

**Amendment Offered by Ms. Sewell of Alabama**

This amendment would provide a tax credit to employers equal to a portion of wages paid to employees participating in qualified apprenticeship programs, and would include an offset.

**AMENDMENT**

**OFFERED BY MS. SEWELL OF ALABAMA**

Add at the end of subtitle E of title III the following:

1 **SEC. 3409. CREDIT FOR WAGES PAID TO EMPLOYEES PAR-**  
2 **TICIPATING IN QUALIFIED APPRENTICESHIP**  
3 **PROGRAMS.**

4 (a) IN GENERAL.—Subpart D of part IV of sub-  
5 chapter A of chapter 1 (relating to business-related cred-  
6 its) is amended by adding at the end the following new  
7 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

1 each apprenticeship employee but only if such wages  
2 are paid for services rendered during a qualified  
3 training year of such employee (whether or not such  
4 employee is an employee of the taxpayer as of the  
5 close of such taxable year).

6 “(2) LIMITATION ON WAGES PER YEAR TAKEN  
7 INTO ACCOUNT.—The amount of wages which may  
8 be taken into account under paragraph (1) with re-  
9 spect to any apprenticeship employee for each quali-  
10 fied training year shall not exceed \$2,000.

11 “(c) POST-APPRENTICESHIP CREDIT.—For purposes  
12 of subsection (a)—

13 “(1) IN GENERAL.—The post-apprenticeship  
14 credit for the taxable year is 40 percent of the wages  
15 paid for services rendered during the taxable year to  
16 each employee who has successfully completed a  
17 qualified training program of the employer, but only  
18 if—

19 “(A) such wages are paid by such employer  
20 for services rendered—

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

24 “(ii) during the qualified employment  
25 period of such employee, and

1           “(B) the employee is performing such serv-  
2           ices in a position which utilizes skills acquired  
3           in the qualified training program.

4           “(2) LIMITATION ON WAGES TAKEN INTO AC-  
5           COUNT.—The amount of wages which may be taken  
6           into account under paragraph (1) with respect to  
7           any apprenticeship employee shall not exceed  
8           \$6,000.

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

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

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

21               “(2) APPRENTICESHIP EMPLOYEE.—The term  
22               ‘apprenticeship employee’ means any employee who  
23               is employed by the employer pursuant to an appren-  
24               tice agreement registered with—

1           “(A) the Office of Apprenticeship of the  
2           Employment and Training Administration of  
3           the Department of Labor, or

4           “(B) a recognized State apprenticeship  
5           agency, as determined by the Office of Appren-  
6           ticeship of the Employment and Training Ad-  
7           ministration of the Department of Labor.

8           “(3) QUALIFIED TRAINING YEAR.—

9           “(A) IN GENERAL.—The term ‘qualified  
10          training year’ means each year during the  
11          training period in which—

12               “(i) the employee is employed by the  
13               employer for at least 25 hours per week  
14               during 28 consecutive weeks of such year,  
15               and

16               “(ii) the employee completes at least 8  
17               credit hours of classroom work under a  
18               qualified training program for each semes-  
19               ter of such program ending during such  
20               year.

21           “(B) QUALIFIED TRAINING PROGRAM.—  
22          The term ‘qualified training program’ means  
23          any training program undertaken pursuant to  
24          the agreement referred to in paragraph (2).

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

4           “(i) beginning on the date that the  
5           employee begins employment with the tax-  
6           payer as an apprentice under a qualified  
7           training program, and

8           “(ii) ending on the earlier of—

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

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

13          “(4) QUALIFIED EMPLOYMENT PERIOD.—The  
14          term ‘qualified employment period’ means the pe-  
15          riod—

16          “(A) beginning on the date that the em-  
17          ployee begins employment with the taxpayer  
18          after the employee’s completion of a qualified  
19          training program of the taxpayer, and

20          “(B) ending on the earlier of—

21          “(i) the date that such employment  
22          ends, or

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

1       “(e) COORDINATION WITH OTHER CREDITS.—The  
2 amount of credit otherwise allowable under sections 45A,  
3 51(a), and 1396(a) with respect to any employee shall be  
4 reduced by the credit allowed by this section with respect  
5 to such employee.

6       “(f) CERTAIN RULES TO APPLY.—Rules similar to  
7 the rules of subsections (i)(1) and (k) of section 51 (as  
8 in effect the day before the date of the enactment of this  
9 section) shall apply for purposes of this section.”.

10       (b) CREDIT MADE PART OF GENERAL BUSINESS  
11 CREDIT.—Subsection (b) of section 38 is amended by  
12 striking “plus” at the end of paragraph (35), by striking  
13 the period at the end of paragraph (36) and inserting “,  
14 plus”, and by adding at the end the following new para-  
15 graph:

16               “(37) the apprenticeship credit determined  
17 under section 45S(a).”.

18       (c) DENIAL OF DOUBLE BENEFIT.—Subsection (a)  
19 of section 280C is amended by inserting “45S(a),” after  
20 “45P(a),”.

21       (d) CLERICAL AMENDMENT.—The table of sections  
22 for subpart D of part IV of subchapter A of chapter 1  
23 is amended by adding at the end the following new item:

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

1 (e) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to individuals commencing appren-  
3 ticeship programs after the date of the enactment of this  
4 Act.

5 (f) CORPORATE RATE INCREASE TO ACHIEVE REV-  
6 ENUE NEUTRALITY.—

7 (1) IN GENERAL.—The rate of tax specified in  
8 section 11(b)(1) of the Internal Revenue Code of  
9 1986 (after the amendment made by section  
10 3001(a)) shall be increased by such number of per-  
11 centage points as is necessary to fully offset the ag-  
12 gregate reduction in Federal revenues which result  
13 from the amendments and repeals made by this sec-  
14 tion, except that such rate of tax shall not exceed 25  
15 percent.

16 (2) EFFECTIVE DATE.—Subsection (a) shall  
17 apply as if such provision were an amendment made  
18 by section 3001(a).





