

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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