

113TH CONGRESS
2^D SESSION

H. R. 4473

To amend the Internal Revenue Code of 1986 to allow small employers a credit against income tax for the cost of on-the-job training expenses, to make the research credit permanent, and to increase the simplified research credit.

IN THE HOUSE OF REPRESENTATIVES

APRIL 10, 2014

Mr. FOSTER (for himself, Ms. TSONGAS, Mr. OWENS, Mr. ENYART, and Mr. CÁRDENAS) 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 small employers a credit against income tax for the cost of on-the-job training expenses, to make the research credit permanent, and to increase the simplified research credit.

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 “Small Business Growth
5 in Manufacturing Act of 2014”.

1 **SEC. 2. CREDIT FOR ON-THE-JOB TRAINING.**

2 (a) IN GENERAL.—Subpart D of part IV of sub-
3 chapter A of chapter 1 of the Internal Revenue Code of
4 1986 is amended by adding at the end the following new
5 section:

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

7 “(a) IN GENERAL.—For the purposes of section 38,
8 in the case of a small business employer, the job training
9 credit determined under this section for the taxable year
10 is an amount equal to 50 percent of the qualified training
11 expenses paid or incurred by the taxpayer during the tax-
12 able year.

13 “(b) LIMITATIONS.—

14 “(1) IN GENERAL.—The credit allowed under
15 subsection (a) with respect to any eligible trainee
16 shall not exceed the excess (if any) of \$5,000 over
17 the aggregate credit allowed to such taxpayer under
18 this section with respect to such eligible trainee for
19 all prior taxable years.

20 “(2) 3-YEAR LIMITATION ON EXPENSES PER
21 TRAINEE.—Qualified training expenses may be taken
22 into account under this section with respect to any
23 eligible trainee only during the 3-year period begin-
24 ning on the date that such expenses were first in-
25 curred by the taxpayer with respect to such trainee.

1 “(c) SMALL BUSINESS EMPLOYER.—For purposes of
2 this section—

3 “(1) IN GENERAL.—The term ‘small business
4 employer’ means any employer if such employer em-
5 ployed an average of 500 or fewer employees on
6 business days during the most recent calendar year
7 ending before the beginning of the taxable year. For
8 purposes of the preceding sentence, a preceding cal-
9 endar year may be taken into account only if the
10 employer was in existence throughout such year.

11 “(2) EMPLOYERS NOT IN EXISTENCE IN PRE-
12 CEDING YEAR.—In the case of an employer which
13 was not in existence throughout the calendar year
14 otherwise taken into account under paragraph (1),
15 the determination under paragraph (1) shall be
16 based on the average number of employees that it is
17 reasonably expected such employer will employ on
18 business days in the current calendar year.

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

20 “(1) QUALIFIED TRAINING EXPENSES.—The
21 term ‘qualified training expenses’ means amounts
22 paid or incurred to an unrelated party for—

23 “(A) the purchase or use of instructional
24 materials and equipment used exclusively for
25 the training of eligible trainees,

1 “(B) the use of classroom or other space
2 so used, and

3 “(C) teachers, trainers, and consultants
4 engaged in carrying out such training program.

5 “(2) ELIGIBLE TRAINEE.—The term ‘eligible
6 trainee’ means any employee of the taxpayer who
7 performs services for the employer for at least 30
8 hours per week while receiving the training for
9 which the qualified training expenses are incurred.

10 “(e) SPECIAL RULES.—

11 “(1) DENIAL OF DOUBLE BENEFIT.—No deduc-
12 tion shall be allowed for that portion of the qualified
13 training expenses (otherwise allowable as a deduc-
14 tion for the taxable year) which is equal to the
15 amount of the credit determined for such taxable
16 year under this section.

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

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

1 (b) CREDIT TO BE PART OF GENERAL BUSINESS
2 CREDIT.—Subsection (b) of section 38 of the Internal
3 Revenue Code of 1986 is amended by striking “plus” at
4 the end of paragraph (35), by striking the period at the
5 end of paragraph (36) and inserting “, plus”, and by add-
6 ing at the end the following new paragraph:

7 “(37) in the case of a small business employer
8 (as defined in section 45S(c)), the job training credit
9 determined under section 45S(a).”.

10 (c) CREDIT ALLOWED AGAINST ALTERNATIVE MIN-
11 IMUM TAX.—Section 38(c)(4)(B) of such Code is amended
12 by redesignating clauses (vii), (viii), and (ix) as clauses
13 (viii), (ix), and (x), respectively, and by inserting after
14 clause (vi) the following new clause:

15 “(vii) the credit determined under sec-
16 tion 45S.”.

17 (d) TECHNICAL AMENDMENT.—Section 6501(m) of
18 such Code is amended by inserting “45S(e),” after
19 “45H(g).”.

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

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

24 (f) EFFECTIVE DATES.—

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

5 (2) MINIMUM TAX.—The amendment made by
6 subsection (c) shall apply to credits determined
7 under section 45S of the Internal Revenue Code of
8 1986 in taxable years ending after the date of the
9 enactment of this Act, and to carrybacks of such
10 credits.

11 **SEC. 3. RESEARCH CREDIT MADE PERMANENT; INCREASE**
12 **IN ALTERNATIVE SIMPLIFIED RESEARCH**
13 **CREDIT.**

14 (a) RESEARCH CREDIT MADE PERMANENT.—

15 (1) IN GENERAL.—Section 41 of the Internal
16 Revenue Code of 1986 is amended by striking sub-
17 section (h).

18 (2) CONFORMING AMENDMENTS.—

19 (A) Subsection (c) of section 41 of such
20 Code is amended by striking paragraph (4).

21 (B) Paragraph (1) of section 45C(b) of
22 such Code is amended by striking subparagraph
23 (D).

1 (3) EFFECTIVE DATE.—The amendments made
2 by this subsection shall apply to amounts paid or in-
3 curred after December 31, 2013.

4 (b) INCREASE IN ALTERNATIVE SIMPLIFIED RE-
5 SEARCH CREDIT.—

6 (1) IN GENERAL.—Subparagraph (A) of section
7 41(c)(5) of such Code (relating to election of alter-
8 native simplified credit) is amended by striking “14
9 percent (12 percent in the case of taxable years end-
10 ing before January 1, 2009)” and inserting “20 per-
11 cent”.

12 (2) EFFECTIVE DATE.—The amendment made
13 by this subsection shall apply to taxable years end-
14 ing after the date of the enactment of this Act.

○