

115TH CONGRESS
1ST SESSION

H. R. 1190

To amend the Internal Revenue Code of 1986 to allow employers a credit against income tax for wages paid to employees who participate in qualified apprenticeship programs.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 16, 2017

Ms. SEWELL of Alabama (for herself, Mr. BYRNE, Mr. RYAN of Ohio, Ms. SHEA-PORTER, Ms. JACKSON LEE, Ms. ESTY, Mr. MEEKS, Mr. KIND, Ms. KELLY of Illinois, Mr. NOLAN, and Mr. KILMER) 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 wages paid to employees who participate in qualified apprenticeship programs.

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 “Workforce Develop-
5 ment Tax Credit Act of 2017”.

1 **SEC. 2. CREDIT FOR WAGES PAID TO EMPLOYEES PARTICI-**
2 **PATING IN QUALIFIED APPRENTICESHIP**
3 **PROGRAMS.**

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. 45S. WAGES PAID TO EMPLOYEES PARTICIPATING IN**
9 **QUALIFIED APPRENTICESHIP PROGRAMS.**

10 “(a) IN GENERAL.—For purposes of section 38, the
11 apprenticeship credit determined under this section for the
12 taxable year is the sum of—

13 “(1) the apprenticeship period credit, and

14 “(2) the post-apprenticeship credit.

15 “(b) APPRENTICESHIP PERIOD CREDIT.—For pur-
16 poses of subsection (a)—

17 “(1) IN GENERAL.—The apprenticeship period
18 credit for the taxable year is 50 percent of the wages
19 paid for services rendered during the taxable year to
20 each apprenticeship employee but only if such wages
21 are paid for services rendered during a qualified
22 training year of such employee (whether or not such
23 employee is an employee of the taxpayer as of the
24 close of such taxable year).

25 “(2) LIMITATION ON WAGES PER YEAR TAKEN
26 INTO ACCOUNT.—The amount of wages which may

1 be taken into account under paragraph (1) with re-
2 spect to any apprenticeship employee for each quali-
3 fied training year shall not exceed \$2,000.

4 “(c) POST-APPRENTICESHIP CREDIT.—For purposes
5 of subsection (a)—

6 “(1) IN GENERAL.—The post-apprenticeship
7 credit for the taxable year is 40 percent of the wages
8 paid for services rendered during the taxable year to
9 each employee who has successfully completed a
10 qualified training program of the employer, but only
11 if—

12 “(A) such wages are paid by such employer
13 for services rendered—

14 “(i) during the 2-year period which
15 begins on the day after the employee’s
16 completion of such program, and

17 “(ii) during the qualified employment
18 period of such employee, and

19 “(B) the employee is performing such serv-
20 ices in a position which utilizes skills acquired
21 in the qualified training program.

22 “(2) LIMITATION ON WAGES TAKEN INTO AC-
23 COUNT.—The amount of wages which may be taken
24 into account under paragraph (1) with respect to

1 any apprenticeship employee shall not exceed
2 \$6,000.

3 “(3) RECAPTURE FOR FAILURE OF EMPLOYEE
4 TO SERVE AT LEAST 1 YEAR AFTER COMPLETION OF
5 APPRENTICESHIP.—The Secretary shall, by regula-
6 tions, provide for recapturing the amount of any
7 post-apprenticeship credit allowed under subsection
8 (a) with respect to any individual who is employed
9 by the employer for less than 1 year after the indi-
10 vidual completed such program.

11 “(d) DEFINITIONS.—For purposes of this section—

12 “(1) WAGES.—The term ‘wages’ has the mean-
13 ing given to such term by section 51(c), determined
14 without regard to paragraph (4) thereof.

15 “(2) APPRENTICESHIP EMPLOYEE.—The term
16 ‘apprenticeship employee’ means any employee who
17 is employed by the employer pursuant to an appren-
18 tice agreement registered with—

19 “(A) the Office of Apprenticeship of the
20 Employment and Training Administration of
21 the Department of Labor, or

22 “(B) a recognized State apprenticeship
23 agency, as determined by the Office of Appren-
24 ticeship of the Employment and Training Ad-
25 ministration of the Department of Labor.

1 “(3) QUALIFIED TRAINING YEAR.—

2 “(A) IN GENERAL.—The term ‘qualified
3 training year’ means each year during the
4 training period in which—

5 “(i) the employee is employed by the
6 employer for at least 25 hours per week
7 during 28 consecutive weeks of such year,
8 and

9 “(ii) the employee completes at least 8
10 credit hours of classroom work under a
11 qualified training program for each semes-
12 ter of such program ending during such
13 year.

14 “(B) QUALIFIED TRAINING PROGRAM.—
15 The term ‘qualified training program’ means
16 any training program undertaken pursuant to
17 the agreement referred to in paragraph (2).

18 “(C) TRAINING PERIOD.—The term ‘train-
19 ing period’ means, with respect to an employee,
20 the period—

21 “(i) beginning on the date that the
22 employee begins employment with the tax-
23 payer as an apprentice under a qualified
24 training program, and

25 “(ii) ending on the earlier of—

1 “(I) the date that such appren-
2 ticeship with the employer ends, or

3 “(II) the date which is 2 years
4 after the date referred to in clause (i).

5 “(4) QUALIFIED EMPLOYMENT PERIOD.—The
6 term ‘qualified employment period’ means the pe-
7 riod—

8 “(A) beginning on the date that the em-
9 ployee begins employment with the taxpayer
10 after the employee’s completion of a qualified
11 training program of the taxpayer, and

12 “(B) ending on the earlier of—

13 “(i) the date that such employment
14 ends, or

15 “(ii) the date which is 1 year after the
16 date referred to in subparagraph (A).

17 “(e) COORDINATION WITH OTHER CREDITS.—The
18 amount of credit otherwise allowable under sections 45A,
19 51(a), and 1396(a) with respect to any employee shall be
20 reduced by the credit allowed by this section with respect
21 to such employee.

22 “(f) CERTAIN RULES TO APPLY.—Rules similar to
23 the rules of subsections (i)(1) and (k) of section 51 shall
24 apply for purposes of this section.”.

1 (b) CREDIT MADE PART OF GENERAL BUSINESS
2 CREDIT.—Subsection (b) of section 38 of such Code is
3 amended by striking “plus” at the end of paragraph (35),
4 by striking the period at the end of paragraph (36) and
5 inserting “, plus”, and by adding at the end the following
6 new paragraph:

7 “(37) the apprenticeship credit determined
8 under section 45S(a).”.

9 (c) DENIAL OF DOUBLE BENEFIT.—Subsection (a)
10 of section 280C of such Code is amended by inserting
11 “45S(a),” after “45P(a),”.

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

“Sec. 45S. Wages paid to employees participating in qualified apprenticeship
programs.”.

16 (e) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to individuals commencing appren-
18 ticeship programs after the date of the enactment of this
19 Act.

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