

115TH CONGRESS
2D SESSION

S. 2442

To establish a Federal tax credit approximation matching program for State new jobs training tax credits, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 15, 2018

Ms. STABENOW introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To establish a Federal tax credit approximation matching program for State new jobs training tax credits, and for other purposes.

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 “New Skills for New
5 Jobs Act”.

6 **SEC. 2. FEDERAL MATCHING PAYMENTS FOR STATE NEW**
7 **JOBS TRAINING TAX CREDITS.**

8 (a) **AUTHORITY TO MAKE PAYMENTS.**—Subject to
9 subsection (h), the Secretary of the Treasury shall, on a
10 quarterly basis, make a payment to each eligible commu-

1 nity college in an amount equal to the aggregate new job
 2 tax withholding matches for all eligible trainees with re-
 3 spect to such eligible community college for such quarter.

4 (b) NEW JOB TAX WITHHOLDING MATCH.—In the
 5 case of any quarter, the new job tax withholding match
 6 with respect to any eligible trainee is an amount equal to
 7 the amounts remitted as described in subsection (d)(1)(A)
 8 during such quarter with respect to such trainee by a par-
 9 ticipating employer.

10 (c) ELIGIBLE COMMUNITY COLLEGE.—For purposes
 11 of this section, the term “eligible community college”
 12 means a public institution of higher education, as defined
 13 in section 101 of the Higher Education Act of 1965 (20
 14 U.S.C. 1001)—

15 (1) at which the majority of degrees awarded,
 16 for any academic year, are 2-year associate’s degrees
 17 that are acceptable for full credit toward a bacca-
 18 laureate degree;

19 (2) that is located in a State that has a State
 20 new jobs training tax credit program in effect; and

21 (3) that participates in such program by having
 22 in effect a contract that meets the requirements of
 23 subsection (d)(2).

24 (d) STATE NEW JOBS TRAINING TAX CREDIT PRO-
 25 GRAM.—

1 (1) PROGRAMS DESCRIBED.—For purposes of
2 this section, the term “State new jobs training tax
3 credit program” means a program established by a
4 State government that provides that, if an eligible
5 community college and an employer sign a contract
6 that meets the requirements of paragraph (2) with
7 respect to an eligible trainee—

8 (A) the State income taxes withheld by the
9 employer on behalf of the eligible trainee, once
10 employed by the employer, to the extent they do
11 not exceed the cost of qualified training speci-
12 fied in such contract, will not be remitted to the
13 State in payment of income taxes, but will be
14 remitted to the eligible community college;

15 (B) the amounts so remitted will be treat-
16 ed in the hands of the eligible community col-
17 lege as payment for education provided by such
18 community college; and

19 (C) for purposes of determining the State
20 income tax liability of the eligible trainee, the
21 amounts so remitted will be treated as if they
22 had been remitted to the State in payment of
23 income taxes owed by the eligible trainee.

24 (2) QUALIFIED CONTRACT.—A contract meets
25 the requirements of this paragraph if—

1 (A) the contract is between an eligible
2 community college located in the State that has
3 the program described in paragraph (1) and an
4 employer with at least 1 job site located in such
5 State;

6 (B) the contract meets all applicable re-
7 quirements under such State program;

8 (C) the contract provides that—

9 (i) the eligible community college will
10 directly provide qualified training to indi-
11 viduals designated by the employer or will
12 contract with a provider of qualified train-
13 ing to provide such training to such indi-
14 viduals;

15 (ii) the eligible community college will
16 not charge tuition or fees to such individ-
17 uals;

18 (iii) the employer will hire such indi-
19 viduals for full-time employment at a job
20 site located within the State;

21 (iv) such individuals will be paid by
22 the employer a wage that is not less than
23 the greater of—

24 (I) 175 percent of the Federal
25 minimum wage; or

1 (II) the amount specified under
2 the State program; and

3 (v) as provided under the State pro-
4 gram, the employer will remit the State in-
5 come taxes withheld by the employer on
6 behalf of the individual to the community
7 college in payment for the training, to the
8 extent such taxes do not exceed the cost
9 described in subparagraph (D);

10 (D) the contract specifies the entire cost of
11 the qualified training (including all costs for
12 equipment or instructional materials) that will
13 be provided to each individual; and

14 (E) the cost and terms specified under
15 subparagraph (D) are reasonable by market
16 standards.

17 (3) QUALIFIED TRAINING.—For purposes of
18 this section, the term “qualified training” means
19 education or training which, if completed, will pro-
20 vide the individual with—

21 (A) education or skills necessary to per-
22 form the job for which such individual will be
23 employed;

24 (B) education or skills necessary to obtain
25 a license required under Federal, State, or local

1 governmental regulation for the employment of
2 the individual in the job for which such indi-
3 vidual will be employed;

4 (C) a certificate or credential which is re-
5 quired under Federal, State, or local govern-
6 mental regulation for the employment of the in-
7 dividual in the job for which such individual will
8 be employed; or

9 (D) a certificate or credential aligned with
10 national or regionally recognized industry stan-
11 dards determined appropriate by the State.

12 (4) JOB MUST BE NEW JOB.—

13 (A) IN GENERAL.—A State program will
14 not be treated as a State new jobs training tax
15 credit program for purposes of this subsection
16 unless the program provides that, in order to be
17 eligible to participate, the employer must show
18 with respect to each eligible trainee that such
19 eligible trainee is hired for a job that—

20 (i) is a new job (which, for purposes
21 of this paragraph, may include a new posi-
22 tion within an existing job category), and
23 not a job of a recalled worker, a replace-
24 ment job, or any other job that existed in

1 the employer's business within the 1-year
2 period preceding the date of hire;

3 (ii) is not a job that existed in a busi-
4 ness operation or substantially similar
5 business operation of the employer for-
6 merly located in another location which
7 was closed or substantially reduced by the
8 employer; and

9 (iii) results in a net increase in em-
10 ployment for the employer.

11 (B) ONLY U.S. EMPLOYEES TAKEN INTO
12 ACCOUNT.—For purposes of subparagraph (A),
13 only employees at job sites located in the
14 United States (including the possessions of the
15 United States) shall be taken into account.

16 (5) AGGREGATION RULES.—All persons treated
17 as a single employer under subsection (a) or (b) of
18 section 52, or subsection (m) or (o) of section 414,
19 of the Internal Revenue Code of 1986, shall be
20 treated as a single employer for purposes of this sec-
21 tion.

22 (6) COOPERATION WITH LOCAL WORKFORCE IN-
23 VESTMENT BOARDS.—An employer or eligible com-
24 munity college participating in a State new jobs
25 training tax credit program may work with local

1 workforce development boards established under sec-
 2 tion 107 of the Workforce Innovation and Oppor-
 3 tunity Act (29 U.S.C. 3122) in searching for individ-
 4 uals to hire and train through such program.

5 (e) ELIGIBLE TRAINEE.—For purposes of this sec-
 6 tion, the term “eligible trainee” means an individual—

7 (1) who received qualified training through an
 8 eligible community college pursuant to a contract
 9 that meets the requirements of subsection (d)(2),
 10 under a State new jobs training tax credit program;
 11 and

12 (2) who is employed on a full-time basis, during
 13 the quarter for which payment is made under sub-
 14 section (a), by the employer who was a party to such
 15 contract—

16 (A) at a job site located in the same State
 17 as the eligible community college;

18 (B) at a wage that meets the requirements
 19 of subsection (d)(2)(C)(iv);

20 (C) in a job that meets the new job re-
 21 quirement of subsection (d)(4); and

22 (D) in a job for which such qualified train-
 23 ing is required, either by law or regulation or
 24 by the inherent requirements of the job.

1 (f) APPROPRIATION.—Out of any sums in the Treas-
 2 ury not otherwise appropriated, there are appropriated on
 3 an ongoing basis such sums as are necessary to carry out
 4 this section.

5 (g) REMISSION OF STATE INCOME TAX
 6 WITHHOLDINGS NOT TREATED AS PAYMENTS FOR
 7 TRAINING OR EDUCATION.—In the case of an employer,
 8 the amount of withheld State income tax which is remitted
 9 by the employer to an eligible community college as de-
 10 scribed in subsection (d)(1)(A) shall not be treated as an
 11 amount paid or incurred by the employer for purposes of
 12 any credit or deduction available under the Internal Rev-
 13 enue Code of 1986 to such employer, but shall be treated
 14 as if such amount had been remitted to the State in pay-
 15 ment of income taxes owed by the employee.

16 (h) TAX TREATMENT OF PAYMENTS WITH RESPECT
 17 TO ELIGIBLE TRAINEE.—In the case of an eligible trainee,
 18 neither—

19 (1) the amount of any withheld State income
 20 tax which is remitted by an employer to an eligible
 21 community college as described in subsection
 22 (d)(1)(A); nor

23 (2) the amount of any payment made under
 24 subsection (a);

1 shall be treated for purposes of the Internal Revenue Code
2 of 1986 as income of the eligible trainee. For purposes
3 of determining the deduction under section 164(a)(3) of
4 such Code; amounts described in paragraph (1) shall be
5 treated as amounts paid for State income taxes by the eli-
6 gible trainee.

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