

116TH CONGRESS
1ST SESSION

S. 2676

To amend the Internal Revenue Code of 1986 to provide a credit for employer-provided job training, and for other purposes.

IN THE SENATE OF THE UNITED STATES

OCTOBER 23, 2019

Mr. MENENDEZ introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide a credit for employer-provided job training, 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 “Better Education and
5 Skills Training for America’s Workforce Act”.

6 **SEC. 2. 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. 45T. JOB TRAINING CREDIT.**

2 “(a) IN GENERAL.—For the purposes of section 38,
3 the job training credit determined under this section for
4 the taxable year is an amount equal to 100 percent of the
5 qualified training expenses paid by the qualifying taxpayer
6 during the taxable year.

7 “(b) LIMITATION.—The credit allowed under sub-
8 section (a) with respect to any eligible trainee of the quali-
9 fying taxpayer shall not exceed the excess (if any) of
10 \$4,000 over the aggregate credit allowed to such taxpayer
11 under this section with respect to such eligible trainee for
12 all prior taxable years.

13 “(c) DEFINITIONS.—For purposes of this section—

14 “(1) QUALIFIED TRAINING EXPENSES.—

15 “(A) IN GENERAL.—The term ‘qualified
16 training expenses’ means, with respect to any
17 eligible trainee of the qualifying taxpayer, ex-
18 penses paid or incurred by such taxpayer for
19 qualified tuition costs of such eligible trainee.

20 “(B) QUALIFIED TUITION COSTS.—The
21 term ‘qualified tuition costs’ means costs for
22 books and enrollment in a training program at
23 a qualified educational organization, the out-
24 come of which, if completed, will provide the eli-
25 gible trainee a certificate or credential recog-
26 nized by a State accrediting body, Federal Ap-

1 prenticeship Agency, or any other national ac-
2 crediting body recognized by the Department of
3 Education as an independent, third-party ac-
4 crediting body. Such training program—

5 “(i) may include a single course, mul-
6 tiple courses, or a combination of work
7 training and study, and

8 “(ii) must be reasonably necessary for
9 employment with the qualifying taxpayer.

10 “(C) QUALIFIED EDUCATIONAL ORGANIZA-
11 TION.—The term ‘qualified educational organi-
12 zation’ means any institution of higher edu-
13 cation described in section 101 of the Higher
14 Education Act of 1965.

15 “(2) QUALIFYING TAXPAYER.—The term ‘quali-
16 fying taxpayer’ means any taxpayer who—

17 “(A) with respect to any eligible trainee, is
18 training and hiring individuals for positions
19 based in the United States, and

20 “(B) provides, with respect to any eligible
21 trainee, such documentation as required by the
22 Secretary regarding qualified training expenses
23 and proof of unemployment status as described
24 in paragraph (3)(A).

1 “(3) ELIGIBLE TRAINEE.—The term ‘eligible
2 trainee’ means any individual who—

3 “(A) has been unemployed for at least 90
4 days before the date of enrollment in a training
5 program described in paragraph (1)(B), and

6 “(B) had not been employed by the quali-
7 fying taxpayer at any time during the 2-year
8 period preceding the date on which such trainee
9 was hired.

10 “(d) SPECIAL RULES.—

11 “(1) DENIAL OF DOUBLE BENEFIT.—No credit
12 shall be allowed under subsection (a) for any quali-
13 fied training expense for which a deduction or other
14 credit is allowed to the taxpayer under any other
15 provision of this chapter.

16 “(2) AGGREGATION.—For purposes of this sec-
17 tion, all persons treated as a single employer under
18 subsection (a) or (b) or section 52, or subsection (m)
19 or (o) of section 414, shall be treated as one person.

20 “(e) ELECTION TO HAVE CREDIT NOT APPLY.—A
21 taxpayer may elect (at such time and in such manner as
22 the Secretary may by regulations prescribe) to have this
23 section not apply for any taxable year.

24 “(f) TERMINATION.—This section shall not apply to
25 expenses paid after December 31, 2030.”.

1 (b) CREDIT TO BE PART OF GENERAL BUSINESS

2 CREDIT.—Section 38(b) of such Code is amended by strik-
 3 ing “plus” at the end of paragraph (31), by striking the
 4 period at the end of paragraph (32) and inserting “, plus”,
 5 and by adding at the end the following new paragraph:

6 “(33) the job training credit determined under
 7 section 45T(a).”.

8 (c) CREDIT ALLOWED AGAINST ALTERNATIVE MIN-

9 IMUM TAX.—Section 38(c)(4)(B) of such Code is amended
 10 by redesignating clauses (x), (xi), and (xii) as clauses (xi),
 11 (xii), and (xiii), respectively, and by inserting after clause
 12 (ix) the following new clause:

13 “(x) the credit determined under sec-
 14 tion 45T,”.

15 (d) TECHNICAL AMENDMENT.—Section 6501(m) of
 16 the Internal Revenue Code of 1986 is amended by insert-
 17 ing “45T(e),” after “45H(g),”.

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

“Sec. 45T. Job training credit.”.

22 (f) REPORT.—Not later than January 1, 2029, the
 23 Secretary of the Treasury (or the Secretary’s delegate)
 24 shall report to the Committee on Ways and Means of the
 25 House of Representatives and the Committee on Finance

1 of the Senate on the economic impact of the job training
 2 credit under section 45T of the Internal Revenue Code
 3 of 1986 (as added under subsection (a)).

4 (g) EFFECTIVE DATES.—

5 (1) IN GENERAL.—The amendments made by
 6 this section shall apply to expenses paid or incurred
 7 after the date of the enactment of this Act, in tax-
 8 able years ending after such date.

9 (2) MINIMUM TAX.—The amendments made by
 10 subsection (c) shall apply to credits determined
 11 under section 45T of the Internal Revenue Code of
 12 1986 in taxable years ending after the date of the
 13 enactment of this Act, and to carrybacks of such
 14 credits.

15 **SEC. 3. QUALIFIED JOB TRAINING PARTNERSHIP CREDIT.**

16 (a) IN GENERAL.—Subpart E of part IV of sub-
 17 chapter A of chapter 1 of the Internal Revenue Code of
 18 1986 is amended by inserting after section 48C the fol-
 19 lowing new section:

20 **“SEC. 48D. QUALIFIED JOB TRAINING PARTNERSHIP CRED-
 21 IT.**

22 “(a) IN GENERAL.—For purposes of section 46, the
 23 Qualified Job Training Partnership credit for any taxable
 24 year is an amount equal to the percentage determined by
 25 the Secretary (not to exceed 100 percent) of the qualified

1 investment for such taxable year with respect to any
2 Qualified Job Training Partnership.

3 “(b) QUALIFIED INVESTMENT.—

4 “(1) IN GENERAL.—For purposes of subsection
5 (a), the qualified investment for any taxable year is
6 the aggregate amount of the costs paid or incurred
7 in such taxable year for expenses necessary for and
8 directly related to the conduct of a Qualified Job
9 Training Partnership in the form of contributions of
10 cash, cash equivalent, equipment, or any combina-
11 tion of the three where 100 percent of the invest-
12 ment is used for the planning, implementation, or
13 operation of a Qualified Job Training Partnership
14 and the training financed through the investment
15 must result in a type of certificate or credential rec-
16 ognized by a State accrediting body, Federal Ap-
17 prenticeship Agency, or any other national accred-
18 iting body recognized by the Department of Edu-
19 cation as an independent, third-party accrediting
20 body.

21 “(2) LIMITATION.—The amount which is treat-
22 ed as qualified investment for all taxable years with
23 respect to any Qualified Job Training Partnership
24 shall not exceed the amount certified by the Sec-
25 retary as eligible for the credit under this section.

1 “(3) EXCLUSIONS.—The qualified investment
 2 for any taxable year with respect to any Qualified
 3 Job Training Partnership shall not take into account
 4 any cost for student tuition or for any other expense
 5 as determined by the Secretary as appropriate to
 6 carry out the purposes of this section.

7 “(4) CERTAIN PROGRESS EXPENDITURE RULES
 8 MADE APPLICABLE.—In the case of costs described
 9 in paragraph (1) that are paid for property of a
 10 character subject to an allowance for depreciation,
 11 rules similar to the rules of subsections (c)(4) and
 12 (d) of section 46 (as in effect on the day before the
 13 date of the enactment of the Revenue Reconciliation
 14 Act of 1990) shall apply for purposes of this section.

15 “(c) QUALIFIED JOB TRAINING PARTNERSHIP.—

16 “(1) IN GENERAL.—The term ‘Qualified Job
 17 Training Partnership’ means a formal or informal
 18 partnership between at least 1 eligible private busi-
 19 ness employer and—

20 “(A) 1 qualified educational institution, or

21 “(B) 1 labor organization (as defined in
 22 section 2(5) of the National Labor Relations
 23 Act),

24 where the stated goal of the partnership is to train
 25 students in job-ready skills.

1 “(2) ELIGIBLE PRIVATE BUSINESS EM-
 2 PLOYER.—The term ‘eligible private business em-
 3 ployer’ means—

4 “(A) a business entity at least 50 percent
 5 of the gross income of which is derived from
 6 qualified production activities (within the mean-
 7 ing of section 199(c) (as in effect on December
 8 31, 2017)), or

9 “(B) any type of domestic business entity
 10 the average number of employees of which for
 11 any taxable year is not more than 500 employ-
 12 ees.

13 “(3) QUALIFIED EDUCATIONAL ORGANIZA-
 14 TION.—The term ‘qualified educational organization’
 15 means any educational organization described in sec-
 16 tion 101 of the Higher Education Act of 1965 which
 17 provides a 2-year program that culminates in an as-
 18 sociate degree.

19 “(d) QUALIFIED JOB TRAINING PARTNERSHIP PRO-
 20 GRAM.—

21 “(1) ESTABLISHMENT.—

22 “(A) IN GENERAL.—Not later than 60
 23 days after the date of the enactment of this sec-
 24 tion, the Secretary, in consultation with the
 25 Secretary of Labor, shall establish a Qualified

1 Job Training Partnership program to consider
2 and award certifications for qualified invest-
3 ments eligible for credits under this section to
4 Qualified Job Training Partnerships.

5 “(B) LIMITATION.—The total amount of
6 credits that may be allocated under the pro-
7 gram shall not exceed \$1,000,000,000.

8 “(2) CERTIFICATION.—

9 “(A) APPLICATION PERIOD.—Each appli-
10 cant for certification under this paragraph shall
11 submit an application containing such informa-
12 tion as the Secretary may require during the
13 period beginning on the date the Secretary es-
14 tablishes the program under paragraph (1).

15 “(B) TIME FOR REVIEW OF APPLICA-
16 TIONS.—The Secretary shall take action to ap-
17 prove or deny any application under subpara-
18 graph (A) within 30 days of the submission of
19 such application.

20 “(C) MULTI-YEAR APPLICATIONS.—An ap-
21 plication for certification under subparagraph
22 (A) may include a request for an allocation of
23 credits for more than 1 year.

24 “(3) SELECTION CRITERIA.—In determining
25 the Qualified Job Training Partnerships with re-

1 spect to which qualified investments may be certified
2 under this section, the Secretary—

3 “(A) shall give priority to those applica-
4 tions which demonstrate—

5 “(i) the greatest probability that those
6 who complete the program will secure em-
7 ployment,

8 “(ii) the greatest potential for pro-
9 viding workers who complete the program
10 with skills that can provide long-term job
11 and income security,

12 “(iii) the strongest market demand
13 for the type of training offered,

14 “(iv) the greatest probability that the
15 program would create a net increase in job
16 training opportunities,

17 “(v) a strong need in the community
18 for skills training,

19 “(vi) the ability to allow nontradi-
20 tional learners to complete the training,

21 “(vii) the ability and capacity to im-
22 plement the program in a reasonable pe-
23 riod of time, and

24 “(viii) the greatest ability to offer
25 training programs that result in a certifi-

1 cate or credential (within the meaning of
2 subsection (b)(1)) that is stackable or port-
3 able or both, and

4 “(B) shall take into additional consider-
5 ation which applications show the ability to le-
6 verage additional sources of capital.

7 “(4) DISCLOSURE OF ALLOCATIONS.—The Sec-
8 retary shall, upon making a certification under this
9 subsection, publicly disclose the identity of the appli-
10 cant and the amount of the credit with respect to
11 such applicant.

12 “(e) SPECIAL RULES.—

13 “(1) BASIS ADJUSTMENT.—For purposes of
14 this subtitle, if a credit is allowed under this section
15 for an expenditure related to property of a character
16 subject to an allowance for depreciation, the basis of
17 such property shall be reduced by the amount of
18 such credit.

19 “(2) DENIAL OF DOUBLE BENEFIT.—

20 “(A) BONUS DEPRECIATION.—A credit
21 shall not be allowed under this section for any
22 investment for which bonus depreciation is al-
23 lowed under section 168(k).

24 “(B) DEDUCTIONS.—No deduction under
25 this subtitle shall be allowed for the portion of

1 the expenses otherwise allowable as a deduction
 2 taken into account in determining the credit
 3 under this section for the taxable year which is
 4 equal to the amount of the credit determined
 5 for such taxable year under subsection (a) at-
 6 tributable to such portion. This subparagraph
 7 shall not apply to expenses related to property
 8 of a character subject to an allowance for de-
 9 preciation the basis of which is reduced under
 10 paragraph (1), or which are described in section
 11 280C(g).”.

12 (b) INCLUSION AS PART OF INVESTMENT CREDIT.—
 13 Section 46 of the Internal Revenue Code of 1986 is
 14 amended—

15 (1) by striking “and” at the end of paragraph
 16 (5),

17 (2) by striking the period at the end of para-
 18 graph (6) and inserting “, and”, and

19 (3) by adding at the end the following new
 20 paragraph:

21 “(7) the Qualified Job Training Partnership
 22 credit.”.

23 (c) CONFORMING AMENDMENTS.—

24 (1) Section 49(a)(1)(C) of the Internal Revenue
 25 Code of 1986 is amended by striking “and” at the

1 end of clause (iv), by striking the period at the end
 2 of clause (v) and inserting “, and”, and by adding
 3 at the end the following new clause:

4 “(vi) the basis of any property to
 5 which section 48D(e)(1) applies which is
 6 part of a Qualified Job Training Partner-
 7 ship under such section 48D.”.

8 (2) Section 280C of such Code is amended by
 9 adding at the end the following new subsection:

10 “(i) QUALIFIED JOB TRAINING PARTNERSHIP CRED-
 11 IT.—

12 “(1) IN GENERAL.—No deduction shall be al-
 13 lowed for that portion of the qualified investment (as
 14 defined in section 48D(b)) otherwise allowable as a
 15 deduction for the taxable year which is equal to the
 16 amount of the credit determined for such taxable
 17 year under section 48D(a), reduced by—

18 “(A) the amount disallowed as a deduction
 19 by reason of section 48D(e)(2)(B), and

20 “(B) the amount of any basis reduction
 21 under section 48D(e)(1).

22 “(2) SIMILAR RULE WHERE TAXPAYER CAP-
 23 ITALIZES RATHER THAN DEDUCTS EXPENSES.—In
 24 the case of expenses described in paragraph (1)(A)

1 taken into account in determining the credit under
2 section 48D for the taxable year, if—

3 “(A) the amount of the portion of the
4 credit determined under such section with re-
5 spect to such expenses, exceeds

6 “(B) the amount allowable as a deduction
7 for such taxable year for such expenses (deter-
8 mined without regard to paragraph (1)),
9 the amount chargeable to capital account for the
10 taxable year for such expenses shall be reduced by
11 the amount of such excess.

12 “(3) CONTROLLED GROUPS.—Paragraph (3) of
13 subsection (b) shall apply for purposes of this sub-
14 section.”.

15 (d) CLERICAL AMENDMENT.—The table of sections
16 for subpart E of part IV of subchapter A of chapter 1
17 of the Internal Revenue Code of 1986 is amended by in-
18 serting after the item relating to section 48C the following
19 new item:

“Sec. 48D. Qualified Job Training Partnership credit.”.

20 (e) GRANTS FOR QUALIFIED INVESTMENTS IN
21 QUALIFIED JOB TRAINING PARTNERSHIPS IN LIEU OF
22 TAX CREDITS.—

23 (1) IN GENERAL.—Upon application, the Sec-
24 retary of the Treasury shall, subject to the require-
25 ments of this subsection, provide a grant to each

1 person who makes a qualified investment in a Quali-
2 fied Job Training Partnership in an amount not to
3 exceed 100 percent of such investment.

4 (2) APPLICATION.—

5 (A) IN GENERAL.—At the stated election
6 of the applicant, an application for certification
7 under section 48D(d)(2) of the Internal Rev-
8 enue Code of 1986 for a credit under such sec-
9 tion for any taxable year shall be considered to
10 be an application for a grant under paragraph
11 (1) for such taxable year.

12 (B) SUBMISSION DATE.—An application
13 for a grant under paragraph (1) for any taxable
14 year shall be submitted—

15 (i) not earlier than the day after the
16 last day of such taxable year, and

17 (ii) not later than the due date (in-
18 cluding extensions) for filing the return of
19 tax for such taxable year.

20 (C) INFORMATION TO BE SUBMITTED.—An
21 application for a grant under paragraph (1)
22 shall include such information and be in such
23 form as the Secretary of the Treasury may re-
24 quire to state the amount of the credit allow-
25 able (but for the receipt of a grant under this

1 subsection) under section 48D for the taxable
 2 year for the qualified investment with respect to
 3 which such application is made.

4 (3) TIME FOR PAYMENT OF GRANT.—

5 (A) IN GENERAL.—The Secretary of the
 6 Treasury shall make payment of the amount of
 7 any grant under paragraph (1) during the 30-
 8 day period beginning on the later of—

9 (i) the date of the application for such
 10 grant, or

11 (ii) the date the qualified investment
 12 for which the grant is being made is made.

13 (B) REGULATIONS.—In the case of invest-
 14 ments of an ongoing nature, the Secretary of
 15 the Treasury shall issue regulations to deter-
 16 mine the date on which a qualified investment
 17 shall be deemed to have been made for purposes
 18 of this paragraph.

19 (4) QUALIFIED INVESTMENT.—For purposes of
 20 this subsection, the term “qualified investment”
 21 means a qualified investment that is certified under
 22 section 48D(d) of the Internal Revenue Code of
 23 1986 for purposes of the credit under such section
 24 48D.

25 (5) APPLICATION OF CERTAIN RULES.—

1 (A) IN GENERAL.—In making grants
2 under this subsection, the Secretary of the
3 Treasury shall apply rules similar to the rules
4 of section 50 of the Internal Revenue Code of
5 1986. In applying such rules, any increase in
6 tax under chapter 1 of such Code by reason of
7 an investment ceasing to be a qualified invest-
8 ment shall be imposed on the person to whom
9 the grant was made.

10 (B) SPECIAL RULES.—

11 (i) RECAPTURE OF EXCESSIVE GRANT
12 AMOUNTS.—If the amount of a grant made
13 under this subsection exceeds the amount
14 allowable as a grant under this subsection,
15 such excess shall be recaptured under sub-
16 paragraph (A) as if the investment to
17 which such excess portion of the grant re-
18 lates had ceased to be a qualified invest-
19 ment immediately after such grant was
20 made.

21 (ii) GRANT INFORMATION NOT TREAT-
22 ED AS RETURN INFORMATION.—In no
23 event shall the amount of a grant made
24 under paragraph (1), the identity of the
25 person to whom such grant was made, or

1 a description of the investment with re-
2 spect to which such grant was made be
3 treated as return information for purposes
4 of section 6103 of the Internal Revenue
5 Code of 1986.

6 (6) SECRETARY.—Any reference in this sub-
7 section to the Secretary of the Treasury shall be
8 treated as including the Secretary's delegate.

9 (7) OTHER TERMS.—Any term used in this sub-
10 section which is also used in section 48D of the In-
11 ternal Revenue Code of 1986 shall have the same
12 meaning for purposes of this subsection as when
13 used in such section.

14 (8) DENIAL OF DOUBLE BENEFIT.—No credit
15 shall be allowed under section 46(7) of the Internal
16 Revenue Code of 1986 by reason of section 48D of
17 such Code for any investment for which a grant is
18 awarded under this subsection.

19 (9) APPROPRIATIONS.—There is hereby appro-
20 priated to the Secretary of the Treasury such sums
21 as may be necessary to carry out this subsection.

22 (f) EFFECTIVE DATE.—The amendments made by
23 subsections (a) through (d) of this section shall apply to

- 1 amounts paid or incurred after the date of the enactment
- 2 of this Act, in taxable years beginning after such date.

