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

Ms. KUSTER of New Hampshire introduced the following bill; which was referred to the Committee on ________

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,
SECTION 1. SHORT TITLE.

This Act may be cited as the “Workforce Development Investment Act of 2022”.

SEC. 2. CREDIT FOR EMPLOYERS WHICH PARTNER WITH EDUCATIONAL INSTITUTIONS TO IMPROVE WORKFORCE DEVELOPMENT AND JOB TRAINING FOR STUDENTS.

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

“SEC. 45U. EMPLOYERS PARTNERING WITH EDUCATIONAL INSTITUTIONS TO IMPROVE WORKFORCE DEVELOPMENT AND JOB TRAINING FOR STUDENTS.

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

“(b) MAXIMUM CREDIT.—

“(1) IN GENERAL.—The credit determined under this section for any taxable year shall not exceed $20,000.

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

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

“(1) QUALIFIED EDUCATIONAL INSTITUTION.—
The term ‘qualified educational institution’ means any community college, any other institution of higher education, and any area career and technical education school.

“(2) COMMUNITY COLLEGE.—The term ‘community college’ means an institution of higher education that—

“(A) admits as a regular student an individual who is beyond the age of compulsory school attendance in the State in which the institution is located and who has the ability to benefit from the training offered by the institution, and

“(B) offers a 2-year program in engineering, mathematics, or the physical or biological sciences designed to prepare a student to work as a technician or at the semiprofessional level in engineering, scientific, or other technological fields requiring the understanding and application of basic engineering, scientific, or mathematical principles of knowledge.
“(3) INSTITUTION OF HIGHER EDUCATION.—
The term ‘institution of higher education’ has the
meaning given such term in section 102 of the High-

“(4) AREA CAREER AND TECHNICAL EDU-
CATION SCHOOL.—The term ‘area career and tech-
nical education school’ has the meaning given such
term in section 3 of the Carl D. Perkins Career and

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

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

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

“(C) an employer provides internships, app-
renticeships, or other similar educational op-
portunities in the workplace for students.
The Secretary shall, to the extent practicable, mini-
mize the burdens of educational institutions in any
qualification process or requirements prescribed
under this paragraph.

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

(b) CREDIT TO BE PART OF GENERAL BUSINESS
CREDIT.—Section 38(b) of such Code is amended by strik-
ing “plus” at the end of paragraph (32), by striking the
period at the end of paragraph (33) and inserting “, plus”,
and by adding at the end the following new paragraph:

“(34) the employer partnering credit deter-
mined under section 45U.”.

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

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

(d) EFFECTIVE DATE.—The amendments made by
this section shall apply to taxable years beginning after
the date of the enactment of this Act.
SEC. 3. TAX CREDIT FOR EMPLOYERS WHO ENGAGE IN QUALIFIED WORKER TRAINING.

(a) In General.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986, as amended by the preceding provisions of this Act, is amended by adding at the end the following new section:

"SEC. 45V. CREDIT FOR EMPLOYERS WHO ENGAGE IN QUALIFIED WORKER TRAINING.

"(a) In General.—For purposes of section 38, in the case of any employer, the worker training tax credit determined under this section with respect to any eligible employee of the employer is an amount equal to the lesser of—

"(1) 50 percent of the job training program expenditures of the taxpayer with respect to such employee during the taxable year, or

"(2) $5,000.

"(b) Job Training Program Expenses.—For purposes of this section—

"(1) In General.—The term ‘job training program expenses’ means amounts paid or incurred by the employer for expenses incurred by or on behalf of an eligible employee for participation in a qualified training program.

"(2) Qualified Training Program.—The term ‘qualified training program’ means—
“(A) a qualified partnership (as defined in section 45U(e)(5)), or

“(B) an apprenticeship program registered and certified with the Secretary of Labor under section 1 of the National Apprenticeship Act (29 U.S.C. 50).

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

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

“(2) in the case of a qualified training program with a qualified partnership (as defined in section 45U(e)(5)), meets such hourly work requirements as may be specified by the Secretary of Education in connection with such partnership.

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

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

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

“(B) the inclusion ratio.

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

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

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

“(ii) the number of days such employee was employed by the employer during such 2-year period, bears to

“(B) the number of days in the 2-year period.

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

(b) CREDIT TO BE PART OF GENERAL BUSINESS CREDIT.—Subsection (b) of section 38 of such Code, as amended by the preceding provisions of this Act, is amended by striking “plus” at the end of paragraph (33), by striking the period at the end of paragraph (34) and inserting “, plus”, and by adding at the end the following new paragraph:

“(35) the worker training tax credit determined under section 45V(a).”.

c) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1 of such Code is amended by adding at the end the following new item:

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

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