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

Ms. KLOBUCHAR (for herself, Mr. Sasse, Mr. Booker, and Mr. Scott of South Carolina) introduced the following bill; which was read twice and referred to the Committee on

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.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Skills Renewal Act”.

SEC. 2. ESTABLISHMENT OF SKILLS TRAINING CREDIT.

(a) IN GENERAL.—Subpart C of part IV of subchapter A of chapter 1 of the Internal Revenue Code of
1986 is amended by inserting after section 36 the following new section:

"SEC. 36A. SKILLS TRAINING CREDIT.

"(a) ALLOWANCE OF CREDIT.—In the case of an eligible individual, there shall be allowed as a credit against the tax imposed by this subtitle for the taxable year an amount equal to the lesser of—

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

"(2) an amount equal to—

"(A) $4,000, minus

"(B) an amount equal to the sum of any credits allowed to the taxpayer under this section for any preceding taxable year.

"(b) DEFINITIONS.—For purposes of this section—

"(1) ELIGIBLE INDIVIDUAL.—

"(A) IN GENERAL.—The term ‘eligible individual’ means an individual who—

"(i) became unemployed or furloughed during calendar year 2020 but was otherwise able to work and available for work within the meaning of applicable State law (as defined in section 205 of the Federal-

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

“(I) is not employed and has applied for or is receiving compensation (as defined in section 3306(h)), including pandemic emergency unemployment compensation under section 2107 of subtitle A of title II of division A of the CARES Act, and

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

“(B) EXCLUSION.—For purposes of subparagraph (A), the term ‘eligible individual’ shall not include an individual whose employer has reduced their hours of work and who receives compensation pursuant to a short-time compensation program (as defined in section 3306(v)).

“(2) QUALIFIED ENTITY.—The term ‘qualified entity’ means an entity that is—
“(A) a provider included on a State list described in section 122(d) of the Workforce Innovation and Opportunity Act (29 U.S.C. 3152(d)); or

“(B) a provider of qualified training services that has been precertified by the Secretary of Labor under section 3 of the Skills Renewal Act.

“(3) QUALIFIED TRAINING SERVICE.—The term ‘qualified training service’ means a course or program of study that—

“(A) is included on a list described in section 122(d) of the Workforce Innovation and Opportunity Act (29 U.S.C. 3152(d)) for a State, or

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

“(c) COORDINATION WITH AMERICAN OPPORTUNITY AND LIFETIME LEARNING CREDITS.—For purposes of subsection (a)(1), the amount of expenses paid or incurred
by an eligible individual during such taxable year for qualified training services shall be reduced—

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

“(2) by the amount of such expenses which were taken into account in determining the credit allowed to the taxpayer or any other person under section 25A.

“(d) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the provisions of this section.

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

(b) INFORMATION REPORTING RELATING TO QUALIFIED TRAINING SERVICES.—Subpart B of part III of subchapter A of chapter 61 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:

“SEC. 6050Z. RETURNS RELATING TO QUALIFIED TRAINING SERVICES.

“(a) REQUIREMENT OF REPORTING.—Any qualified entity which, in the course of a trade or business and for any calendar year, receives payments from any electing individual with respect to qualified training services provided by such entity shall make the return described in
subsection (b) with respect to each such individual at such
time as the Secretary may by regulations prescribe.

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

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

“(2) contains—

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

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

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

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

“(d) STATEMENT TO BE FURNISHED TO INDIVID-
UALS WITH RESPECT TO WHOM INFORMATION IS RE-
QUIRED.—
“(1) IN GENERAL.—Every qualified entity re-
quired to make a return under subsection (a) shall
furnish to each electing individual whose name is re-
quired to be set forth in such return a written state-
ment showing—

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

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

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

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

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

(c) CLERICAL AMENDMENTS.—
(1) Section 6211(b)(4)(A) of the Internal Revenue Code of 1986 is amended by inserting “36A,” after “36,”.

(2) The table of sections for subpart C of part IV of subchapter A of chapter 1 of such Code is amended by inserting after the item relating to section 36 the following new item:

“Sec. 36A. Skills Training Credit.”.

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

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

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

SEC. 3. PRECERTIFICATION BY SECRETARY OF LABOR.

(a) IN GENERAL.—The Secretary of Labor shall establish a process through which the Secretary shall precertify providers of courses or programs of training services as qualified entities providing qualified training services (as such terms are defined in section 36A(b) of the Internal Revenue Code of 1986), to enable the providers and courses or programs to qualify for the tax credit provided under such section 36A.

(b) ESTABLISHMENT OF PRECERTIFICATION REQUIREMENTS.—
(1) **IN GENERAL.**—By not later than 60 days after the date of enactment of this Act, the Secretary of Labor shall create and publish the precertification requirements—

(A) for a provider to be a qualified entity for purposes of section 36A(b)(2)(B) of the Internal Revenue Code of 1986, and

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

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

(A) include computer science and technology, and

(B) consider—

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

(ii) the **STEM** Designated Degree Program list issued by the Department of
Homeland Security for purposes of the 24-month optional practical training extension described in section 214.2(f)(10)(ii) (C) of title 8, Code of Federal Regulations.

(3) PRECERTIFICATION PERIOD.—If the Secretary of Labor precertifies a provider and a course or program of study under this section, such provider and course or program of study shall be considered to be a qualified entity for purposes of section 36A(b)(2)(B) of the Internal Revenue Code of 1986 and a qualified training service for purposes of section 36(A)(b)(3)(B) of such Code, for the entire period—

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

(B) ending on December 31, 2021.

(e) APPLICATION FOR PRECERTIFICATION.—

(1) IN GENERAL.—A provider of training services that desires to be precertified as a qualified provider that offers a qualified training service shall submit an application to the Secretary of Labor at such time, in such manner, and containing such information as the Secretary may require.

(2) CONTENTS.—The Secretary shall ensure that the application required under this paragraph—
(A) is streamlined and easy to complete,

and

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

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

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

(iii) the costs of enrollment in the program,

(iv) the average employment rate for individuals who complete the program during such period, and

(v) the average earnings for individuals who complete the program during such period.

(3) NOTIFICATION.—In any case where an individual enrolling in a training service notifies a provider of training services that the individual intends to claim the credit allowed under section 36A of the Internal Revenue Code of 1986 with respect to the training service, the provider shall—

(A) inform the individual if the provider and the service qualify as a qualified training
provider and qualified training service for purposes of such section, and

(B) if the provider has applied but has not yet received precertification for the provider or program from the Secretary of Labor under this section, alert the individual that the provider and program has not yet been precertified.