

114TH CONGRESS
1ST SESSION

H. R. 2431

To amend the Internal Revenue Code of 1986 to provide a credit against
tax for job training expenses of employers.

IN THE HOUSE OF REPRESENTATIVES

MAY 19, 2015

Mr. AGUILAR 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 provide
a credit against tax for job training expenses of employers.

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 “On-the-Job Training
5 Tax Credit Act of 2015”.

6 **SEC. 2. ON-THE-JOB TRAINING TAX CREDIT.**

7 (a) IN GENERAL.—Subpart D of part IV of sub-
8 chapter A of chapter 1 of the Internal Revenue Code of
9 1986 is amended by adding at the end the following new
10 section:

1 **“SEC. 45S. ON-THE-JOB TRAINING TAX CREDIT.**

2 “(a) IN GENERAL.—For purposes of section 38, in
3 the case of an eligible employer, the on-the-job training
4 tax credit determined under this section with respect to
5 any eligible employee of the employer is an amount equal
6 to the lesser of—

7 “(1) 50 percent of the job training program ex-
8 penditures of the taxpayer with respect to such em-
9 ployee during the taxable year, or

10 “(2) \$5,000.

11 “(b) ELIGIBLE EMPLOYER.—For purposes of this
12 section, the term ‘eligible employer’ means an employer
13 which employed an average of not more than 500 full-time
14 employees during the taxable year.

15 “(c) JOB TRAINING PROGRAM EXPENSES.—For pur-
16 poses of this section—

17 “(1) IN GENERAL.—The term ‘job training pro-
18 gram expenses’ means amounts paid or incurred by
19 the employer for expenses incurred by or on behalf
20 of an eligible employee for participation in a quali-
21 fied training program.

22 “(2) QUALIFIED TRAINING PROGRAM.—For
23 purposes of this subsection, the term ‘qualified train-
24 ing program’ means any of the following written
25 plans of study and training:

1 “(A) An apprenticeship program registered
2 and certified with the Secretary of Labor under
3 section 1 of the National Apprenticeship Act
4 (29 U.S.C. 50).

5 “(B) A program licensed, registered, or
6 certified by the workforce investment board or
7 apprenticeship agency or council of a State or
8 administered in compliance with apprenticeship
9 laws of a State.

10 “(C) A program conducted by a vocational
11 or technical education school, community col-
12 lege, industrial or trade training organization,
13 or labor organization.

14 “(D) A program which conforms to ap-
15 prentice training programs developed or admin-
16 istered by an employer trade group or com-
17 mittee.

18 “(E) An industry sponsored or adminis-
19 tered program which is clearly identified and
20 commonly recognized.

21 “(d) ELIGIBLE EMPLOYEE.—For purposes of this
22 section, the term ‘eligible employee’ means any employee
23 of the employer, who while participating in the job skills
24 training program is employed on average at least 40 hours
25 of service per week.

1 “(e) RECAPTURE OF CREDIT FOR EMPLOYEE NOT
2 PERFORMING MINIMUM SERVICE.—

3 “(1) IN GENERAL.—In the case of any em-
4 ployee with respect to whom a credit is allowed
5 under this section and whose employment is termi-
6 nated by the employer (other than by reason of such
7 employee’s gross misconduct) before the end of the
8 2-year period beginning on the first day of the em-
9 ployee’s study or training with respect to which a
10 credit is allowed under this section, the tax of the
11 taxpayer under this chapter for the taxable year dur-
12 ing which such termination occurs shall be increased
13 by an amount equal to—

14 “(A) the aggregate decrease in the credits
15 allowed under section 38 for all prior taxable
16 years which would have resulted if the job
17 training program expenses with respect to such
18 employee had been zero, multiplied by

19 “(B) the inclusion ratio.

20 “(2) INCLUSION RATIO.—For purposes of this
21 subsection, the inclusion ratio is the ratio which—

22 “(A) an amount equal to the difference
23 of—

24 “(i) the number of days in the 2-year
25 period, over

1 “(ii) the number of days such em-
2 ployee was employed by the employer dur-
3 ing such 2-year period, bears to

4 “(B) the number of days in the 2-year pe-
5 riod.

6 “(f) CONTROLLED GROUPS.—For purposes of this
7 section, all persons treated as a single employer under sub-
8 section (b), (c), (m), or (o) of section 414 shall be treated
9 as a single employer.

10 “(g) TERMINATION.—The section shall not apply
11 amounts paid or incurred during taxable years beginning
12 after December 31, 2017.”.

13 (b) CREDIT TO BE PART OF GENERAL BUSINESS
14 CREDIT.—Subsection (b) of section 38 of such Code is
15 amended by striking “plus” at the end of paragraph (35),
16 by striking the period at the end of paragraph (36) and
17 inserting “, plus”, and by adding at the end the following
18 new paragraph:

19 “(37) the on-the-job training tax credit deter-
20 mined under section 45S(a).”.

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

“Sec. 45S. On-the-job training tax credit.”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2014.

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