers in the  
7       United States by providing incentives for informa-  
8       tion and communications technology education and  
9       training investments, for workers requiring the use  
10      of those skills in professions such as information or  
11      communications technology, engineering, manufac-  
12      turing and other fields, and for other purposes.

13          (2) By encouraging employers to train more in-  
14      cumbent workers and potential employees in the  
15      areas necessary to expand and maintain their busi-  
16      nesses, the United States will better utilize available  
17      training dollars and maximize the ability of newly  
18      trained individuals to utilize their acquired skills.

19   **SEC. 3. CREDIT FOR INFORMATION AND COMMUNICATIONS**  
20                   **TECHNOLOGY EDUCATION AND TRAINING**  
21                   **PROGRAM EXPENSES.**

22      (a) IN GENERAL.—Subpart B of part IV of sub-  
23   chapter A of chapter 1 of the Internal Revenue Code of  
24   1986 is amended by adding at the end the following:

1 **“SEC. 30D. INFORMATION AND COMMUNICATIONS TECH-**  
2 **NOLOGY EDUCATION AND TRAINING PRO-**  
3 **GRAM EXPENSES.**

4 “(a) ALLOWANCE OF CREDIT.—

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

11 “(A) in the case of a taxpayer engaged in  
12 a trade or business, an employee of the tax-  
13 payer, or

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

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

21 “(b) LIMITATIONS.—

22 “(1) IN GENERAL.—The amount of expenses  
23 with respect to any individual which may be taken  
24 into account under subsection (a) for the taxable  
25 year shall not exceed \$4,000.

1           “(2) INCREASE IN CREDIT AMOUNT FOR PAR-  
2           TICIPATION IN CERTAIN PROGRAMS AND FOR CER-  
3           TAIN INDIVIDUALS.—Paragraph (1) shall be applied  
4           by substituting ‘\$5,000’ for ‘\$4,000’ in the case of  
5           expenses—

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

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

11                           “(ii) in a school district in which at  
12                           least 50 percent of the students attending  
13                           schools in such district are eligible for free  
14                           or reduced-cost lunches under the school  
15                           lunch program established under the Rich-  
16                           ard B. Russell National School Lunch Act,

17                           “(iii) in an area designated as a dis-  
18                           aster area by the Secretary of Agriculture  
19                           under section 321 of the Consolidated  
20                           Farm and Rural Development Act or by  
21                           the President under the Robert T. Stafford  
22                           Disaster Relief and Emergency Assistance  
23                           Act in the taxable year or the 4 preceding  
24                           taxable years,

1 “(iv) in a rural enterprise community  
 2 designated under section 766 of the Agri-  
 3 culture, Rural Development, Food and  
 4 Drug Administration, and Related Agen-  
 5 cies Appropriations Act, 1999 (112 Stat.  
 6 2681–37),

7 “(v) in an area designated by the Sec-  
 8 retary of Agriculture as a Rural Economic  
 9 Area Partnership Zone,

10 “(vi) in an area over which an Indian  
 11 tribal government (as defined in section  
 12 7701(a)(40)) has jurisdiction, or

13 “(vii) by an employer who has 200 or  
 14 fewer employees for each business day in  
 15 each of 20 or more calendar weeks in the  
 16 current or preceding calendar year, or

17 “(B) in the case of an individual with a  
 18 disability.

19 “(c) INFORMATION TECHNOLOGY EDUCATION AND  
 20 TRAINING PROGRAM EXPENSES.—For purposes of this  
 21 section—

22 “(1) IN GENERAL.—The term ‘information  
 23 technology education and training program expenses’  
 24 means expenses paid or incurred by reason of the  
 25 participation of the taxpayer (or any employee of the

1 taxpayer) in any information and communications  
2 technology education and training program. Such ex-  
3 penses shall include expenses paid in connection  
4 with—

5 “(A) course work,

6 “(B) certification testing,

7 “(C) programs carried out under the Act  
8 of August 16, 1937 (50 Stat. 664, chapter 663;  
9 29 U.S.C. 50 et seq.) which are registered by  
10 the Department of Labor, and

11 “(D) other expenses that are essential to  
12 assessing skill acquisition.

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

23 “(3) COMMERCIAL INFORMATION TECHNOLOGY  
24 TRAINING PROVIDER.—The term ‘commercial infor-  
25 mation technology training provider’ means a private



1 sector organization providing an information and  
2 communications technology education and training  
3 program.

4 “(4) EMPLOYER-OWNED INFORMATION TECH-  
5 NOLOGY TRAINING ORGANIZATION.—The term ‘em-  
6 ployer-owned information technology training organi-  
7 zation’ means a private sector organization that pro-  
8 vides information technology training to its employ-  
9 ees using internal training development and delivery  
10 personnel. The training programs must use industry-  
11 recognized training disciplines and evaluation meth-  
12 ods, comparable to institutional and commercial  
13 training providers.

14 “(d) DENIAL OF DOUBLE BENEFIT.—

15 “(1) DISALLOWANCE OF OTHER CREDITS AND  
16 DEDUCTIONS.—No deduction or credit shall be al-  
17 lowed under any other provision of this chapter for  
18 expenses taken into account in determining the cred-  
19 it under this section.

20 “(2) REDUCTION FOR HOPE AND LIFETIME  
21 LEARNING CREDITS.—The amount taken into ac-  
22 count under subsection (a) shall be reduced by the  
23 information technology education and training pro-  
24 gram expenses taken into account in determining the  
25 credits under section 25A.

1       “(e) CERTAIN RULES MADE APPLICABLE.—For pur-  
 2 poses of this section, rules similar to the rules of section  
 3 45A(e)(2) and subsections (c), (d), and (e) of section 52  
 4 shall apply.

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

8               “(1) the regular tax for the taxable year re-  
 9 duced by the sum of the credits allowable under the  
 10 subpart A and the previous sections of this subpart,  
 11 over

12               “(2) the tentative minimum tax for the taxable  
 13 year.”.

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

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

18       (c) EFFECTIVE DATE.—The amendments made by  
 19 this section shall apply to amounts paid or incurred in tax-  
 20 able years beginning after December 31, 2005.

21 **SEC. 4. ELIGIBLE EDUCATIONAL INSTITUTION.**

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

1 “(2) ELIGIBLE EDUCATIONAL INSTITUTION.—

2 The term ‘eligible educational institution’ means—

3 “(A) an institution—

4 “(i) which is described in section  
5 101(b) or 102(a) of the Higher Education  
6 Act of 1965, and

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

9 “(B) a commercial information and com-  
10 munications technology training provider (as  
11 defined in section 30D(c)(3)).”

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

16 (c) EFFECTIVE DATE.—The amendments made by  
17 this section shall apply to taxable years beginning after  
18 December 31, 2005.

19 **SEC. 5. INFORMATION TECHNOLOGY TRAINING CERTIFI-**  
20 **CATION ADVISORY BOARD.**

21 (a) ESTABLISHMENT.—There is established an Infor-  
22 mation Technology Training Certification Advisory Board  
23 (in this section referred to as the “Board”).

1 (b) MEMBERSHIP.—The Board shall be composed of  
2 not more than seven members appointed by the Secretary  
3 of the Treasury from among individuals—

4 (1) associated with information technology cer-  
5 tification and training associations and businesses;  
6 and

7 (2) who are not officers or employees of the  
8 Federal Government.

9 (c) MEETINGS.—The Board shall meet not less often  
10 than annually.

11 (d) CHAIRPERSON.—

12 (1) IN GENERAL.—Subject to paragraph (2),  
13 the Board shall elect a Chairperson from among its  
14 members.

15 (2) CHAIRPERSON.—The chairperson shall be  
16 an individual who is a member of an information  
17 technology industry trade association.

18 (e) DUTIES.—The Board shall develop guidelines for  
19 computer science, information technology and directly re-  
20 lated subjects for the college courses, and a list of the in-  
21 formation technology training and certifications that qual-  
22 ify for the credit under section 30D of the Internal Rev-  
23 enue Code of 1986, for approval by the Secretary of the  
24 Treasury.

1       (f) SUBMISSION OF LIST.—Not later than October 1,  
2 2006, and each year thereafter, the Board shall submit  
3 the list required under subsection (e) to the Secretary of  
4 the Treasury.

5       (g) BOARD PERSONNEL MATTERS.—

6           (1) COMPENSATION OF MEMBERS.—Each mem-  
7 ber of the Board shall serve without compensation.

8           (2) TRAVEL EXPENSES.—Each member of the  
9 Board shall be allowed travel expenses, including per  
10 diem in lieu of subsistence, at rates authorized for  
11 employees of agencies under subchapter I of chapter  
12 57 of title 5, United States Code, while away from  
13 their homes or regular places of business in the per-  
14 formance of services for the Board.

15       (h) TERMINATION OF THE BOARD.—Section 14(b) of  
16 the Federal Advisory Committee Act (5 U.S.C. App.) shall  
17 not apply to the Board.

○