

# The Apprenticeship and Jobs Training Act of 2017

## Section-by-Section

**Sec. 1. Short Title.** “Apprenticeship and Jobs Training Act of 2017.”

**Sec. 2. Tax Credit for Apprenticeship Programs**

In the case of the employer, apprenticeship program credit determined, with respect to each qualified individual in an apprenticeship program, shall be an amount equal to lesser of:

- (1) of wages paid or incurred by the employer to the individual in a taxable year; or
- (2) \$5,000

With respect to each qualified individual in a multi-employer apprenticeship program, credit shall be an amount equal to lesser of:

- (1) hours of work performed during the taxable year multiplied by \$3; or
- (2) \$5,000

The apprenticeship program credit determined for the taxable year shall only be applicable to the number of individuals employed by the employer through an apprenticeship program which are in excess of the participation average for the employer.

The apprenticeship participation average shall be equal to the average number of individuals employed by the employer through an apprenticeship program for:

- (1) 3 preceding tax years; or
- (2) number of taxable years in which the program was in existence – whichever is less.

No deduction or any other credit shall be allowed for any amount being taken into account in determining credit under this provision.

The apprenticeship program credit shall not be allowed for more than 3 years for any individual.

A qualified individual must be employed with an apprenticeship program for no less 7 months in a taxable year, must not be a highly-compensated employee, nor a seasonal worker.

Employers shall consider any previous training or instruction of individual participants who have served in the Armed Forces of the United States, for the purpose of satisfying applicable training or instruction requirements under the apprenticeship program.

A qualified apprenticeship or multi-employer apprenticeship program shall:

- (1) provide qualified individuals with on-the-job training and instruction with the employer;
- (2) be registered with the Office of Apprenticeship of Employment and Training Administration of the Department of Labor or a State apprenticeship agency recognized by the Office of Apprenticeship;

- (3) maintain records relating to the qualified individual as the Secretary of Labor may prescribe; and
- (4) satisfies other requirements as the Secretary of Labor may prescribe.

A qualified occupation is defined as a skilled trade occupation in a high-demand mechanical, technical, healthcare, or technology field.

Definition of a “qualified multi-employer apprenticeship program” is a program in which multiple employers are required to contribute and that is maintained pursuant to one or more collective bargaining agreements.

An apprenticeship agreement is an agreement between a qualified individual and employer that satisfies section 29.7 of title 29 of the Code of Federal Regulations.

If a qualified individual has received training or instruction through an apprenticeship program or a multi-employer apprenticeship program with an employer which is subsequently unable to satisfy its obligations under the agreement, such individual may transfer any completed training or instruction to a different employer under a separate apprenticeship agreement.

Amends Section 38(b) of the Internal Revenue Code to add paragraph “(37) the apprenticeship program expenses credit determined under section 45S(a).”

New added section will be “Sec. 45S. Credit for Apprenticeship program expenses.”

No later than 3 years after the date of the enactment of this Act, and every year after, the Comptroller General of the United States shall submit a report to the Committees on Finance and Health, Education, Labor, and Pensions of the Senate and the Committees of Ways and Means and Education and the Workforce of the House of Representatives that contains an evaluation of the activities authorized to include:

- (1) extent to which individuals completed an apprenticeship program;
- (2) whether individuals remained employed by an employer that received an apprenticeship program credit under 45S of the Internal Revenue Code, and the length of such employment following expiration of the apprenticeship period;
- (3) whether individuals who completed an apprenticeship program remained employed in the same occupation or field; and
- (4) recommendations for legislative and administrative actions to improve the effectiveness of the apprenticeship program credit under the section 45S of the Internal Revenue Code.

Amendments made by this section shall apply to years beginning after December 31, 2017.

### **Sec. 3. Encouraging Mentors to Train the Future**

Section 72(t)(2) subparagraph (A) is amended to include “an employee who is serving as a mentor.” A mentor to further to be defined as an individual who:

- (1) is at least 55 years of age;

- (2) is not separated from their employment with a company, corporation, or institution of higher education;
- (3) in accordance with requirements by the Secretary, has substantially reduced their hours of employment with their employer, with the individual to be engaged in mentoring activities for no less than 20 percent of the hours of employment after such reduction; and
- (4) is responsible for the training and education of employees or students in an area of expertise for which the individual has a professional credential, certification, or degree.

Paragraph (36) of section 401(a) of the Internal Revenue Code is amended to include that a trust forming part of a pension plan shall not be treated as failing to constitute a qualified trust under this section solely because the plan provides that a distribution may be made from such trust to an employee who:

- (1) is at least 62 years of age and who is not separated from employment at the time of distribution; or
- (2) is serving as a mentor.

The amount of distribution made to an employee who is serving as a mentor shall not be greater than the amount equal to the product obtained by multiplying:

- (1) the amount of the distribution payable to the employee if separated from employment instead of reducing their hours of employment with their employer and engaging in mentoring activities, by
- (2) the percentage equal to the quotient by dividing the sum of the number of hours –
  - a. per pay period by which employee hours are reduced; or
  - b. of employment that the employee is engaging in mentoring activity, by
  - c. total number of hours per pay period worked by employee before such reduction in hours of employment.

The Employee Retirement Income Security Act of 1974 is amended to add in subparagraph (A) of section 3(2) “, or solely because such distribution is made to an employee who is serving as a mentor”.

The amendments made by this section shall apply to distributions made in taxable years beginning after December 31, 2017.

#####