

118TH CONGRESS
1ST SESSION

H. R. 4685

To amend the Internal Revenue Code of 1986 to allow employers a credit against income tax as an incentive to partner with educational institutions to improve workforce development and job training for students and a credit against income tax for certain expenses of job training programs.

IN THE HOUSE OF REPRESENTATIVES

JULY 17, 2023

Ms. KUSTER 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 as an incentive to partner with educational institutions to improve workforce development and job training for students and a credit against income tax for certain expenses of job training 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 Investment Act of 2023”.

1 **SEC. 2. CREDIT FOR EMPLOYERS WHICH PARTNER WITH**
 2 **EDUCATIONAL INSTITUTIONS TO IMPROVE**
 3 **WORKFORCE DEVELOPMENT AND JOB TRAIN-**
 4 **ING FOR STUDENTS.**

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

9 **“SEC. 45BB. EMPLOYERS PARTNERING WITH EDUCATIONAL**
 10 **INSTITUTIONS TO IMPROVE WORKFORCE DE-**
 11 **VELOPMENT AND JOB TRAINING FOR STU-**
 12 **DENTS.**

13 “(a) GENERAL RULE.—For purposes of section 38,
 14 the employer partnering credit determined under this sec-
 15 tion for any taxable year is an amount equal to \$5,000
 16 for each qualified educational institution engaged in a
 17 qualified partnership with the employer.

18 “(b) MAXIMUM CREDIT.—

19 “(1) IN GENERAL.—The credit determined
 20 under this section for any taxable year shall not ex-
 21 ceed \$20,000.

22 “(2) CONTROLLED GROUPS.—All persons treat-
 23 ed as a single employer under subsection (b), (c),
 24 (m), or (o) of section 414 shall be treated as a single
 25 employer for purposes of paragraph (1).

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

1 “(1) QUALIFIED EDUCATIONAL INSTITUTION.—

2 The term ‘qualified educational institution’ means
3 any community college, any other institution of high-
4 er education, and any area career and technical edu-
5 cation school.

6 “(2) COMMUNITY COLLEGE.—The term ‘com-
7 munity college’ means an institution of higher edu-
8 cation that—

9 “(A) admits as a regular student an indi-
10 vidual who is beyond the age of compulsory
11 school attendance in the State in which the in-
12 stitution is located and who has the ability to
13 benefit from the training offered by the institu-
14 tion, and

15 “(B) offers a 2-year program in engineer-
16 ing, mathematics, or the physical or biological
17 sciences designed to prepare a student to work
18 as a technician or at the semiprofessional level
19 in engineering, scientific, or other technological
20 fields requiring the understanding and applica-
21 tion of basic engineering, scientific, or mathe-
22 matical principles of knowledge.

23 “(3) INSTITUTION OF HIGHER EDUCATION.—

24 The term ‘institution of higher education’ has the

1 meaning given such term in section 102 of the High-
2 er Education Act of 1965 (20 U.S.C. 1002).

3 “(4) AREA CAREER AND TECHNICAL EDU-
4 CATION SCHOOL.—The term ‘area career and tech-
5 nical education school’ has the meaning given such
6 term in section 3 of the Carl D. Perkins Career and
7 Technical Education Act of 2006 (29 U.S.C. 2302).

8 “(5) QUALIFIED PARTNERSHIP.—Not later
9 than six months after the date of the enactment of
10 this section, the Secretary of Education, in consulta-
11 tion with the Secretary of Labor, shall define the
12 term ‘qualified partnership’. Such term shall include
13 a partnership through which—

14 “(A) an employer collaborates with an edu-
15 cational institution to help develop curriculum
16 in order to improve workforce development and
17 job training for students,

18 “(B) an employer helps provide instruction
19 to students in the classroom, and

20 “(C) an employer provides internships, ap-
21 prenticeships, or other similar educational op-
22 portunities in the workplace for students.

23 The Secretary shall, to the extent practicable, mini-
24 mize the burdens of educational institutions in any

1 qualification process or requirements prescribed
 2 under this paragraph.

3 “(d) CERTAIN RULES TO APPLY.—For purposes of
 4 this section, rules similar to the rules of subsections (c),
 5 (d), and (e) of section 52 shall apply.”.

6 (b) CREDIT TO BE PART OF GENERAL BUSINESS
 7 CREDIT.—Section 38(b) of such Code is amended by strik-
 8 ing “plus” at the end of paragraph (40), by striking the
 9 period at the end of paragraph (41) and inserting “, plus”,
 10 and by adding at the end the following new paragraph:

11 “(42) the employer partnering credit deter-
 12 mined under section 45BB.”.

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

“Sec. 45BB. Employers partnering with educational institutions to improve
 workforce development and job training for students.”.

17 (d) EFFECTIVE DATE.—The amendments made by
 18 this section shall apply to taxable years beginning after
 19 the date of the enactment of this Act.

20 **SEC. 3. TAX CREDIT FOR EMPLOYERS WHO ENGAGE IN**
 21 **QUALIFIED WORKER TRAINING.**

22 (a) IN GENERAL.—Subpart D of part IV of sub-
 23 chapter A of chapter 1 of the Internal Revenue Code of

1 1986, as amended by the preceding provisions of this Act,
 2 is amended by adding at the end the following new section:

3 **“SEC. 45CC. CREDIT FOR EMPLOYERS WHO ENGAGE IN**
 4 **QUALIFIED WORKER TRAINING.**

5 “(a) IN GENERAL.—For purposes of section 38, in
 6 the case of any employer, the worker training tax credit
 7 determined under this section with respect to any eligible
 8 employee of the employer is an amount equal to the lesser
 9 of—

10 “(1) 50 percent of the job training program ex-
 11 penditures of the taxpayer with respect to such em-
 12 ployee during the taxable year, or

13 “(2) \$5,000.

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

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

21 “(2) QUALIFIED TRAINING PROGRAM.—The
 22 term ‘qualified training program’ means—

23 “(A) a qualified partnership (as defined in
 24 section 45BB(c)(5)), or

1 “(B) 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 “(c) ELIGIBLE EMPLOYEE.—For purposes of this
6 section, the term ‘eligible employee’ means any employee
7 of the employer who, while participating in the qualified
8 training program, is—

9 “(1) employed on average at least 40 hours of
10 service per week, or

11 “(2) in the case of a qualified training program
12 with a qualified partnership (as defined in section
13 45BB(c)(5)), meets such hourly work requirements
14 as may be specified by the Secretary of Education
15 in connection with such partnership.

16 “(d) RECAPTURE OF CREDIT FOR EMPLOYEE NOT
17 PERFORMING MINIMUM SERVICE.—

18 “(1) IN GENERAL.—In the case of any em-
19 ployee with respect to whom a credit is allowed
20 under this section and whose employment is termi-
21 nated by the employer (other than by reason of such
22 employee’s gross misconduct) before the end of the
23 2-year period beginning on the first day of the em-
24 ployee’s study or training with respect to which a
25 credit is allowed under this section, the tax of the

1 taxpayer under this chapter for the taxable year dur-
2 ing which such termination occurs shall be increased
3 by an amount equal to—

4 “(A) the aggregate decrease in the credits
5 allowed under section 38 for all prior taxable
6 years which would have resulted if the job
7 training program expenses with respect to such
8 employee had been zero, multiplied by

9 “(B) the inclusion ratio.

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

12 “(A) an amount equal to the difference
13 of—

14 “(i) the number of days in the 2-year
15 period, over

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

19 “(B) the number of days in the 2-year pe-
20 riod.

21 “(e) CONTROLLED GROUPS.—For purposes of this
22 section, all persons treated as a single employer under sub-
23 section (b), (c), (m), or (o) of section 414 shall be treated
24 as a single employer.”.

1 (b) CREDIT TO BE PART OF GENERAL BUSINESS
 2 CREDIT.—Subsection (b) of section 38 of such Code, as
 3 amended by the preceding provisions of this Act, is amend-
 4 ed by striking “plus” at the end of paragraph (41), by
 5 striking the period at the end of paragraph (42) and in-
 6 serting “, plus”, and by adding at the end the following
 7 new paragraph:

8 “(43) the worker training tax credit determined
 9 under section 45CC(a).”.

10 (c) CLERICAL AMENDMENT.—The table of sections
 11 for subpart D of part IV of subchapter A of chapter 1
 12 of such Code, as amended by the preceding provisions of
 13 this Act, is amended by adding at the end the following
 14 new item:

“Sec. 45CC. Credit for employers who engage in qualified worker training.”.

15 (d) EFFECTIVE DATE.—The amendments made by
 16 this section shall apply to taxable years beginning after
 17 the date of the enactment of this Act.

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