

117TH CONGRESS
1ST SESSION

S. 132

To amend the Internal Revenue Code of 1986 to establish a tax credit for training services received by individuals who are unemployed as a result of the coronavirus pandemic.

IN THE SENATE OF THE UNITED STATES

JANUARY 28, 2021

Ms. KLOBUCHAR (for herself, Mr. SASSE, Mr. SCOTT of South Carolina, and Mr. BOOKER) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to establish a tax credit for training services received by individuals who are unemployed as a result of the coronavirus pandemic.

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 “Skills Renewal Act”.

5 **SEC. 2. ESTABLISHMENT OF SKILLS TRAINING CREDIT.**

6 (a) IN GENERAL.—Subpart C of part IV of sub-
7 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 is amended by inserting after section 36 the fol-
 2 lowing new section:

3 **“SEC. 36A. SKILLS TRAINING CREDIT.**

4 “(a) ALLOWANCE OF CREDIT.—In the case of an eli-
 5 gible individual, there shall be allowed as a credit against
 6 the tax imposed by this subtitle for the taxable year an
 7 amount equal to the lesser of—

8 “(1) the amount of expenses paid or incurred
 9 by such individual during such taxable year for
 10 qualified training services which are provided by a
 11 qualified entity, or

12 “(2) an amount equal to—

13 “(A) \$4,000, minus

14 “(B) an amount equal to the sum of any
 15 credits allowed to the taxpayer under this sec-
 16 tion for any preceding taxable year.

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

18 “(1) ELIGIBLE INDIVIDUAL.—

19 “(A) IN GENERAL.—The term ‘eligible in-
 20 dividual’ means an individual who—

21 “(i) became unemployed or furloughed
 22 during calendar year 2020 but was other-
 23 wise able to work and available for work
 24 within the meaning of applicable State law
 25 (as defined in section 205 of the Federal-

1 State Extended Unemployment Compensa-
 2 tion Act of 1970 (26 U.S.C. 3304 note)),

3 “(ii) during the period in which any
 4 qualified training service is provided to
 5 such individual by a qualified entity—

6 “(I) is not employed and has ap-
 7 plied for or is receiving compensation
 8 (as defined in section 3306(h)), in-
 9 cluding pandemic emergency unem-
 10 ployment compensation under section
 11 2107 of subtitle A of title II of divi-
 12 sion A of the CARES Act, and

13 “(II) informs such entity of their
 14 intent to claim the credit allowed
 15 under subsection (a) with respect to
 16 such service.

17 “(B) EXCLUSION.—For purposes of sub-
 18 paragraph (A), the term ‘eligible individual’
 19 shall not include an individual whose employer
 20 has reduced their hours of work and who re-
 21 ceives compensation pursuant to a short-time
 22 compensation program (as defined in section
 23 3306(v)).

24 “(2) QUALIFIED ENTITY.—The term ‘qualified
 25 entity’ means an entity that is—

1 “(A) a provider included on a State list de-
 2 scribed in section 122(d) of the Workforce In-
 3 novation and Opportunity Act (29 U.S.C.
 4 3152(d)); or

5 “(B) a provider of qualified training serv-
 6 ices that has been precertified by the Secretary
 7 of Labor under section 3 of the Skills Renewal
 8 Act.

9 “(3) QUALIFIED TRAINING SERVICE.—The term
 10 ‘qualified training service’ means a course or pro-
 11 gram of study that—

12 “(A) is included on a list described in sec-
 13 tion 122(d) of the Workforce Innovation and
 14 Opportunity Act (29 U.S.C. 3152(d)) for a
 15 State, or

16 “(B) is a course or program of study relat-
 17 ing to computer science, technology, or another
 18 high-need area, such as a coding boot camp,
 19 that has been precertified by the Secretary of
 20 Labor under section 3 of the Skills Renewal
 21 Act.

22 “(c) COORDINATION WITH AMERICAN OPPORTUNITY
 23 AND LIFETIME LEARNING CREDITS.—For purposes of
 24 subsection (a)(1), the amount of expenses paid or incurred

1 by an eligible individual during such taxable year for quali-
 2 fied training services shall be reduced—

3 “(1) as provided in section 25A(g)(2), and

4 “(2) by the amount of such expenses which
 5 were taken into account in determining the credit al-
 6 lowed to the taxpayer or any other person under sec-
 7 tion 25A.

8 “(d) REGULATIONS.—The Secretary shall prescribe
 9 such regulations as may be necessary to carry out the pro-
 10 visions of this section.

11 “(e) TERMINATION.—This section shall not apply to
 12 expenses paid or incurred during taxable years beginning
 13 after December 31, 2021.”.

14 (b) INFORMATION REPORTING RELATING TO QUALI-
 15 FIED TRAINING SERVICES.—Subpart B of part III of sub-
 16 chapter A of chapter 61 of the Internal Revenue Code of
 17 1986 is amended by adding at the end the following new
 18 section:

19 **“SEC. 6050Z. RETURNS RELATING TO QUALIFIED TRAINING**
 20 **SERVICES.**

21 “(a) REQUIREMENT OF REPORTING.—Any qualified
 22 entity which, in the course of a trade or business and for
 23 any calendar year, receives payments from any electing in-
 24 dividual with respect to qualified training services pro-
 25 vided by such entity shall make the return described in

1 subsection (b) with respect to each such individual at such
 2 time as the Secretary may by regulations prescribe.

3 “(b) RETURN.—A return is described in this sub-
 4 section if such return—

5 “(1) is in such form as the Secretary may pre-
 6 scribe, and

7 “(2) contains—

8 “(A) the name, address, and TIN of each
 9 electing individual from whom a payment de-
 10 scribed in subsection (a) was received during
 11 the calendar year,

12 “(B) the aggregate amount of such pay-
 13 ments received by such individual during such
 14 calendar year and the date and amount of each
 15 such payment, and

16 “(C) such other information as the Sec-
 17 retary may require.

18 “(c) ELECTING INDIVIDUAL.—The term ‘electing in-
 19 dividual’ means an individual who has indicated to the
 20 qualified entity their intention to claim the credit allowed
 21 under section 36A with respect to the qualified training
 22 services provided by such entity.

23 “(d) STATEMENT TO BE FURNISHED TO INDIVID-
 24 UALS WITH RESPECT TO WHOM INFORMATION IS RE-
 25 QUIRED.—

1 “(1) IN GENERAL.—Every qualified entity re-
 2 quired to make a return under subsection (a) shall
 3 furnish to each electing individual whose name is re-
 4 quired to be set forth in such return a written state-
 5 ment showing—

6 “(A) the name, address, and phone num-
 7 ber of the information contact of the qualified
 8 entity required to make such a return, and

9 “(B) the aggregate amount of payments
 10 made by the individual to the qualified entity
 11 required to be shown on the return.

12 “(2) FURNISHING OF INFORMATION.—The
 13 written statement required under paragraph (1)
 14 shall be furnished to the individual on or before Jan-
 15 uary 31 of the year following the calendar year for
 16 which the return under subsection (a) is required to
 17 be made.

18 “(e) DEFINITIONS.—The terms ‘qualified entity’ and
 19 ‘qualified training services’ have the same meaning given
 20 such terms under section 36A(b).

21 “(f) REGULATIONS AND GUIDANCE.—The Secretary
 22 may prescribe such regulations and other guidance as may
 23 be appropriate or necessary to carry out the purpose of
 24 this section.”.

25 (c) CLERICAL AMENDMENTS.—

1 (1) Section 6211(b)(4)(A) of the Internal Rev-
 2 enue Code of 1986 is amended by inserting “36A,”
 3 after “36,”.

4 (2) The table of sections for subpart C of part
 5 IV of subchapter A of chapter 1 of such Code is
 6 amended by inserting after the item relating to sec-
 7 tion 36 the following new item:

“Sec. 36A. Skills Training Credit.”.

8 (3) The table of sections for subchapter A of
 9 chapter 61 of such Code is amended by adding at
 10 the end the following new item:

“Sec. 6050Z. Returns relating to qualified training services.”.

11 (d) **EFFECTIVE DATE.**—The amendments made by
 12 this section shall apply to expenses paid or incurred during
 13 taxable years beginning after December 31, 2019.

14 **SEC. 3. PRECERTIFICATION BY SECRETARY OF LABOR.**

15 (a) **IN GENERAL.**—The Secretary of Labor shall es-
 16 tablish a process through which the Secretary shall
 17 precertify providers of courses or programs of training
 18 services as qualified entities providing qualified training
 19 services (as such terms are defined in section 36A(b) of
 20 the Internal Revenue Code of 1986), to enable the pro-
 21 viders and courses or programs to qualify for the tax cred-
 22 it provided under such section 36A.

23 (b) **ESTABLISHMENT OF PRECERTIFICATION RE-**
 24 **QUIREMENTS.**—

1 (1) IN GENERAL.—By not later than 60 days
2 after the date of enactment of this Act, the Sec-
3 retary of Labor shall create and publish the
4 precertification requirements—

5 (A) for a provider to be a qualified entity
6 for purposes of section 36A(b)(2)(B) of the In-
7 ternal Revenue Code of 1986, and

8 (B) for a course or program of study re-
9 lated to a high-need area, as determined by the
10 Secretary of Labor, to be a qualified training
11 service for purposes of section 36A(b)(3)(B) of
12 such Code.

13 (2) CONSIDERATIONS OF HIGH-NEED AREAS.—
14 In determining the high-need areas for purposes of
15 paragraph (1)(B), the Secretary of Labor shall—

16 (A) include computer science and tech-
17 nology, and

18 (B) consider—

19 (i) the graduate areas of national
20 need designated by the Secretary of Edu-
21 cation under section 712(b) of the Higher
22 Education Act of 1965 (20 U.S.C.
23 1135a(b)), and

24 (ii) the STEM Designated Degree
25 Program list issued by the Department of

1 Homeland Security for purposes of the 24-
 2 month optional practical training extension
 3 described in section 214.2(f)(10)(ii) (C) of
 4 title 8, Code of Federal Regulations.

5 (3) PRECERTIFICATION PERIOD.—If the Sec-
 6 retary of Labor precertifies a provider and a course
 7 or program of study under this section, such pro-
 8 vider and course or program of study shall be con-
 9 sidered to be a qualified entity for purposes of sec-
 10 tion 36A(b)(2)(B) of the Internal Revenue Code of
 11 1986 and a qualified training service for purposes of
 12 section 36(A)(b)(3)(B) of such Code, for the entire
 13 period—

14 (A) beginning on the date of this Act, and

15 (B) ending on December 31, 2021.

16 (c) APPLICATION FOR PRECERTIFICATION.—

17 (1) IN GENERAL.—A provider of training serv-
 18 ices that desires to be precertified as a qualified pro-
 19 vider that offers a qualified training service shall
 20 submit an application to the Secretary of Labor at
 21 such time, in such manner, and containing such in-
 22 formation as the Secretary may require.

23 (2) CONTENTS.—The Secretary shall ensure
 24 that the application required under this paragraph—

1 (A) is streamlined and easy to complete,
 2 and

3 (B) includes, at a minimum, information
 4 and data regarding—

5 (i) the credential earned through the
 6 course or program,

7 (ii) the average student completion
 8 rate for the program for the 3-year period
 9 preceding the date of application,

10 (iii) the costs of enrollment in the pro-
 11 gram,

12 (iv) the average employment rate for
 13 individuals who complete the program dur-
 14 ing such period, and

15 (v) the average earnings for individ-
 16 uals who complete the program during
 17 such period.

18 (3) NOTIFICATION.—In any case where an indi-
 19 vidual enrolling in a training service notifies a pro-
 20 vider of training services that the individual intends
 21 to claim the credit allowed under section 36A of the
 22 Internal Revenue Code of 1986 with respect to the
 23 training service, the provider shall—

24 (A) inform the individual if the provider
 25 and the service qualify as a qualified training

1 provider and qualified training service for pur-
2 poses of such section, and

3 (B) if the provider has applied but has not
4 yet received precertification for the provider or
5 program from the Secretary of Labor under
6 this section, alert the individual that the pro-
7 vider and program has not yet been
8 precertified.

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